



September 25, 2009

To the parents, staff, and friends of Grace Christian School:

We are releasing current financial information for the 2009-10 school year in accordance with commitments made in our September 11th update. The information presented here is current as of September 24th. We will be providing updates at least once a month throughout the school year.

We encourage all interested parties to attend our October 8th open forum where we will be presenting more detail, and discussing action plans and goals for the balance of the school year. We will also be soliciting and discussing input from staff members and school families as we work toward a more stable financial situation. We expect to have preliminary information regarding budget plans for next school year (2010-2011), including potential tuition and fee structures, at this meeting.

As of September 24th we have an enrollment of 162 students (105 families), with 110 open slots. Enrollment is down 23 students from last year's average of 185, a decrease of (12.4%). We expect to collect tuition and fees of \$356,518, and incur expenses of \$418,749. This represents funding of approximately 85% of that required to fully meet our planned expenses. Expense details are as follows:

Staff wages, payroll taxes, and related expenses	360,085
Textbooks, classroom materials, and supplies	22,570
Office and Administrative	10,304
Facilities	15,840
Interest*	9,950
<b>Total</b>	<b>418,749</b>

- Wages
- Books
- Office
- Facilities
- Interest



\*Interest expense relates to borrowed funds for completion of the modular buildings.

Accounting for prior year deficits carried forward into this year, we expect to require approximately \$90,000 in additional income, reduced expenses, and/or deferred expenses between now and June 30th, 2010.

Although our financial need is significant, it can certainly be overcome. In particular, when viewed on a per student basis, the amounts seem small and quite attainable. In fact, our current year shortfall is less than two months tuition for the average student.

**Break down on a per student basis:**

	<b>Total</b>	<b>Per Student</b>
2009-10 Revenue	356,518	2,201
2009-10 Expense	418,749	2,585
2009-10 Deficit	62,231	384
Cash Shortfall by June 2010	90,000	556

Although we will not be instituting any mandatory tuition or fee increases for this school year, we will be setting goals for voluntary donations to offset our operating deficit. We have also received a number of suggestions from our staff, many of which will be discussed at our October 8th meeting.

To help illustrate the impact that enrollment has on per student costs, and therefore future tuition and fee structures, we're providing an estimate of expenses at various enrollment levels. These estimates account for incremental text book and supply costs, plus an additional staff member for each 22 students added. This chart shows the positive impact the enrollment growth can have on our finances, and demonstrates why enrollment growth must be a cornerstone of any plan to restore the school's financial stability.

**Expenses per student and surplus or (deficit) at various enrollments levels (estimated based on current tuition and fees)**

<b>Enrollment</b>	<b>Estimated Expenses</b>	<b>Per Student</b>	<b>Surplus or (Deficit)</b>
162	418749	2585	(62231)
184	433749	2357	(22231)
206	448749	2178	17769
228	463749	2034	57769
250	478749	1915	97769
272	493749	1815	137769

We will be updating the GCS referral program, including the development of new promotional materials. Few things are more effective for recruitment of new students than positive comments from current school families. We encourage parents to suggest our school to other families who may be interested in a Christian education for their children.

We encourage questions to be submitted via the board email address, [board@gladstoneaog.org](mailto:board@gladstoneaog.org). Questions will be addressed individually as we are able, and commonly asked questions will be posted online with an appropriate response. We look

forward to meeting with school families on October 8th to discuss these and other topics in more detail.

In Christ,

Pastor Watterud  
Mardel Watterud  
Twila Denham  
Bill Strauss  
Bob Denham  
Steve Parker