

RESURRECTION & LIFE LUTHERAN LEARNING CENTER

May your deeds be shown to your servants, your splendor to their children.
May the favor of the Lord our God rest on us; establish the work of our
hands for us – yes, establish the work of our hands (Psalm 90:16-17)

BUSINESS PLAN

EXECUTIVE SUMMARY

Resurrection & Life Learning Center is a proposed ministry of Resurrection & Life Lutheran Church. Leadership for the Learning Center will come from the voters and church council.

Resurrection & Life Learning Center will compete well in our market by offering competitive prices, high quality early childhood care and preschool services with leading-edge educational programs. The Learning Center preschool classes will be taught by a certified, college-educated instructor(s) trained through our church body, and the Learning Center will maintain an excellent reputation with parents and the community we serve.

Our vision is to expand our existing Preschool to 2 classrooms and open child care services for infants, toddlers and preschoolers with a capacity of 70 full time equivalent children. The goal for the Learning Center will be to reach at least 75% enrollment within 5 years from the start of this effort. The Learning Center will operate year round which means it will include summer session.

MISSION STATEMENT

The mission of Resurrection & Life Lutheran Learning Center is to reach out to families in the Rochester community and to share the Good News of our Savior. The Learning Center will spiritually nurture the children in the knowledge of Jesus Christ, while guiding the child's educational and social development through exploration and discovery in this Christian setting.

OBJECTIVES

Resurrection & Life Learning Center strives to:

- Share Jesus with Learning Center students and their parents; planting the seed of the Gospel
- Provide Rochester community with safe, caring and strong learning environment
- Introduce families and children to Christian education, while encouraging families to continue Christian education into our Lutheran Elementary School
- Draw unchurched families into our congregation

FINANCIAL PLAN

Resurrection & Life Learning Center will rely on enrollment and congregational support to meet budgeted expenses. Start-up capital has been received through a generous grant. This grant is \$100,000 per year over a four-year period, for a grand total of \$400,000. The first \$100,000 was received in November 2018. The Resurrection & Life Learning Center financial plan was built around the following assumptions :

- Phase 1: Maximum capacity is (20 Full Time Equivalent) three and/or four-year olds in single room. This will include before and after child care and a summer session to support parents needs for full year-round care.
- Phase 2: Maximum capacity is (20 Full Time Equivalent) four-year olds in single room, plus (20 Full Time Equivalent) three-year olds in single room. This will include before and after child care and a summer session to support parents needs for full year-round care.
- Phase 3: Maximum capacity is what is listed in Phase 2, plus (24 Full Time Equivalents) 12 to 36 month old separated into 2 rooms based on maturity levels.
- Phase 4: Maximum capacity is what is listed in Phase 2 & 3, plus (6 Full Time equivalents) 6 weeks to 12 months old.

These capacities by age level are subject to change depending on the needs at the time for the families as well as the facilities available. These assumptions were needed to help with illustrating the financial breakouts.

ENROLLMENT AND REVENUE FORECAST

The below chart represents the revenue forecast for the next five years. The forecast shows the full capacity for each phase. The tuition starts off with the current year 1 tuition set for the 2019-2020 school year. We are anticipating raising the cost which will still be competitive with other Learning Centers within the community. It is assumed that as we move from phase to phase, the tuition amounts could be adjusted slightly due to market and further refinement of the cost for toddlers and infant care services.

The forecast is based on full-time equivalent (FTE) students. The number represents a full-time student (morning and afternoon). It is likely that we would have part time students. So, if we have a part time student in the morning session, there will be another part time student to fill the afternoon session. The FTE number assumes that the student is attending the full week, Monday through Friday. Here again we may have part time student where there could be a student attending Monday, Wednesday, Friday and a different part time student who attends Tuesday and Thursday. In today's existing Preschool we have mainly part time students. The overall desire for the Learning Center is to fill capacity as much as possible. By introducing a summer session, this will open up a larger pool of families looking for Preschool and child care. It is also important to stress the need for a Director who is marketing the Learning Center and building relationships within the community to help fill enrollment.

Please note there is an additional section later in this business plan that outlines a break-even analysis based on the FTE view.

Table: Enrollment and Revenue Forecast

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Number of Students (FTEs)					
Preschool 4 yr olds	10	20	20	20	20
Preschool 3 yr olds	10	20	20	20	20
Toddlers 24 - 26 months			12	12	12
Toddlers 12 - 24 months			12	12	12
Infants 6 wks - 12 months				6	6
Total	20	40	64	70	70
Tuition (Weekly)					
Preschool 4 yr olds	\$170	\$200	\$200	\$220	\$220
Preschool 3 yr olds	\$170	\$200	\$200	\$220	\$220
Toddlers 24 - 36 months			\$150	\$150	\$150
Toddlers 12 - 24 months			\$150	\$150	\$150
Infants 6 wks - 12 months			\$125	\$125	\$125
Monthly Revenue					
Preschool 4 yr olds	\$7,140	\$16,800	\$16,800	\$18,480	\$18,480
Preschool 3 yr olds	\$7,140	\$16,800	\$16,800	\$18,480	\$18,480
Toddlers 24 - 36 months	\$0	\$0	\$7,560	\$7,560	\$7,560
Toddlers 12 - 24 months	\$0	\$0	\$7,560	\$7,560	\$7,560
Infants 6 wks - 12 months	\$0	\$0	\$0	\$3,150	\$3,150
Yearly Revenue					
Preschool 4 yr olds	\$85,680	\$201,600	\$201,600	\$221,760	\$221,760
Preschool 3 yr olds	\$85,680	\$201,600	\$201,600	\$221,760	\$221,760
Toddlers 24 - 36 months	\$0	\$0	\$90,720	\$90,720	\$90,720
Toddlers 12 - 24 months	\$0	\$0	\$90,720	\$90,720	\$90,720
Infants 6 wks - 12 months	\$0	\$0	\$0	\$37,800	\$37,800
Total Yearly Revenue	\$171,360	\$403,200	\$584,640	\$662,760	\$662,760

INCOME & EXPENSES

The chart below details the budgeted expenses for Resurrection & Life Learning Center in the first five years. It is assumed that salaries for teachers and aids will increase with each new phase allowing for at least one lead teacher for each classroom. Only Called Workers will be salary. The only projected Called Workers for the Learning Center will be the Director and the Preschool Teacher(s).

The Expenses below may be refined as we consider Phase 3 and 4. For example, some Learning Centers provide meals which are brought in and warmed up. This is not finalized yet, but expenses were identified to capture the potential cost. This could also be incorporated into the parent fees/tuition.

It is assumed that the Learning Center would pay a portion of the custodial services and utilities. Any remaining profit could be applied to a greater portion of utilities and future expanded facilities.

Chart: Budgeted Income & Expense

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Income					
Preschool/Learning Center Tuition	\$171,360	\$403,200	\$585,640	\$662,760	\$662,760
Expenses					
SALARIES - Director	\$65,000	\$66,000	\$67,000	\$68,000	\$69,000
SALARIES - Teacher(s)	\$58,000	\$100,000	\$175,000	\$225,000	\$230,000
SALARIES - Aid(s)	\$20,000	\$40,000	\$80,000	\$100,000	\$105,000
SALARIES - Admin/Secretary			\$30,000	\$31,000	\$32,000
FEES & LICENSES		\$1,000	\$2,000	\$2,500	\$2,500
OFFICE SUPPLIES	\$500	\$750	\$1,000	\$1,500	\$1,500
TRANSPORTATION/BUSING/FIELD TRIPS			\$500	\$650	\$800
FOOD EXPENSES			\$20,000	\$30,000	\$30,000
REPLACEMENT TOYS/GAMES/BOOKS	\$500	\$750	\$2,000	\$2,500	\$2,500
TECHNOLOGY	\$600	\$750	\$1,000	\$1,200	\$1,320
CIRRICULUM		\$500	\$1,000	\$1,500	\$1,500
ADVERTISING	\$500	\$1,000	\$1,500	\$1,500	\$1,500
OUTREACH - FAMILIES		\$500	\$1,000	\$1,500	\$1,500
CUSTODIAN SERVICES		\$5,000	\$10,000	\$10,000	\$10,000
UTILITIES		\$5,000	\$10,000	\$10,000	\$10,000
Total Expenses:	\$145,100	\$221,250	\$402,000	\$486,850	\$499,120
Net Profit/(Loss)					
	\$26,260	\$181,950	\$183,640	\$175,910	\$163,640
Monthly Revenue Average					
	\$14,280	\$33,600	\$48,803	\$55,230	\$55,230
Monthly Cost Average					
	\$12,092	\$18,438	\$33,500	\$40,571	\$41,593

BREAK EVEN ANALYSIS

For the break-even analysis, monthly costs were assumed as noted in the above table. Tuition rates were calculated as shown above. The total capacity of Resurrection & Life Learning Center was assumed to be 20 four-year olds, 20 three-year olds, 24 toddlers (12-36 months), and 6 infants (6 weeks – 12 months). Based on these assumptions, the chart below shows that we will need 75% enrollment, which equates to 15 four-year olds, 15 three-year olds, 18 toddlers (12-36 months) and 4 infants (6 weeks to 12 months) to break-even.

The break-even analysis assumed each of the four phased deployment was be done in parallel with Year 1 through Year 4. The congregation could decide to extend the number of years to full deployment, or accelerate the phases. These scenarios would adjust the break-even analysis table.

If enrollment does not meet at least the 75% capacity, the table illustrates the yearly support needed by the congregation. In the event that enrollment is significantly below 75% capacity, the expenses most likely will be decrease due to reduction of staff to match the level of enrollment and/or capacity. So, the illustrations show worst case scenarios if enrollment is significantly below capacity.

Table: Break-Even Analysis

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Monthly Cost	\$12,092	\$18,438	\$33,500	\$40,571	\$41,593
Needed Monthly Revenue	\$12,092	\$18,438	\$33,500	\$40,571	\$41,593
Total Capacity Revenue	\$14,280	\$33,600	\$48,803	\$55,230	\$55,230
Percentage of Students to Break-Even	85%	55%	69%	73%	75%
	Monthly Support Needed	Monthly Support Needed	Monthly Support Needed	Monthly Support Needed	Monthly Support Needed
75%	\$1,382				
65%	\$2,810		\$1,778	\$4,671	\$5,694
50%	\$4,952	\$1,638	\$9,098	\$12,956	\$13,978
40%	\$6,380	\$4,998	\$13,979	\$18,479	\$19,501
	Yearly Support Needed	Yearly Support Needed	Yearly Support Needed	Yearly Support Needed	Yearly Support Needed
75%	\$16,580				
65%	\$33,716		\$21,334	\$56,056	\$68,326
50%	\$59,420	\$19,650	\$109,180	\$155,470	\$167,740
40%	\$76,556	\$59,970	\$167,744	\$221,746	\$234,016

CONCLUSION

The Learning Center Committee would like to thank you for taking the time to read through this business plan, which was prayerfully put together. As the information is shared with the congregation, we turn to God's word for encouragement. King David writes and reminds of some simple truths that we sometimes forget, "The earth is the LORD's, and everything in it, the world, and all who live in it." Psalm 24:1. The Psalm writer also tells us, "The eyes of all look to you (God), and you give them their food at the proper time. You open your hand and satisfy the desires of every living thing." Psalm 145:15,16. The Learning Center Committee asks that you join us in taking a moment to thank our Lord and Savior for all the wonderful blessings that he has showered on us as a congregation. We trust that any endeavor that spreads his Word and gives him praise will be blessed!

This document is a snapshot of various examples and financial scenarios which are part of the overall Learning Center plan. For questions regarding the examples and scenarios, please contact Daryl Schultz at dschultz@us.ibm.com or 507-261-6906.