2016-17 Final Results Financial Narrative
December 5, 2017

2016-17 Net Income

	Unaudited Actuals	Orig Bd Rpt
CMO	$184k	$ 15k
Gilroy Prep	$ 65k	$ 50k
Hollister Prep	$219k	$205K
Total	$468k	$270k

- The Unaudited Actuals net income of $468k exceeds the original budget by $198k. The net income variances from the original budget by entity are as follows:
    - CMO net income favorable variance of $169k ($184k less $15k) is mainly the result of the following:
        - $300k favorable variance in salary & benefits because
            - 1) The Director of Finance left in July and was not replaced.
            - 2) Two of the CMO employees' salaries were allocated directly to the schools.
        - $35k unfavorable variance in supplies due mostly to technology equipment, plus some furniture & supplies bought for the move to the new CMO office.
        - $108k unfavorable variance for unbudgeted consulting services from a combination of Tesselated (strategic plan) and Abacus (financial consultant).
    - Gilroy Prep net income favorable variance of $15k ($65k less $50k) is mainly the result of the following:
        - $17k unfavorable variance in revenue from various sources as follows:
            - $71k unfavorable variance in LCFF revenue (based on attendance).
            - $14k favorable variance in NCLB federal revenue.
            - $17k favorable variance in federal nutrition revenue.
            - $87k favorable variance for mandated cost reimbursement revenue not budgeted.
        - $32k favorable in expenses mainly from the following:
            - $63k favorable variance in CMO fees as a result of reducing percentage charged from 19.3% to 18%.
            - $110k unfavorable variance in technology hardware and software.
            - $52k unfavorable variance from depreciation expense not budgeted.
            - $44k favorable variance in classroom books and supplies.
            - $44k favorable variance in repairs & maintenance
            - $43k favorable variance for miscellaneous G&A (Legal, Fees & Licenses, Dues & Memberships, Liability/Property Insurance)
    - Hollister Prep net income favorable variance of $14k ($219k-$205k) is the result of the following:
        - $165k favorable variance in revenue from various sources as follows:
            - $109k unfavorable variance in LCFF revenue (based on attendance).

    - $169k favorable variance in Other State revenue for the one time mandated cost and Prop 39 revenue (neither was budgeted).
    - $110k favorable variance in donations.
  - $151k unfavorable in expenses mainly from the following:
    - $64k favorable variance in CMO fees as a result of reducing percentage charged from 19.3% to 18%.
    - $192k unfavorable variance in salaries and benefits
    - $82k unfavorable variance in technology hardware and software.
    - $14k unfavorable variance from depreciation expense not budgeted.
    - $32k favorable variance in classroom books and supplies.
    - $12k favorable variance in repairs & maintenance
    - $31k favorable variance in education consulting
    - $3k unfavorable variance for miscellaneous G&A