

Since CCSPA is projecting a deficit for FY2021-22, we are including this narrative with the budget submission to provide additional clarification on the school’s fiscal health.

During the 2020-21 fiscal year, CCSPA entered into a multi-year lease agreement. The base lease payment schedule (cash-based rent payments) was created to align with the projected enrollment increases over the next few years (FY2020-21 to FY2023-24) before stabilizing to about \$90,000/month (FY2024-25 to FY2057-58). However, due to accounting requirements, CCSPA needs to recognize rent on a straight-line basis over the full lease term even if rent payments vary. As a result, the annual expense is \$1,030,614 in FY2021-22 even though the cash payments are \$567,450.

	2020-21	2021-22	2022-23	2023-24
<b>Lease Payments (cash expense)</b>	187,527	567,450	721,617	918,700
<b>Deferred Rent (non-cash expense)</b>	585,534	463,164	308,998	111,914

The \$463,164 in deferred rent for FY2021-22 is resulting in the projected deficit. While at first glance, the deficit might be a cause for concern and questions on the school’s fiscal health and financial sustainability. However, if we remove the deferred rent from the projections, we can see a more accurate view of school’s financials and projected budget. With deferred rent, CCSPA is projecting a deficit of 159,617 in FY2021-22. If we exclude deferred rent, CCSPA is projecting a surplus of \$303,547 which represents 5.1% operating income as a percentage of total expenses.

**CCSPA Multi-year Projections (including deferred rent)**

		2020-21	2021-22	2022-23	2023-24
		<b>Current Forecast</b>	<b>Projected Budget</b>	<b>Projected Budget</b>	<b>Projected Budget</b>
Revenue	LCFF Entitlement	3,951,456	4,736,468	5,241,844	5,872,698
	Federal Revenue	853,219	253,654	410,554	151,288
	Other State Revenues	690,714	880,539	719,586	716,885
	Local Revenues	29,883	193,069	208,164	224,552
	Fundraising and Grants	70,000	159,680	166,044	173,223
	<b>Total Revenue</b>	<b>5,595,273</b>	<b>6,223,411</b>	<b>6,746,191</b>	<b>7,138,646</b>
Expenses	Compensation and Benefits	3,059,522	3,794,631	4,033,907	4,201,408
	Books and Supplies	196,711	399,096	437,091	468,035
	Services and Other Operating	1,714,334	2,141,630	2,183,673	2,225,619
	Depreciation	55,754	47,671	15,338	12,539
	Other Outflows	-	-	-	-
	<b>Total Expenses</b>	<b>5,026,322</b>	<b>6,383,028</b>	<b>6,670,009</b>	<b>6,907,601</b>
	<b>Operating Income</b>	<b>568,951</b>	<b>(159,617)</b>	<b>76,182</b>	<b>231,045</b>
	Beginning Balance (Audited)	500,959	1,069,909	910,292	986,474
	Operating Income	568,951	(159,617)	76,182	231,045
	<b>Ending Fund Balance (incl. Depreciation)</b>	<b>1,069,909</b>	<b>910,292</b>	<b>986,474</b>	<b>1,217,520</b>
	<b>Ending Fund Balance as % of Expenses</b>	<b>21.3%</b>	<b>14.3%</b>	<b>14.8%</b>	<b>17.6%</b>

**CCSPA Multi-year Projections (excluding deferred rent)**

		2020-21	2021-22	2022-23	2023-24
		<b>Current Forecast</b>	<b>Projected Budget</b>	<b>Projected Budget</b>	<b>Projected Budget</b>
Revenue	LCFF Entitlement	3,951,456	4,736,468	5,241,844	5,872,698
	Federal Revenue	853,219	253,654	410,554	151,288
	Other State Revenues	690,714	880,539	719,586	716,885
	Local Revenues	29,883	193,069	208,164	224,552
	Fundraising and Grants	70,000	159,680	166,044	173,223
	<b>Total Revenue</b>	<b>5,595,273</b>	<b>6,223,411</b>	<b>6,746,191</b>	<b>7,138,646</b>
Expenses	Compensation and Benefits	3,059,522	3,794,631	4,033,907	4,201,408
	Books and Supplies	196,711	399,096	437,091	468,035
	Services and Other Operating	1,128,800	1,678,466	1,874,675	2,113,705
	Depreciation	55,754	47,671	15,338	12,539
	Other Outflows	-	-	-	-
	<b>Total Expenses</b>	<b>4,440,788</b>	<b>5,919,864</b>	<b>6,361,011</b>	<b>6,795,687</b>
	<b>Operating Income</b>	<b>1,154,485</b>	<b>303,547</b>	<b>385,180</b>	<b>342,959</b>
	Beginning Balance (Audited)	500,959	1,655,443	1,958,990	2,344,170
	Operating Income	1,154,485	303,547	385,180	342,959
	<b>Ending Fund Balance (incl. Depreciation)</b>	<b>1,655,443</b>	<b>1,958,990</b>	<b>2,344,170</b>	<b>2,687,130</b>
	<b>Ending Fund Balance as % of Expenses</b>	<b>37.3%</b>	<b>33.1%</b>	<b>36.9%</b>	<b>39.5%</b>