



2016-17 Final Results Financial Narrative  
December 5, 2017

2016-17 Net Income

	<u>Unaudited Actuals</u>	<u>Orig Bd Rpt</u>
CMO	\$184k	\$ 15k
Gilroy Prep	\$ 65k	\$ 50k
Hollister Prep	<u>\$219k</u>	<u>\$205K</u>
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

Navigator Schools - 2016-17 Final Results  
 December 2017

Income Statement - Combined <i>CMO/GPS/HPS</i>	2016-17 Audited	2016-17 Original	Variance Favorable
	<u>Actuals</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Revenue	9,860,508	9,725,917	134,591
Expenses	9,392,768	9,456,335	63,567
<b>Net Income - GAAP basis (audit)</b>	<b>467,741</b>	<b>269,582</b>	<b>198,159</b>
Less Capital Outlay	<b>-190,113</b>	<b>-72,053</b>	<b>-118,060</b>
Revenue less expenses & capital outlay	277,628	197,529	80,099

Navigator Schools - 2016-17 Budget vs. Audited Actuals  
December 2017

Detail Level	GPS			GPS			HPS			CMO		
	Total Actuals	Total Budget	Variance Favorable (Unfavorable)	Audited Actuals	GPS Budget	Variance Favorable (Unfavorable)	Audited Actuals	HPS Budget	Variance Favorable (Unfavorable)	Audited Actuals	CMO Budget	Variance Favorable (Unfavorable)
<b>REVENUE:</b>												
LCFF Revenue	6,937,894	7,118,383	-180,489	3,798,516	3,869,734	-71,218	3,139,378	3,248,649	-109,271	0	0	0
Federal Revenue	368,690	338,070	30,620	256,176	223,188	32,988	112,514	114,882	-2,368	0	0	0
Other State Revenue	946,519	757,608	188,911	473,175	453,208	19,967	473,344	304,400	168,944	0	0	0
Donations & Grants	227,644	0	227,644	7,175	0	7,175	110,469	0	110,469	110,000	0	110,000
Other Revenue	132,599	138,008	-5,409	80,287	85,708	-5,421	29,421	32,300	-2,879	22,891	20,000	2,891
CMO Management Fees	1,247,163	1,373,848	-126,685							1,247,163	1,373,848	-126,685
<b>REVENUE</b>	<b>9,860,508</b>	<b>9,725,917</b>	<b>134,591</b>	<b>4,615,329</b>	<b>4,631,838</b>	<b>-16,509</b>	<b>3,865,126</b>	<b>3,700,231</b>	<b>164,895</b>	<b>1,380,054</b>	<b>1,393,848</b>	<b>-13,794</b>
<b>EXPENDITURES:</b>												
Salaries	4,654,442	4,717,763	63,321	2,174,712	2,147,577	-27,135	1,725,633	1,555,996	-169,637	754,096	1,014,190	260,094
Benefits & Taxes	1,078,245	1,119,910	41,665	525,063	548,899	23,836	403,439	381,043	-22,396	149,743	189,968	40,225
Books & Supplies	1,131,367	1,084,065	-47,302	619,196	623,043	3,847	455,661	439,209	-16,452	56,510	21,813	-34,697
Services & Other Operating Expense	1,215,397	1,160,749	-54,648	495,316	515,404	20,088	483,677	492,746	9,069	236,404	152,599	-83,805
CMO Management Fees	1,247,163	1,373,848	126,685	683,733	746,859	63,126	563,430	626,989	63,559			
Capital Outlay	190,113	72,053	-118,060	85,961	29,353	-56,608	104,152	42,700	-61,452			0
<b>EXPENDITURES</b>	<b>9,516,728</b>	<b>9,528,388</b>	<b>11,661</b>	<b>4,583,981</b>	<b>4,611,135</b>	<b>27,154</b>	<b>3,735,993</b>	<b>3,538,683</b>	<b>-197,310</b>	<b>1,196,754</b>	<b>1,378,570</b>	<b>181,816</b>
<b>REVENUE LESS EXPENDITURES</b>	<b>343,781</b>	<b>197,529</b>	<b>146,252</b>	<b>31,348</b>	<b>20,703</b>	<b>10,645</b>	<b>129,133</b>	<b>161,548</b>	<b>-32,415</b>	<b>183,301</b>	<b>15,278</b>	<b>168,023</b>
<b>GAAP Adjustments:</b>												
Revenue Less Expenditures	343,781	197,529	146,252	31,348	20,703	10,645	129,133	161,548	-32,415	183,301	15,278	168,023
Add back Capital Outlay to Net income	190,113	72,053	118,060	85,961	29,353	56,608	104,152	42,700	61,452	0	0	0
Subtract Depreciation Expense	-66,153	0	-66,153	-52,349	0	-52,349	-13,804	0	-13,804	0	0	0
<b>Net Income - GAAP Basis 2016-17</b>	<b>467,741</b>	<b>269,582</b>	<b>198,159</b>	<b>64,960</b>	<b>50,056</b>	<b>14,904</b>	<b>219,481</b>	<b>204,248</b>	<b>15,233</b>	<b>183,301</b>	<b>15,278</b>	<b>168,023</b>
Beginning Net Assets @ 6/30/16	2,469,528			1,413,692			1,087,023			-31,187		
Net Income - GAAP Basis 2016-17	467,741			64,960			219,481			183,301		
Ending Net Assets @ 6/30/17	2,937,269			1,478,652			1,306,504			152,114		