Financial Report Narrative

1. For August financials, the main focus is the revised forecast. We will supply a detailed version as a first read of the detailed revised budget in November. This will be approved in January. This report gives a good look at what that will look like.
2. Year to date we are tracking along the lines of this revised projection. As we knew when we approved the original budget with so many unknowns and facing a potential 10% cut to PPR, the original budget was not going to be close. What have we experienced since then?
    a. A 5% cut rather than a 10% or 15% cut to PPR
    b. Changes to a number of factors, such as covid related training, cleaning, and purchase of supplies, curriculum and hiring of personnel for in person assistance as well as distance learning assistance.
    c. This means that comparing our year to date actual expenditures to the original budget is irrelevant.
    d. We also received the Payroll Protection Program loan, which we believe will be 100% forgiven.
3. For the revised forecast, there are some key numbers:
    a. The ending balance will be approximately $800,000. A year ago, this would have been unimaginable.
    b. The news is mixed a bit. The PPP loan is $579,000 and we plan on being $525,000 positive for the year. So, we are digging into that amount by about $60,000. So, we are a negative $60,000 in operations. On the positive side, we lost about $400,000 in operational income if we consider the 5% cut to PPR and the 3% increase we had anticipated before the cut backs (total of an 8% cut to what we had projected a year ago).
    c. Salaries are up just over $300,000. This is due to a few factors.
        i. Covid related postions - $120,000
        ii. Positions moved from contract to staff - $110,000
        iii. Created a Bonus Pool - $$80,000
    d. Benefits grew proportionally
    e. Professional Services increased $145,000 in a couple of categories
        i. Lease cost $23,000 from last year, but not paid until this year and paid after the audit was complete.
        ii. Marketing $25,000 in anticipation of both a December/January and an April/May push for students to grow and fill classes for next year.
        iii. Sped Costs $20,000
        iv. Insurance $30,000 extra insurance premium to buy down the deductible to Highmark requirements.
        v. Aerolab Services $30,000
    f. Supplies andCurriculum increased $119,000
        i. Custodial Supplies for Covid $60,000
        ii. Curriculum $59,000
    g. Equipment and Furniture increased $11,659
        i. Computers and equipment for additional students
    h. Other Expenses increased $8,841 Largely for Colorado League of Charter School fees

The bottom line is that we've developed a budget that is in good shape. We are only dipping slightly into the PPP loan in a year where we lost $400,000. The Covid Relief Funds are paying for a number of positions and supplies that we need to cope with the current situations.

Barring any negative surprises, we should end the year with a total of about $800,000 in fund balance, of which about $630,000 should be unassigned and spendable, if we need to do so. It's best to hold that for emergencies now since we have that option and if we have to go to the bond market for refinancing, it will be very helpful in increasing our credit worthiness, which will also allow us to get a better interest rate.