



All Saints' Preschool Project

Chapel Building Renovation and Preschool Reopening:

Financial Model Summary

November 6, 2023

Context

- Re-opening All Saints' Preschool will require a significant financial investment – including renovations to the chapel building and upfront opening costs
- A sub-team of the Preschool Project Committee was asked to conduct a financial impact analysis
- We have developed a financial forecast model to help us understand:
 - Potential income to the Parish from preschool operations
 - Borrowing capacity (how big a loan the preschool could afford to repay)
 - Key drivers of profitability - i.e., what needs to be true for the preschool to be successful
- Our sub-team included four key members
 - Brian Combs – Financial Planning & Analysis consultant
 - Megan Findley – Former management consultant / corporate strategist
 - Mike Geiger – All Saints' Treasurer
 - Don Nagle – Financial advisor to nonprofit organizations, former CFO
- Financial model details have been reviewed by the All Saints' Finance Committee

How we built our model

- We leveraged 10 years of P&L history from All Saints' Preschool – adjusted with new information where appropriate
- We did benchmarking and research on key inputs: teacher salaries, local tuition rates, staff ratio requirements, typical benefits cost, interest rates, etc.
- In general, we took a conservative approach to modeling...
 - Stayed at mid to high end of range for key expenses
 - Assumed a slow ramp up of enrollment and never at “full capacity”
 - Built in a construction contingency for potential cost overruns
 - Conservative on timing of borrowing and paydown
- ...But we did assume some positives:
 - A cleaner, brighter, newly-renovated facility will allow us to set tuition at similar rates to strong childcare competitors
 - Larger classrooms will allow better staffing ratios
 - Improved systems and oversight will reduce monthly operating expenses somewhat

Key highlights of our financial analysis

- We are currently budgeting \$725K in construction costs for a renovation of the chapel building (including a 10% contingency for cost overruns)
- Total re-opening costs are closer to \$1M, including classroom set up, start-up costs, borrowing fees etc.
- We hope to fund the renovation and re-opening costs through:
 - 43% Capital Campaign fundraising (\$450K) *
 - 9% Grants (\$100K)
 - 48% Long Term Loan (\$500K)
- Once enrollment has ramped up, we estimate the preschool can generate \$90-\$120K annual operating income. This operating income will be used in three ways:
 - Pay costs of loan taken to fund renovation (approx. \$56K per year for 15 years)
 - Set aside some money each year as reserve fund for future preschool use
 - Contribute remainder to the Parish, to fund operating costs and/or replenish memorial funds (approx. \$30-50K per year)

**A bridge loan is likely needed to initiate construction this winter, ahead of capital campaign receipts - the size of which will be determined by how quickly capital campaign pledges will be paid.*

Estimated project funding structure*

Re-Opening Cost	
Construction	\$725,000
Classroom Furnishing/Supplies	\$100,000
Playground & Paving	\$35,000
Loan Origination Fees	\$15,000
Losses & Debt Payments Years 1 & 2	\$140,000
Funds Required	\$1,015,000

Source of Funding	
Capital Campaign Goal	\$450,000
Long Term Loan	\$500,000
Grants	\$100,000
Funds Sourced	\$1,050,000

* Based on Nov 2023 financial model – preliminary and subject to change with new information or assumptions

Concluding thoughts

- The costs of construction are high – but renovation is critical to re-opening a safe, thriving, and competitive preschool, and preserving our historic chapel
- Our financial model gives us high confidence that future income from the preschool can close the gaps in the Parish operating budget and ensure a sustainable future
 - For a more detailed look at the numbers, please contact any member of the Preschool Project Committee Finance Sub-team for a 1:1 session
- We are committed to actively managing renovation spend and start up costs to match our budget. We will scale back scope if fundraising falls short or if unforeseen construction issues arise
- Our capital campaign and grant application effort is key to success: The more we can fundraise, the lower our borrowing costs!
- Upfront/early donations will be extremely helpful to reduce our reliance on bridge funding for construction in early 2024