

Urban Montessori Charter School Board Financial Update

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MAY 21, 2020



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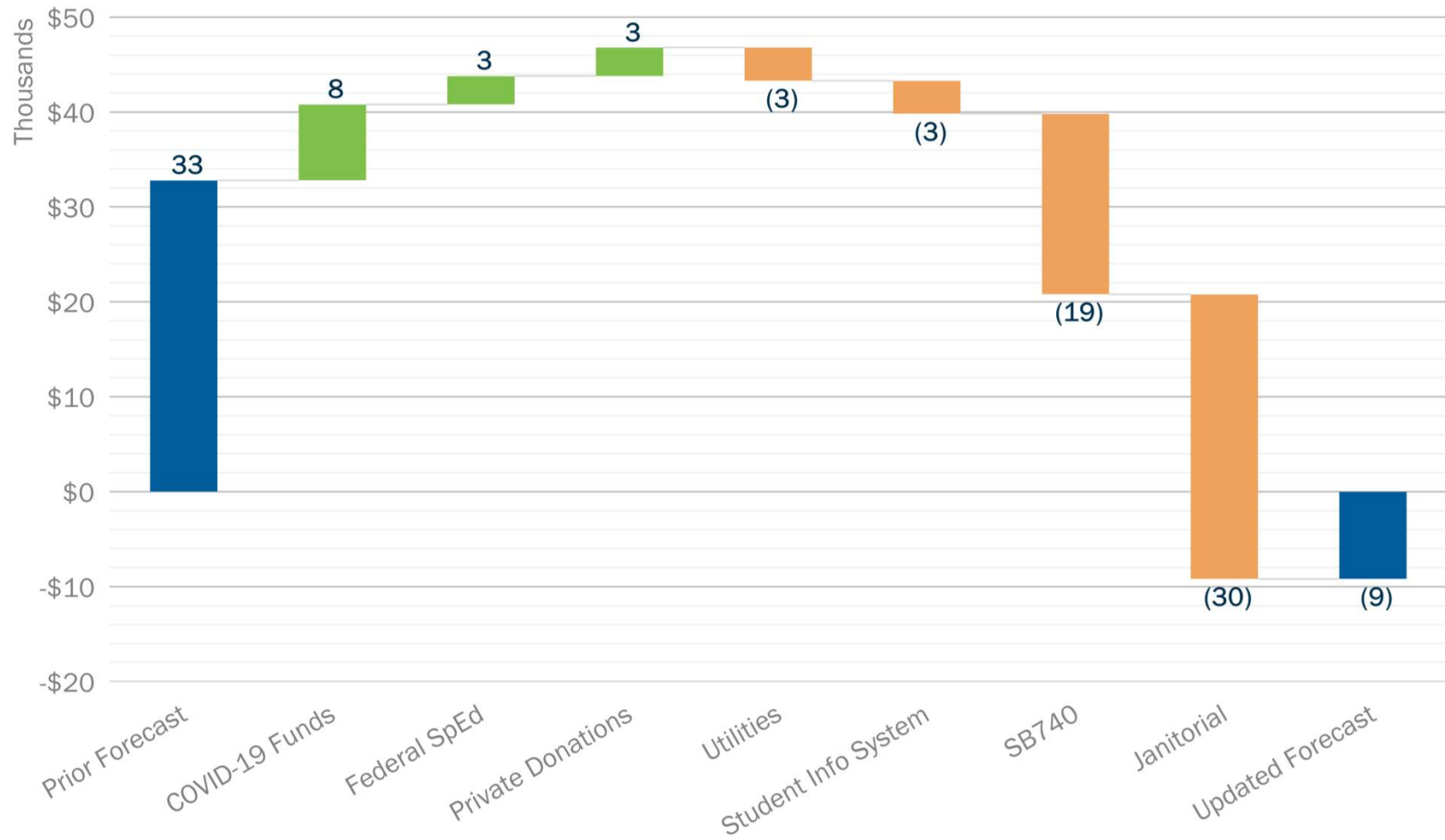


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2019-20 Forecast Update



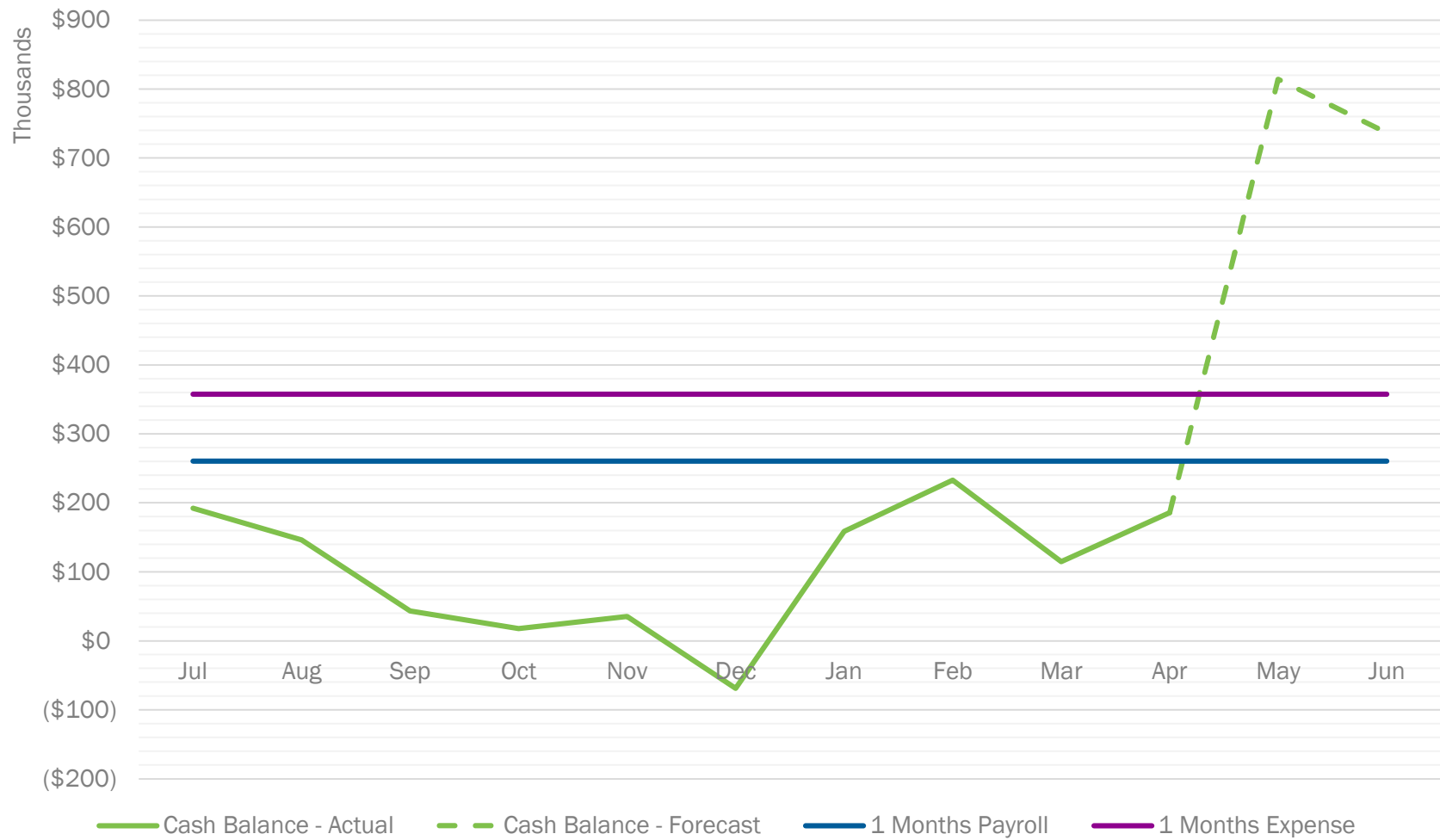
Decrease in operating income is largely driven by facilities



2019-20 Monthly Cash Balance



PPP loan is providing much needed cash to meet monthly expenses



2020-21 Budget Development (before Revise)



Budget Comparison



		2020-21	2020-21	Variance
		Prior Budget Draft	Current Budget Draft	
Revenue	LCFF Entitlement	3,254,259	3,254,305	46
	Federal Revenue	191,629	196,233	4,604
	Other State Revenues	342,194	342,194	-
	Local Revenues	100,896	100,896	-
	Fundraising and Grants	145,000	145,000	-
	Total Revenue	4,033,977	4,038,627	4,650
Expenses	Compensation and Benefits	3,229,617	3,169,516	60,102
	Books and Supplies	142,878	142,878	-
	Services and Other Operating	893,922	857,437	36,485
	Depreciation	-	-	-
	Other Outflows	-	4,743	(4,743)
	Total Expenses	4,266,416	4,174,573	91,843
	Operating Income	(232,439)	(135,946)	96,493
	Beginning Balance	318,745	272,982	(45,763)
	Operating Income	(232,439)	(135,946)	96,493
Ending Fund Balance (incl. Depreciation)		86,306	137,036	50,730
Ending Fund Balance as % of Expenses		2.0%	3.3%	1.3%

Budget Assumptions



Small changes made from previous budget draft

Changes

- Kaiser Gold instead of Kaiser Platinum as highest healthcare option
- Field trip expense matches revenue
- \$38k of CARES funding (\$5k increase)

Similar Assumptions to Last Budget Draft

- LCFF rate cut of 5%
- \$145k of fundraising and private grants
- Same number of staff positions as current year
- Salaries frozen at current year levels
- STRS ER contributions of 18.4%

State Budget Update



Substantial changes from the January Proposal to the May Revise

LCFF

- 10% cut to LCFF from January Proposal (roughly 7.7% cut from current year funding levels)
- Deferrals of \$1.9B in FY20 and \$5.3B in FY21

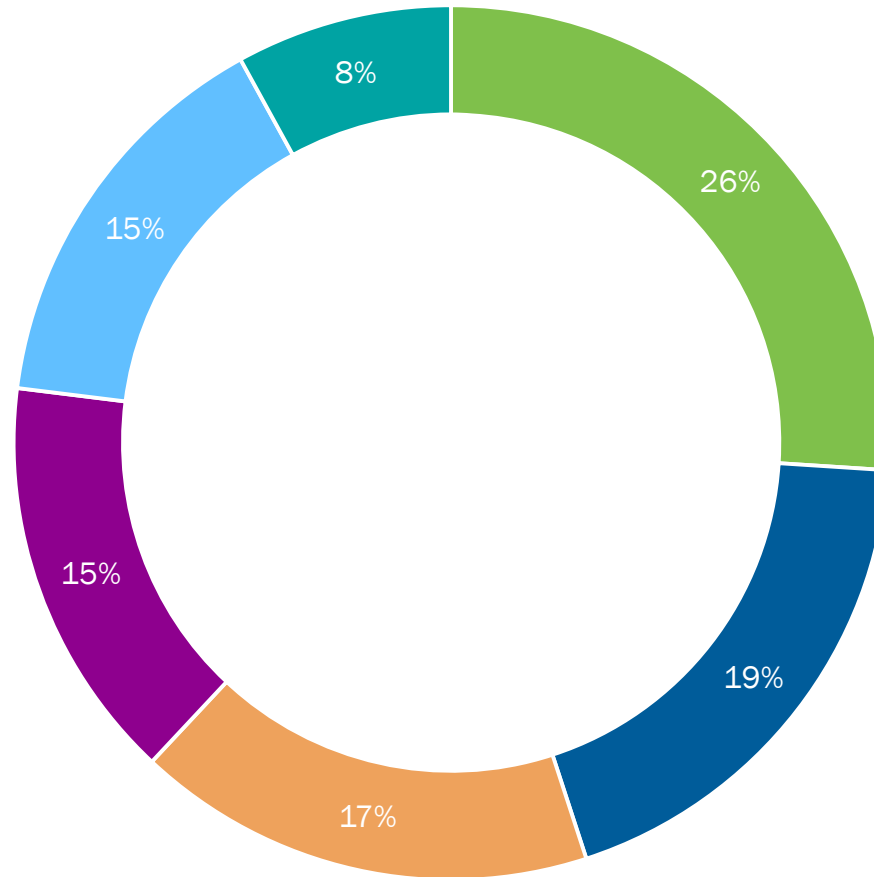
STRS

- FY21 STRS ER contribution reduced to 16.15% from 18.4%

Other

- SPED funding per ADA to increase to \$645
- Elimination of most other January Proposals
- Federal funding could help backfill some of these cuts

How to Close \$54B Budget Deficit

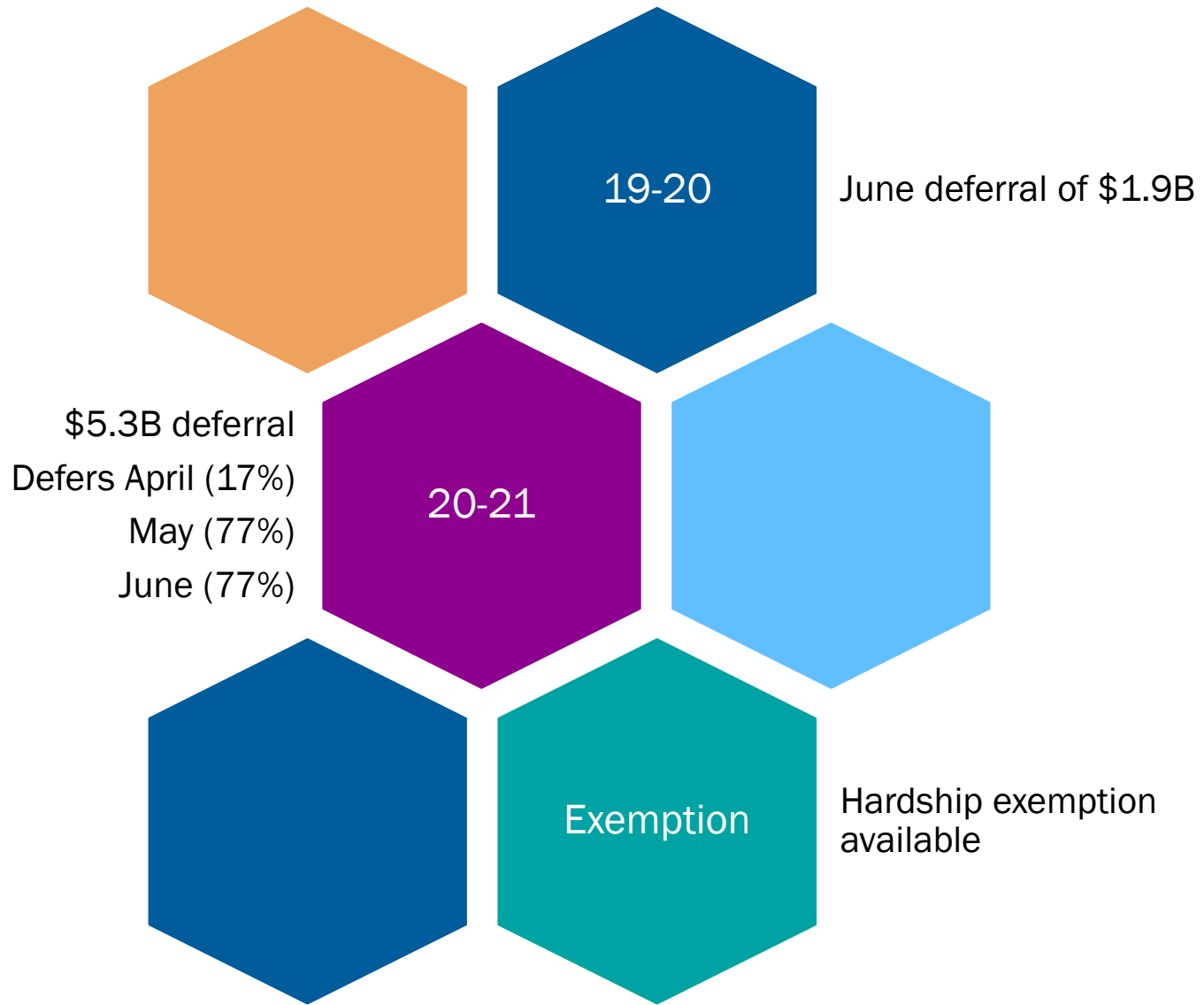


■ Additional Cuts ■ Borrowing ■ Reserves ■ Cut Jan Proposals ■ CARES ■ Net Rev Losses/Tax Credits

Preliminary May Revise Takeaways

- LCFF COLA of -7.69%
- STRS: 16.15% from 18.41%
- PERS: 20.7% from 22.67%
- Reduced funding for ASES, CTE, SSP, Workforce
- CRF: 4.4B for LEAs heavily impacted by COVID
- Programs proposed in January cut, except SPED

Cash Deferrals



2020-21 Budget Development (after Revise)



May Revise: Budget Comparison

		2020-21	2020-21	Variance
		Prior Budget Draft	Current Budget Draft	
Revenue	LCFF Entitlement	3,254,259	3,162,108	(92,151)
	Federal Revenue	191,629	196,233	4,604
	Other State Revenues	342,194	365,548	23,354
	Local Revenues	100,896	100,896	-
	Fundraising and Grants	145,000	145,000	-
	Total Revenue	4,033,977	3,969,784	(64,193)
Expenses	Compensation and Benefits	3,229,617	3,130,379	99,238
	Books and Supplies	142,878	142,878	-
	Services and Other Operating	893,922	856,465	37,457
	Depreciation	-	-	-
	Other Outflows	-	4,743	(4,743)
	Total Expenses	4,266,416	4,134,464	131,952
	Operating Income	(232,439)	(164,680)	67,759
	Beginning Balance	318,745	276,477	(42,268)
	Operating Income	(232,439)	(164,680)	67,759
Ending Fund Balance (incl. Depreciation)		86,306	111,796	25,490
Ending Fund Balance as % of Expenses		2.0%	2.7%	0.7%

May Revise: Budget Assumptions

State budget assumptions might change before June budget is passed

Changes

- LCFF COLA of -7.69%
- \$38k of CARES Funding (\$5k increase)
- SPED State funding of \$613 per ADA
- STRS ER contributions of 16.15%
- Kaiser Gold instead of Kaiser Platinum as highest healthcare option
- Field trip expense matches revenue

Similar Assumptions to Last Budget Draft

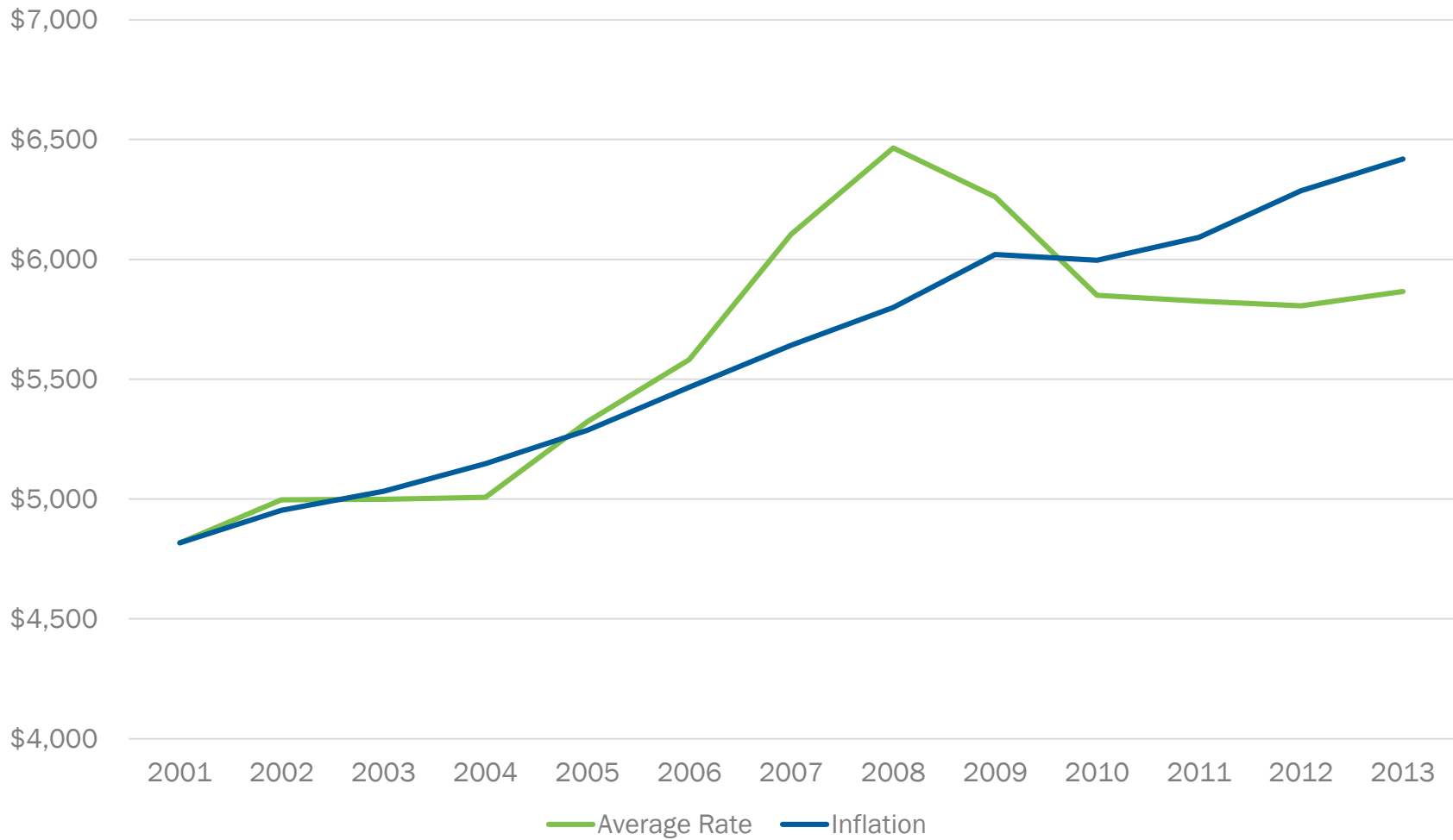
- \$145k of fundraising and private grants
- Same number of staff positions as current year
- Salaries frozen at current year levels

Looking Back to the Last Recession



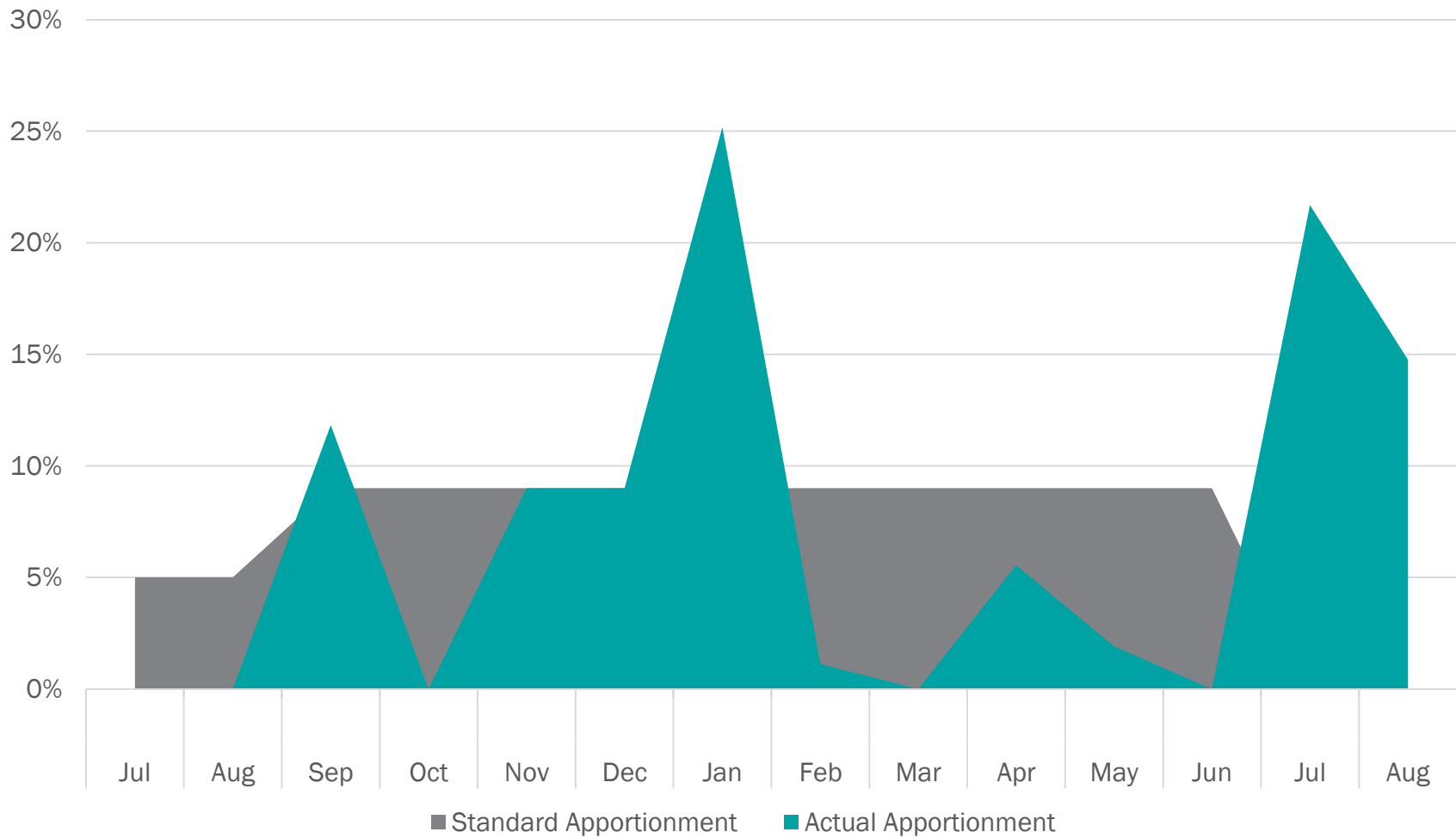
Flashback to General Purpose Funding

Funding remained relatively flat for several years after the last recession



Flashback to 2011-12 Deferrals

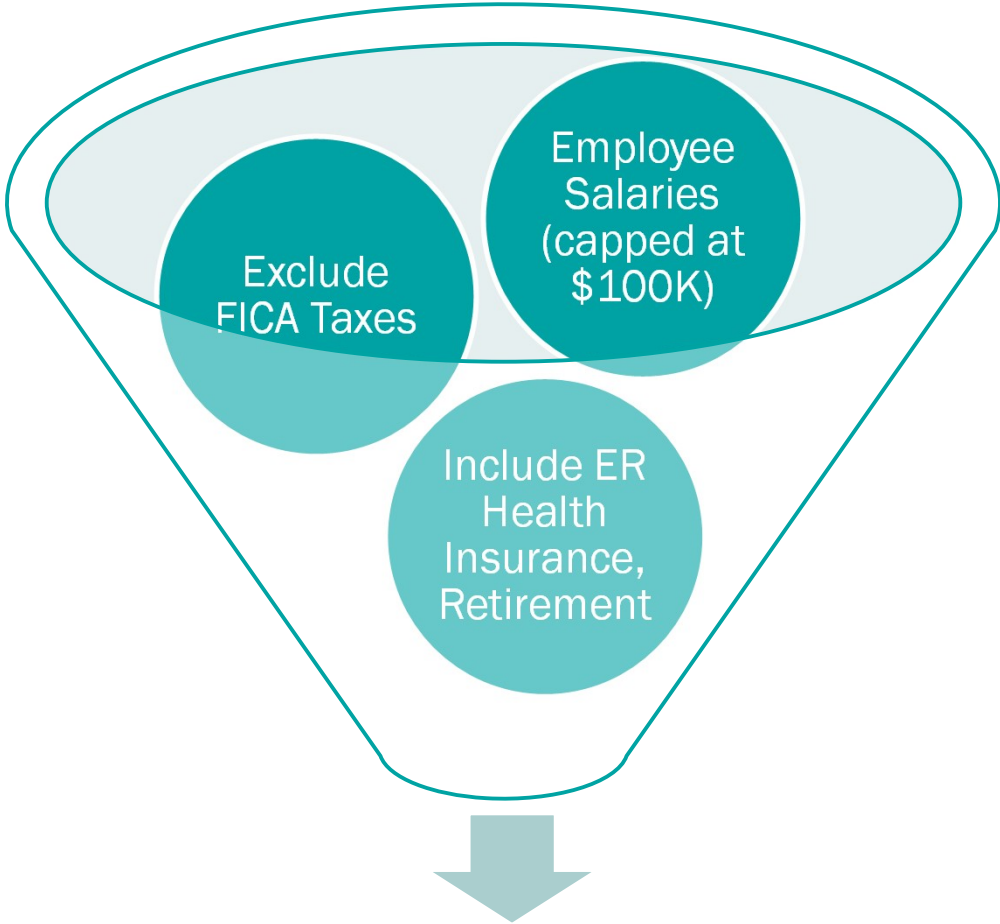
5 months with 0% paid & 38% of State Aid disbursed after the fiscal year



PPP Loan

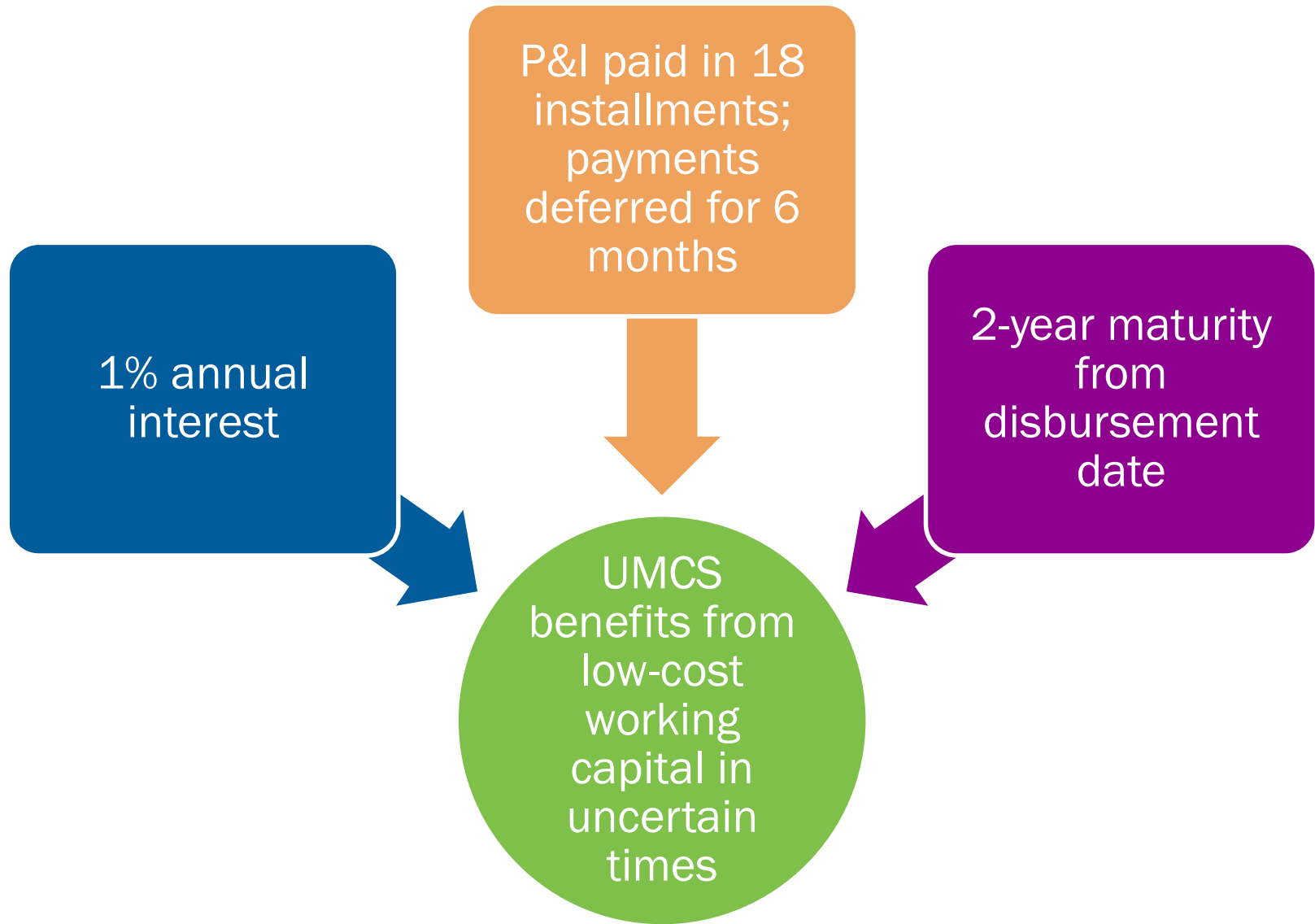


PPP – Loan Calculation



$$\text{\$291,605.60} \times 2.5 = \text{\$729,014.00}$$

PPP – Loan Terms



PPP – Loan Forgiveness

Part or all of loan may be forgiven if used on qualifying expenses



Forgiveness criteria includes minimum of 75% used for payroll costs and maintaining existing staffing levels