



SY24-25 Budget Presentation

**June 27,
2024**

Core Information

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- FY25 budget process was challenging for all schools in ecosystem due to the expiration of ESSER funding. AFIA has enjoyed supplemental funding of 600k each of the previous fiscal years that it will not receive in FY25.
- To address this challenge, the Finance Committee is recommending the school use \$275k of the reserves it has built up over the past few years.
- The school will continue to enjoy strong financial metrics, but will need to refine its long-term strategy to ensure the academic needs of its students continue to be met while simultaneously building balanced budgets in future years on revenues levels similar to FY25

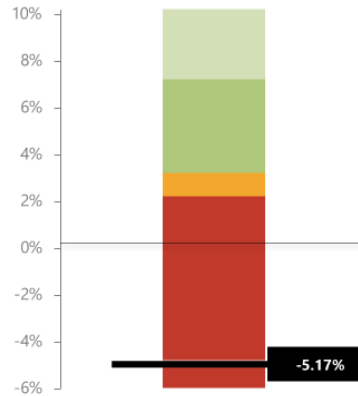
Net Loss and Gross Margin

NET LOSS



Revenue	5,357,011
Expenses	5,634,023
Net Loss	-277,011

GROSS MARGIN



Revenue	5,357,011
Expenses	5,634,023
Net Loss	-277,011

Gross Margin -5.17%

Gross Margin = Net Income / Revenue

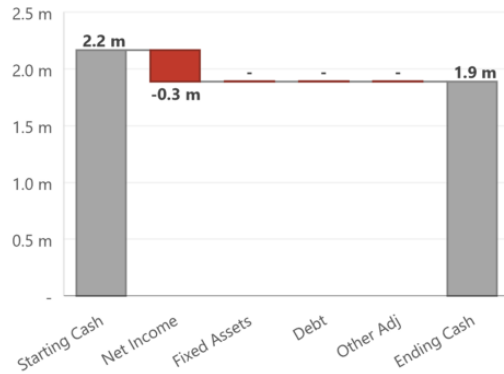
COMMENTS

The forecasted net loss is -\$277,011 on \$5,357,011 in revenue. This yields -5.17% in gross margin.

The school's biggest investment continues to be in its staffing. Well deserved salary increases in a time of reduced funding is what is creating the budget imbalance. But because the school enjoyed an unexpected surplus in FY24, it makes sense to use the surplus of FY24 to offset the expected deficit in FY25.

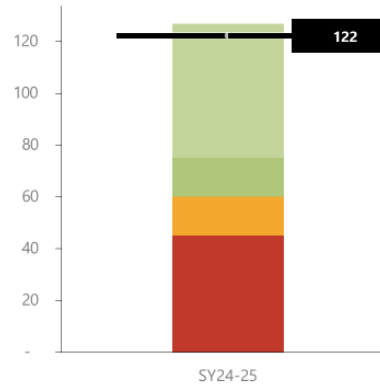
Ending Cash and Days of Cash

ENDING CASH WATERFALL



Starting Cash	2,163,660
Net Loss	-277,011
Fixed Assets	-
Debt	-
Other Adj	-
Net Cash decrease	-277,011
Ending Cash	1,886,648

DAYS OF CASH



COMMENTS

We are predicting 122 days of cash at 6/30/25. This is based upon ending the year with 1,886,648 in cash.

To reiterate, 122 days of cash is a VERY strong cash position. The current standard set by the MCPSC is 60 days. So the strategy of using reserves to pursue the school's mission and vision and build off recent successes makes complete sense.

AFIA Draft SY25 Budget		(\$000's)			
	SY23-24 Forecast as of May	SY24-25 Prelim Budget	Budget More than (Less than) Last Year	Explanation for differences between SY25 budget and SY24 Forecast	
Students	261	263	2	Started SY24 with 276 students	
Staff	49	51	2	Hope to fill positions that could not be filled last year.	
Revenue					
Local	\$ 408	\$ 424	\$ 16		
State	3,624	3,680	56	Increase in per WADA funding of \$1,000 offset by non-recurring grants	
Federal	557	540	(17)		
ESSER	642	-	(642)	ESSER funding ends	
Grants/Donations	547	675	128	\$400k of \$675k budget already pledged.	
Earned fees	40	38	(2)	Primarily interest income	
Total Revenue	5,818	5,357	(461)		
Expenses					
Salaries	2,556	2,912	356	Filling 2 unfilled positions; salary adjustments to retaining and attracting high-quality staff.	
Benefits/Taxes	746	879	133		
Staff-Related Costs	114	65	(49)	Staff related denotes PD - One-time FY24 grant funded PD removed.	
Rent	150	150	-		
Occupancy	484	460	(24)	SY25 does not include one time security expenses tied to grant in SY24	
Student Direct	561	459	(102)	Grant funded Hoot Reading and Turn the page	
Student Indirect	228	199	(29)		
Office & Business	264	243	(21)		
Transportation	205	267	62	Full year transportation provided through partnership with Brookside Charter	
Total Expenses	5,308	5,634	326		
Net Income (Loss)	510	(277)	(787)		
Cash flow adjustment					
July 1 Cash Balance	1,653	2,163	1,886		
June 30 Cash Balance	\$ 2,163	\$ 1,886	\$ 1,099		
Days Cash	149	122	(27)		
Cash Holding/Found (Note 1 \$)	842	\$ 760	\$ (82)	Admin space remodel to add more offices	
Note 1: This cash is available to pay for remaining renovations and capital expenditures as the building ages.					

AFIA Holding and Academy for Integrated Arts Supporting Foundation Combined Cash Sources and Uses			
	Inception (2015) thru SY23	Forecast SY24	Budget SY25
(\$Thousands)			
Beginning Cash	\$ -	\$ 474	\$ 842
Sources			
Donations			
Individuals/private foundations	6,176	244	
New Market Tax Credit program	775		
Rent	1,840	150	150
Investment income	21	21	20
Uses			
Building acquisition and renovation (Note 1)	(7,770)	(14)	(208)
Interest Expense	(291)		
Donation to School	(145)		
Building maint/mgmt	(89)	(32)	(42)
Professional fees	(43)	(1)	(2)
Ending Cash (Note 2)	\$ 474	\$ 842	\$ 760
NOTE 1: FY 25 Renovations to admin office space			
NOTE 2: This cash is available for any remaining renovations and capital expenditures as the building ages.			

Academy for Integrated Arts Financial Data (\$000's)					Donation detail				
	SY23-24 Forecast	SY24-25 Prelim Budget	SY25-26 Long-Range: Revenue same. Expenses increase 3%	SY26-27		SY23-24 Forecast	SY24-25 Prelim Budget	SY25-26	SY26-27
								Prelim Long Range	
Students	261	263	270	270	SSKC Team Teaching	\$ 168	\$ 168	\$ 80	
Staff	49	51	51	51	Hall	0	250		
Revenue					Kauffman DEI	143			
Local	\$ 408	\$ 424	\$ 424	\$ 424	Garney	100			
State	3,624	3,680	3,680	3,680	KC Teacher retention	40	0		
Federal	557	540	540	540	Others \$25k and under	96	0		
ESSER	642	-			To be identified	<u>0</u>	<u>257</u>	<u>595</u>	<u>675</u>
Grants/Donations	547	675	675	675	Total	\$ 547	\$ 675	\$ 675	\$ 675
Earned fees	40	38	-	-					
Total Revenue	5,818	5,357	5,319	5,319					
Expenses									
Salaries	2,556	2,912	2,999	3,089	<p>AFIA's financial strength should carry forward through SY25. During the next 18 months, AFIA school leadership and Board will develop strategies needed to support the school's mission without ESSER.</p> <p>Fund raising: Reengaging prior funders; identifying new funding sources.</p> <p>Identify most efficient ways to deploy teaching teams and other human resources to support our students.</p> <p>Identify other cost savings.</p>				
Benefits/Taxes	746	879	900	927					
Staff-Related Costs	114	65	67	69					
Rent	150	150	150	150					
Occupancy	484	460	474	488					
Student Direct	561	459	473	487					
Student Indirect	228	199	205	211					
Office & Business	264	243	250	258					
Transportation	205	267	275	283					
Total Expenses	5,308	5,634	5,793	5,962					
Net Income (Loss)	510	(277)	(474)	(643)					
Cash flow adjustment									
July 1 Cash Balance	1,653	2,163	1,886	1,412					
June 30 Cash Balance	\$ 2,163	\$ 1,886	\$ 1,412	\$ 769					
Days Cash	149	122	89	47					
Holding/Foundation (Note 1)	\$ 842	\$ 760	\$ 865	\$ 970					

Note 1: This cash is available to pay for remaining renovations and capital expenditures as the building ages.

SY25 Budget

REVENUE

Local Revenue	424,251
State Revenue	3,680,344
Federal Revenue	539,932
Private Grants and Donations	675,000
Earned Fees	37,483
Total Revenue	5,357,011

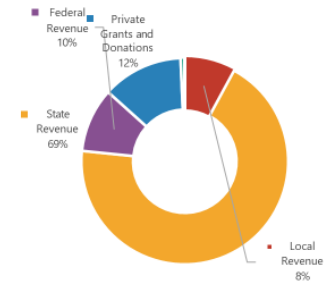
EXPENSES

Salaries	2,911,724
Benefits and Taxes	879,064
Staff-Related Costs	65,226
Rent	150,000
Occupancy Service	460,298
Student Expense, Direct	458,706
Student Expense, Indirect	199,095
Office & Business Expense	242,911
Transportation	267,000
Total Expenses	5,634,023
Net Loss	(277,011)

REVENUE

We have budgeted **\$5,357,011** in revenue based upon 263 students, and a WADA payment of \$12,443 per student. The largest components of revenue are \$3.7m (68.7%) in State Revenue and \$675k (12.6%) in Private Grants and Donations.

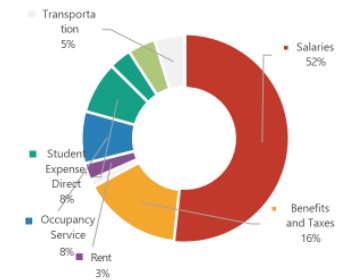
Note that state revenue, due to funding equity legislation, is increasing by more than 1k/WADA in FY25.



EXPENSES

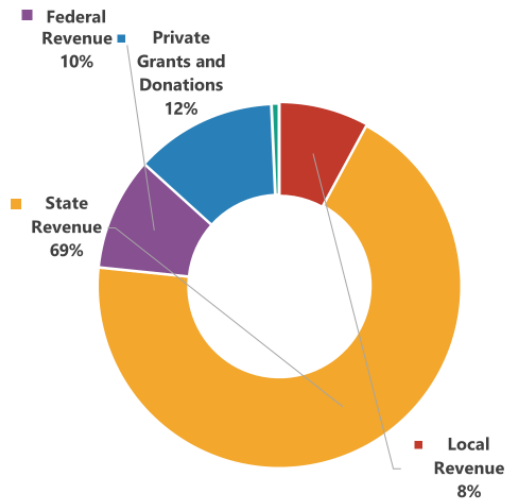
We have budgeted **\$5,634,023** in expenses based on 46 staff, a 5.7 student to teacher ratio, and 10,000 in square feet for the facility. The largest components of expense are \$2,911,724 (51.7%) in Salaries and \$879,064 (15.6%) in Benefits and Taxes.

Note that salaries and benefits account for 67% of total expenses. When you combine the fixed costs of transportation and facility, there is very minimal allocation discretionary spending.

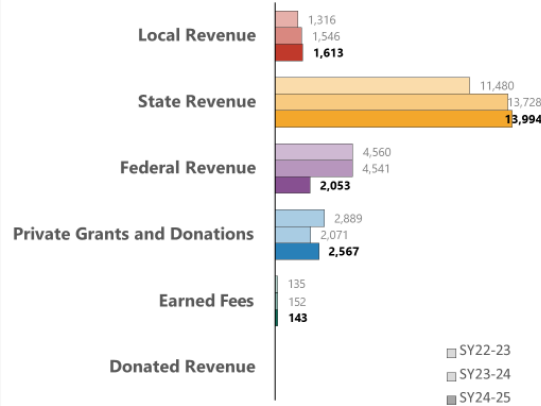


Revenue | Overview

SY25 BUDGETED REVENUE %



REVENUE PER STUDENT



COMMENTS

We have budgeted **\$5,357,011** in revenue for SY24-25, which is \$461k less than the amount forecasted for the year before.

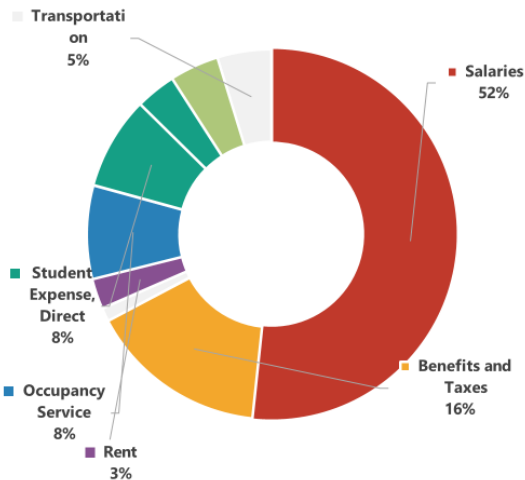
The largest components of revenue are State Revenue (68.7%) and Private Grants and Donations (12.6%).

Highlighted year-to-year changes:

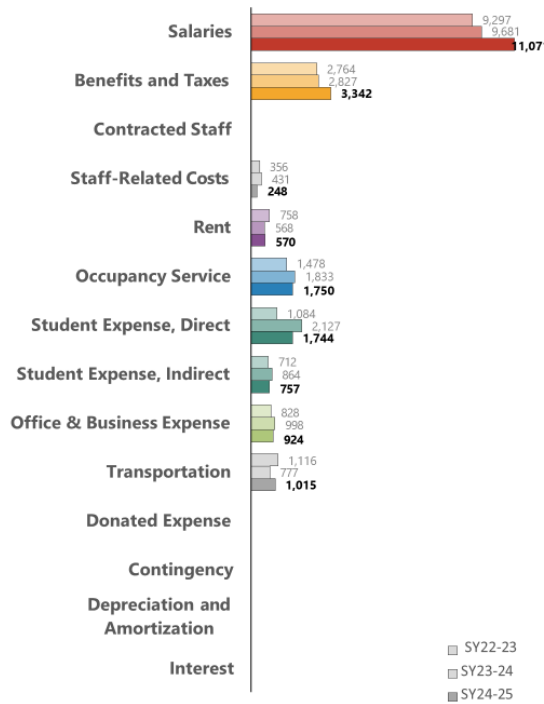
- \$659k decrease (54.8% less per student) in Federal Revenue
- \$128k increase (23.9% more per student) in Private Grants and Donations
- \$56k increase (1.9% more per student) in State Revenue

Expenses | Overview

SY25 BUDGETED EXPENSE %



EXPENSE PER STUDENT



COMMENTS

We have budgeted **\$5,634,023** in expenses for SY24-25, which is \$326k more than the amount forecasted for the year before.

The largest components of expenses are Salaries (51.7%) and Benefits and Taxes (15.6%).

Highlighted year-to-year changes:

- \$356k increase (14.4% more per student) in Salaries
- \$133k increase (18.2% more per student) in Benefits and Taxes
- \$103k decrease (18.0% less per student) in Student Expense, Direct
- \$62k increase (30.7% more per student) in Transportation

	Supporting Foundation	Holding Company
Established	2015	2016
Tax-Exempt	501(c)(3)	501(c)(3)
Fiscal year	July 1- June 30	July 1- June 30
Board of Directors	Five. Majority appointed by School Board	Three. Majority appointed by School Board

The Academy for Integrated Arts Supporting Foundation

Established to raise funds to purchase and renovate AFIA’s school building. The project qualified for the New Market Tax Credit program (NMTC). NMTC is a Federal program that provides incentive for private investment in low-income communities.

AFIA Holding Company

Established, as required by the NMTC transaction agreement, to own and operate the building and to lease it to the School. Lease terms were prescribed by the NMTC agreement.

Any additional funds raised by either organization are used to benefit the School.

Building Acquisition and Renovation

Since 2015 \$7.8 million has been invested in the School building and surrounding grounds. The majority of funding (80%) came from individual donors and private foundations.

Other Highlights:

- Spring/Summer 2016 - Phase 1 construction completed in time for first day of school.
- September 2016 - NMTC transaction completed. Building ownership transfers from Supporting Foundation to Holding Company per requirements of NMTC
- Summer 2017 - Phase 2 construction completed
- Summers of 2020 and 2022 - smaller renovations to accommodate enrollment growth and other needs. Only a small portion of the building remains unfinished at this time.

	SY23-24 Forecast	SY24-25 Budget	Description of what line item includes
Revenue	(\$000's)		
Local	\$ 408	\$ 424	Derived mainly from community's property tax.
State	3,624	3,680	Source is general state revenues (income, sales etc. taxes). Schools are funded on an adjusted per student basis. Multipliers are used to give districts more money to reflect the additional cost of educating certain categories of students (eg. Individualized Education Plans (IEPs) Free or Reduced Lunch (FRL))
Federal	557	540	Funding primarily for food service and Title 1 (schools serving low income families).
ESSER	642	-	Federal Covid emergency relief funding. Ending SY24
Grants/Donations	547	675	
Earned fees	40	38	Primarily investment income
Total Revenue	5,818	5,357	
Expenses			
Salaries	2,556	2,912	Benefits include: Contribution to retirement plan - 12% of salary. Employers portion of Soc. Security and medicare - 7.97% of salary;
Benefits/Taxes	746	879	Medical insurance - \$605/month; Basic Life and Accidental Death; Long-Term Disability;
Staff-Related Costs	114	65	Professional development
Rent	150	150	Paid to AFIA Holding Company - a 501(c)(3) that supports AFIA.
Occupancy	484	460	Janitorial;Utilities; Repairs, maintance; Property and Casualty Insurance.
Student Direct	561	459	Contracted educational professional services (eg. SPED; OT; Speech); Educational supplies; computers; text and library books etc.
Student Indirect	228	199	Food service
Office & Business	264	243	Accounting, IT, audit, tax return, admin supplies.
Transportation	205	267	
Total Expenses	5,308	5,634	
Net Income	510	(277)	
July 1 Cash Balance	1,653	2,163	
June 30 Cash Balance	\$ 2,163	\$ 1,886	
Days Cash	149	122	Cash divided by Total Expenses divided by 365 days

Questions or Comments?

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