



Date: June 13, 2024

To: Finance Committee

From: Noël Russell-Unterburger, Chief Financial & Operating Officer

Subject: 2023-24 Budget vs. Actuals as of April 30, 2024

The enclosed financial report presents Navigator Schools' financial performance for the 2023-24 fiscal year, covering the year-to-date Budget vs. Actuals through April 30, 2024, including year end projections. This narrative provides a comprehensive analysis of the organization's revenue, expenditures, and overall financial position.

In 2023-24, we embarked on a transformative journey, focusing on key strategic objectives to drive our mission of providing high-quality education and ensuring the long-term success of our scholars. We focused on key initiatives to support and prioritize student success and well-being, organizational development and equity, and financial stability and growth. These areas represent the core pillars of our approach to foster a supportive and equitable environment for staff and students, and ensure the long-term financial viability of the organization, setting the stage for future growth and success.

While these strategic investments and initiatives contributed to higher-than-expected expenses in the 2023-24 fiscal year, they were essential for Navigator Schools to adapt to the evolving educational landscape, address critical challenges, and position itself for growth and long-term success. The following financial report provides a detailed analysis of the organization's revenue, expenditures, and overall financial position during this transformative year.

Enrollment and ADA:

The expected enrollment for the 2023-24 academic year is projected to be 1,763 students, exceeding the board-approved budget by 22 students. However, the Average Daily Attendance (ADA) is currently at 1,622 students, which is 52 students below the budgeted figure of 1,674. The Approved Budget assumed an ADA rate of 96% and it is coming in at 94%, representing a 2% decrease.

Revenue Analysis:

The projected total revenue for the 2023-24 fiscal year is \$31,963,446, which is \$110,644 higher than the Approved Budget of \$31,852,802.

- The most significant variance is in LCFF Revenue, which is projected to be \$601,702 lower than budgeted, primarily due to the lower-than-expected ADA.
- Federal Revenue and Other Local Revenue are trending on budget.

- Other State Revenue and Donations & Grants are projected to exceed the Approved Budget by \$522,713 and \$189,633, respectively, offsetting the LCFF Revenue shortfall.

Expenditure Analysis:

Total projected expenditures for the 2023-24 fiscal year are \$33,359,733, exceeding the Approved Budget by \$1,427,346 or 4.5%. The main contributors to this overspend are:

1. Salaries: Projected to be \$331,667 over budget due to adjustments in pay rates for staff that addressed compensation equity and competitiveness issues with hourly and director positions.
2. Benefits & Taxes: Projected to be \$331,933 over budget, aligning with the increase in staff salaries.
3. Services & Other Operating Expenses: Projected to be \$1,419,129 over the Approved Budget. The overrun is attributed to the investments in operational enhancement that include the following:
 - Increasing our media and communications reach - \$90k (cost was not included in the Approved Budget)
 - Grant writing for growth, replication and expansion planning - \$135k even though the cost was not included in the Approved Budget this investment has increased our grant revenue with a \$1.2M Community Schools grant award.
 - Establishing a baseline DEIA Audit to inform our long-term strategy and planning - \$52k (cost was not included in the Approved Budget)
 - Investments in leadership Professional Development \$70k (\$50k over budget)
 - Specialized legal services needed for material revision, facility/SB740, general HR and employment compliance \$222k (\$121k over budget)
 - Revenue support, LCAP development, interim and financial reporting review \$40k (cost was not included in the Approved Budget)
 - Tech, software and subscriptions \$107k (\$56k over budget). Includes new budget management software.
 - Accounting fees are \$140k (\$100k over budget). The cost included additional reconciliation work for 2023 audit.
 - Travel \$196k (\$149k over budget). Travel is higher due to several out-of- state charter and professional training conferences (especially CSGF, CSDC and Valor), it also includes various staff training for school and support office leadership.
4. Books & Supplies: Projected to be \$420,883 under the Approved Budget, resulting in moderate cost savings. The reduced expenditure in this area was largely due to minimal spending in the Arts & Music category.

Net Operating Position and Capital Expenditures:

Navigator Schools is projecting a net operating deficit of \$1,396,287 which is \$1,316,702 higher than the budgeted deficit of \$79,585. This is primarily attributed to the higher-than-expected expenses in Salaries, Benefits & Taxes, and Services & Other Operating Expenses, which outweigh the savings from Books & Supplies and additional revenue from Other State Revenue and Donations & Grants.

Capital Outlay is projected to be \$234,500 below budget, indicating adjustments in planned capital projects.

Financial Position and Future Outlook:

The ending net assets for the 2023-24 fiscal year are projected to be \$10,171,879, a decrease of \$1,285,053 from the beginning net assets of \$11,456,932.

We made substantial financial investments in 2023-24 to enhance our high-quality instructional model, elevate our professional services and create a more efficacious operational environment. The implementation of these initiatives was essential to adapt to the evolving educational landscape, address critical challenges and position itself for long term sustainability and growth.

To address the future implications of the 2023-24 financial deficit, we consider the inherent risks with deficit spending, analyze the ROI on investments, and develop contingencies for the unknown and unseen circumstances for the upcoming 2024-25 year.

We have developed a conservative outlook for 2024-25 that includes changes to our financial picture including adjustments required due to expiring ESSER funding, conservatively forecast our ADA% to an attainable level, proactively planned and implemented cost control measures, operational efficiency initiatives, and resource optimization strategies. These measures aim to align actual expenses with budget projections and prevent overruns in the future. Additionally, periodic reviews of revenue projections, particularly LCFF revenue, will be conducted in partnership with EdTec to validate enrollment and attendance assumptions and account for potential changes in funding rates.

Navigator Schools remains committed to being responsible stewards of public funds while delivering an excellent academic model for its students. Our team values the governance and guidance provided by the Board of Directors and seeks their insights and recommendations to effectively shape its future growth strategy.

Navigator Schools
Statement of Activities
Budget vs. Actual
As of April 30, 2024

Consolidated

	2023-24 Board Approved Budget	2023-24 YTD Actuals (Enrollment data is based on P2 reports)	2023-24 Projected Actuals	2023-24 \$ Variance (Projection v. Budget) (under) / + over
Enrollment	1741	1763	1763	22
ADA	1674	1622	1622	-52
ADA %	96%	94%	94%	-2%

REVENUE:

LCFF Revenue	\$ 21,115,186	\$ 15,250,788	\$ 20,513,484	\$ (601,702)
Federal Revenue	2,810,272	628,734	2,810,272	-
Other State Revenue	4,309,919	3,860,143	4,832,631	522,713
Donations & Grants	567,000	757,517	756,633	189,633
Other Local Revenue	94,300	46,933	94,300	-
CMO Management Fees	2,956,126	2,217,142	2,956,126	-
Total Revenue	31,852,802	22,761,257	31,963,446	110,644

EXPENDITURES:

Salaries	\$ 16,832,998	\$ 14,138,975	\$ 17,164,665	\$ 331,667
Benefits & Taxes	4,571,516	4,114,519	4,903,449	331,933
Books & Supplies	1,977,292	1,390,057	1,556,409	(420,883)
Services & Other Operating Expense	5,248,721	5,877,618	6,667,850	1,419,129
CMO Management Fees	2,956,126	2,217,142	2,956,126	-
Capital Outlay	345,734	55	111,234	(234,500)
Total Expenditures	31,932,387	27,738,366	33,359,733	1,427,346

Revenue Less Expenditures

\$ (79,585)	\$ (4,977,109)	\$ (1,396,287)	\$ (1,316,702)
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GAAP Adjustments:

Revenue Less Expenditures	\$ (79,585)	\$ (4,977,109)	\$ (1,396,287)	
Add back Capital Outlay to Net income	345,734	55	111,234	
Subtract Depreciation Expense	-	-	-	
Net Income /(Loss)	\$ 266,149	\$ (4,977,054)	\$ (1,285,053)	

Beginning Net Assets	11,352,638		11,456,932	
Net Income /(Loss)	266,149		(1,285,053)	
Ending Net Assets*	\$ 11,618,787		\$ 10,171,879	
Net Assets Target (25% of Projected Expenses)			8,339,933	

LCFF Analysis	Budget	Projection	Variance
Gen Purpose	\$ 15,587,734	\$ 14,235,770	\$ (1,351,964)
EPA	\$ 1,157,110	\$ 984,290	\$ (172,820)
ILPT	\$ 4,370,342	\$ 5,293,424	\$ 923,082
Variance	\$ 21,115,186	\$ 20,513,484	\$ (601,702)

Navigator Schools
Statement of Activities
Budget vs. Actual
As of April 30, 2024

Gilroy Prep

	2023-24 Board Approved Budget	2023-24 YTD Actuals (Enrollment data is based on P2 reports)	2023-24 Projected Actuals	2023-24 \$ Variance (Projection v. Budget) (under) / + over
Enrollment	540	547	547	7
ADA	524	512	512	-12
ADA %	97%	95%	95%	-2%

REVENUE:

LCFF Revenue	\$ 6,089,066	\$ 4,674,796	\$ 5,948,446	\$ (140,620)
Federal Revenue	850,802	353,894	850,802	-
Other State Revenue	1,091,413	782,866	1,091,413	-
Donations & Grants	7,500	5,044	7,500	-
Other Local Revenue	20,000	20,851	20,000	-
CMO Management Fees	-	-	-	-
Total Revenue	8,058,781	5,837,451	7,918,161	(140,620)

EXPENDITURES:

Salaries	\$ 4,244,656	\$ 3,569,130	\$ 4,454,570	\$ 209,914
Benefits & Taxes	1,204,412	1,052,189	1,253,373	48,961
Books & Supplies	514,244	408,593	490,575	(23,669)
Services & Other Operating Expense	1,223,339	1,083,790	1,289,876	66,537
CMO Management Fees	852,469	639,352	852,469	-
Capital Outlay	111,234	-	111,234	-
Total Expenditures	8,150,354	6,753,054	8,452,097	301,743

Revenue Less Expenditures

\$ (91,573)	\$ (915,603)	\$ (533,936)	\$ (442,363)
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GAAP Adjustments:

Revenue Less Expenditures	\$ (91,573)	\$ (915,603)	\$ (533,936)
Add back Capital Outlay to Net income	111,234	-	111,234
Subtract Depreciation Expense	-	-	-
Net Income /(Loss)	\$ 19,661	\$ (915,603)	\$ (422,702)

Beginning Net Assets	2,523,207	3,063,451
Net Income /(Loss)	19,661	(422,702)
Ending Net Assets*	\$ 2,542,868	\$ 2,640,749
Net Assets Target (25% of Projected E		2,113,024

LCFF Analysis	Budget	Projection	Variance
Gen Purpose	\$ 2,944,116	\$ 2,447,302	\$ (496,814)
EPA	\$ 926,000	\$ 762,420	\$ (163,580)
ILPT	\$ 2,218,950	\$ 2,738,724	\$ 519,774
Variance	\$ 6,089,066	\$ 5,948,446	\$ (140,620)

Navigator Schools
Statement of Activities
Budget vs. Actual
As of April 30, 2024

Hollister Prep

	2023-24 Board Approved Budget	2023-24 YTD Actuals (Enrollment data is based on P2 reports)	2023-24 Projected Actuals	2023-24 \$ Variance (Projection v. Budget) (under) / + over
Enrollment	540	543	543	3
ADA	524	507	507	-17
ADA %	97%	95%	95%	-2%

REVENUE:

LCFF Revenue	\$ 6,350,849	\$ 4,249,438	\$ 6,091,674	\$ (259,175)
Federal Revenue	669,006	1,846	669,006	-
Other State Revenue	1,091,705	1,070,793	1,091,705	-
Donations & Grants	7,500	12,190	7,500	-
Other Local Revenue	20,000	10,408	20,000	-
CMO Management Fees				-
Total Revenue	8,139,060	5,344,675	7,879,885	(259,175)

EXPENDITURES:

Salaries	\$ 4,306,298	\$ 3,435,172	\$ 4,088,996	\$ (217,302)
Benefits & Taxes	1,187,798	1,085,882	1,296,306	108,508
Books & Supplies	359,805	123,727	137,701	(222,104)
Services & Other Operating Expense	1,318,437	1,147,233	1,268,707	(49,730)
CMO Management Fees	889,119	666,839	889,119	-
Capital Outlay	45,000	55		(45,000)
Total Expenditures	8,106,458	6,458,908	7,680,829	(425,629)

Revenue Less Expenditures

\$ 32,603	\$ (1,114,233)	\$ 199,057	\$ 166,454
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GAAP Adjustments:

Revenue Less Expenditures	\$ 32,603	\$ (1,114,233)	\$ 199,057
Add back Capital Outlay to Net income	45,000	55	-
Subtract Depreciation Expense	-	-	-
Net Income /(Loss)	\$ 77,603	\$ (1,114,178)	\$ 199,057

Beginning Net Assets	2,612,729		2,949,630
Net Income /(Loss)	77,603		199,057
Ending Net Assets*	\$ 2,690,332		\$ 3,148,687
Net Assets Target (25% of Projected E			1,920,207

LCFF Analysis	Budget	Projection	Variance
Gen Purpose	\$ 4,753,078	\$ 4,220,693	\$ (532,385)
EPA	\$ 104,760	\$ 101,420	\$ (3,340)
ILPT	\$ 1,493,011	\$ 1,769,561	\$ 276,550
Variance	\$ 6,350,849	\$ 6,091,674	\$ (259,175)

Navigator Schools
Statement of Activities
Budget vs. Actual
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Watsonville Prep

	2023-24 Board Approved Budget	2023-24 YTD Actuals (Enrollment data is based on P2 reports)	2023-24 Projected Actuals	2023-24 \$ Variance (Projection v. Budget) (under) / + over
Enrollment	460	461	461	1
ADA	437	417	417	-20
ADA %	95%	93%	93%	-2%

REVENUE:

LCFF Revenue	\$ 6,097,286	\$ 4,701,734	\$ 6,095,053	\$ (2,233)
Federal Revenue	957,910	169,482	957,910	-
Other State Revenue	1,471,168	1,389,325	1,798,261	327,093
Donations & Grants	1,500	150	1,500	-
Other Local Revenue	7,300	9,433	7,300	-
CMO Management Fees				-
Total Revenue	8,535,164	6,270,124	8,860,024	324,860

EXPENDITURES:

Salaries	\$ 3,628,039	\$ 3,170,621	\$ 3,745,228	\$ 117,189
Benefits & Taxes	1,032,457	922,462	1,101,382	68,925
Books & Supplies	612,576	437,094	494,554	(118,022)
Services & Other Operating Expense	1,676,556	1,690,365	1,897,443	220,887
CMO Management Fees	853,620	640,215	853,620	-
Capital Outlay	25,000	-	-	(25,000)
Total Expenditures	7,828,248	6,860,757	8,092,227	263,979

Revenue Less Expenditures

\$ 706,916	\$ (590,633)	\$ 767,797	\$ 60,881
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GAAP Adjustments:

Revenue Less Expenditures	\$ 706,916	\$ (590,633)	\$ 767,797
Add back Capital Outlay to Net incom	25,000	-	-
Subtract Depreciation Expense	-	-	-
Net Income /(Loss)	\$ 731,916	\$ (590,633)	\$ 767,797

Beginning Net Assets	1,694,212	1,194,682
Net Income /(Loss)	731,916	767,797
Ending Net Assets*	\$ 2,426,128	\$ 1,962,479
Net Assets Target (25% of Projected E		2,023,057

LCFF Analysis	Budget	Projection	Variance
Gen Purpose	\$ 6,009,886	\$ 6,011,589	\$ 1,703
EPA	\$ 87,400	\$ 83,464	\$ (3,936)
ILPT	\$ -	\$ -	\$ -
Variance	\$ 6,097,286	\$ 6,095,053	\$ (2,233)

Navigator Schools
Statement of Activities
Budget vs. Actual
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Hayward Collegiate

	2023-24 Board Approved Budget	2023-24 YTD Actuals (Enrollment data is based on P2 reports)	2023-24 Projected Actuals	2023-24 \$ Variance (Projection v. Budget) (under) / + over
Enrollment	201	212	212	11
ADA	189	185	185	-4
ADA %	94%	95%	95%	1%

REVENUE:

LCFF Revenue	\$ 2,577,985	\$ 1,624,820	\$ 2,378,311	\$ (199,674)
Federal Revenue	332,553	103,512	332,553	-
Other State Revenue	655,633	471,276	851,252	195,620
Donations & Grants	50,500	180,120	180,120	129,620
Other Local Revenue	2,000	1,517	2,000	-
CMO Management Fees				-
Total Revenue	3,618,671	2,381,245	3,744,236	125,566

EXPENDITURES:

Salaries	\$ 2,030,826	\$ 1,663,349	\$ 1,998,416	\$ (32,410)
Benefits & Taxes	427,571	462,919	552,475	124,904
Books & Supplies	444,517	327,594	332,620	(111,897)
Services & Other Operating Expense	544,047	609,043	683,953	139,906
CMO Management Fees	360,918	270,736	360,918	-
Capital Outlay	164,500	-	-	(164,500)
Total Expenditures	3,972,379	3,333,641	3,928,382	(43,997)

Revenue Less Expenditures

\$ (353,708)	\$ (952,396)	\$ (184,146)	\$ 169,563
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GAAP Adjustments:

Revenue Less Expenditures	\$ (353,708)	\$ (952,396)	\$ (184,146)
Add back Capital Outlay to Net income	164,500	-	-
Subtract Depreciation Expense	-	-	-
Net Income /(Loss)	\$ (189,208)	\$ (952,396)	\$ (184,146)

Beginning Net Assets	2,009,910		1,487,913
Net Income /(Loss)	(189,208)		(184,146)
Ending Net Assets*	\$ 1,820,702		\$ 1,303,767
Net Assets Target (25% of Projected E			982,095

LCFF Analysis	Budget	Projection	Variance
Gen Purpose	\$ 1,880,654	\$ 1,556,186	\$ (324,468)
EPA	\$ 38,950	\$ 36,986	\$ (1,964)
ILPT	\$ 658,381	\$ 785,139	\$ 126,758
Variance	\$ 2,577,985	\$ 2,378,311	\$ (199,674)

Navigator Schools
Statement of Activities
Budget vs. Actual
As of April 30, 2024

CMO

	2023-24 Board Approved Budget	2023-24 YTD Actuals	2023-24 Projected Actuals	2023-24 \$ Variance (Projection v. Budget) (under) / + over
Enrollment				
ADA				
ADA %				
REVENUE:				
LCFF Revenue	\$ -	\$ -	\$ -	\$ -
Federal Revenue	-	-	-	-
Other State Revenue	-	145,883	-	-
Donations & Grants	500,000	560,013	560,013	60,013
Other Local Revenue	45,000	4,724	45,000	-
CMO Management Fees	2,956,126	2,217,142	2,956,126	-
Total Revenue	3,501,126	2,927,762	3,561,139	60,013
EXPENDITURES:				
Salaries	\$ 2,623,179	\$ 2,300,703	\$ 2,877,455	\$ 254,276
Benefits & Taxes	719,278	591,067	699,913	(19,365)
Books & Supplies	46,150	93,049	100,959	54,809
Services & Other Operating Expense	486,342	1,347,187	1,527,871	1,041,529
CMO Management Fees	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	3,874,949	4,332,006	5,206,198	1,331,249
Revenue Less Expenditures	\$ (373,823)	\$ (1,404,244)	\$ (1,645,059)	\$ (1,271,236)
GAAP Adjustments:				
Revenue Less Expenditures	\$ (373,823)	\$ (1,404,244)	\$ (1,645,059)	
Add back Capital Outlay to Net incom	-	-	-	
Subtract Depreciation Expense	-	-	-	
Net Income /(Loss)	\$ (373,823)	\$ (1,404,244)	\$ (1,645,059)	
Beginning Net Assets	2,512,580		2,761,256	
Net Income /(Loss)	(373,823)		(1,645,059)	
Ending Net Assets*	\$ 2,138,757		\$ 1,116,197	
Net Assets Target (25% of Projected E			1,301,550	