



# DRIPPING SPRINGS CHRISTIAN ACADEMY VISION 2020

A BUSINESS PLAN FOR GROWTH

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## Executive Summary

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The Dripping Springs Christian Academy (DSCA) is a K3 - 12<sup>th</sup> grade Classical Christian school training Ambassadors for Christ. DSCA has served Dripping Springs and surrounding communities for the past 13 years and continues to grow its presence and involvement. Our Vision for the year 2020 is to begin a Building Program for a permanent five acre campus, containing 25,000 square feet of facilities in which to train 200 Ambassadors. We refer to this effort as Vision 2020. Currently DSCA's opportunity for growth is limited only by available commercial rental space, with rents at a premium and rising. By constructing a permanent campus and controlling facility expenses DSCA will be able to serve an ever growing population while maintaining financial health and increasing staff and teacher salaries.

In April of 2019 a Capital Campaign will begin the community education, fund-raising and facility planning phase of the Vision 2020 process. A combination of resources, including major donors, local churches, trusts and foundations, parent pledges and debt will be utilized to insure that the Building Program is well funded and that the current metrics upon which we gauge the financial health of DSCA are maintained.

The goal of providing the information contained within this Business Plan is to communicate: (1) DSCA's growth objectives, (2) the reasons and supporting data confirming that Vision 2020 is attainable, (3) the strategies and tactics necessary to complete the objective, and, (4) some background on the organization and servant leaders who will carry Vision 2020 forward.

Thank you for time, your feedback, and most importantly your prayers.

*Becky Welborn*

Head of Schools

*Mark J Lander*

Director of Development

# Vision 2020 - Our Objectives and Goals

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## A Permanent Campus

Since the founding of the Dripping Springs Christian Academy in 2006, the school has leased several different buildings/locations based on availability of space. Each year DSCA has experienced an average growth between 18-20%, quickly outgrowing each of those temporary lease situations. Currently DSCA leases one full building and one partial building at the Arbor Center. In addition to the disruption of the school with each relocation, the space available which is compatible with the very specific needs of a school is extremely limited and the costs to lease are ever increasing in the Dripping Springs market.

DSCA has once again outgrown their current facilities, in both the availability space and the property's infrastructure. While it is possible to find additional space in other parts of town, (and that will be a very short-term option), the economies of operating multiple facilities which are not adjacent is less than optimal. In addition, the lease term for their current location will expire in the summer of 2020, and at best DSCA might expect a short extension. Arbor Center is after all a professional & medical office park and rents are increasing to match market demands.

Given the pre-enrollment for 2019/2020 of approximately 85 students, and the projection for increased school age children coming into the local school district the Board of Directors at the DSCA determined in that the continued and constant relocating of the school was not in the best interest of the community DSCA serves. The process of locating a permanent campus and facilities has begun under the umbrella of Vision 2020.

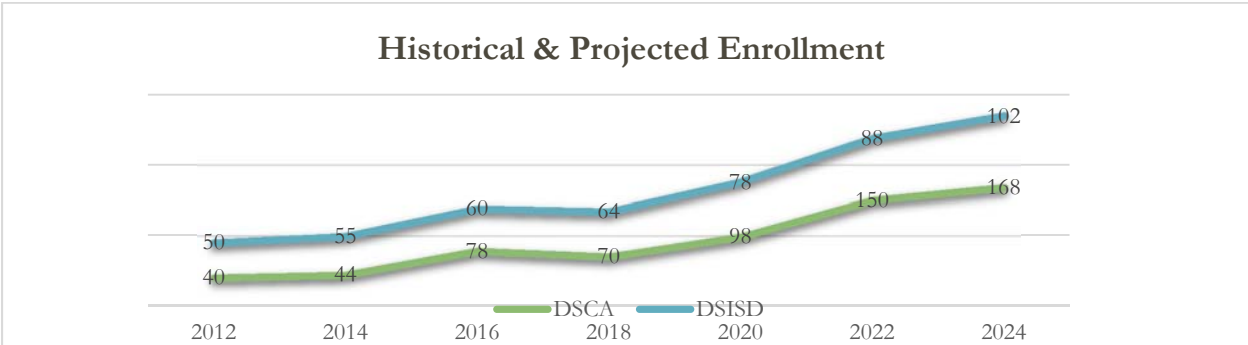


Contained within the Objectives of Vision 2020 are three equally important goals of: (1) increasing the facility size to accommodate the projected growth of school age children within the Dripping Springs Independent School District, (2) providing a first-class learning environment and campus which allows for further growth while (3) lowering the overall cost of facilities on a per student basis so that a larger portion of tuition income can be allocated to teaching staff. Our Business plan addresses each of those separate goals.

# Supporting Data

## Community Growth

Historically the Dripping Springs Christian Academy has increased enrollment at a rate of growth equal to that of the Dripping Springs Independent School District (DSISD). Traditionally, DSCA captures between 1.5% and 1.75% of the school age population within the local school district. According to a recent DSISD Board presentation\* (PASA- March 25, 2019) the projected school age population in 2025 would be approximately 13,262 or a yield of between 198 to 232 potential students for DSCA. This continued growth in primary and secondary school education supports our objective to construct a permanent campus for DSCA to train 200 Ambassadors per school year by 2025.



Note: DSCA= actual enrollment, DSISD = x 100. Chart depicts percentage of actual growth through 2019 and projection through 2024

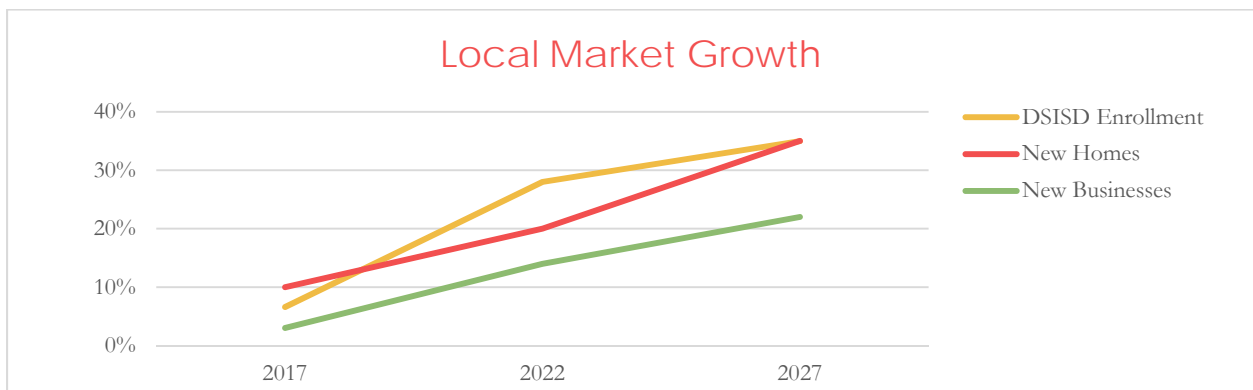
## Market Analysis

DSCA shares the exact same demographics and market area as the Dripping Springs Independent School District. In March of 2019 the DSISD Board published a demographic study prepared by PASA (Population and Survey Analysts)\* which describes a steady 6-7% compounded annual growth in enrollment, which accounts only for those grades served by DSISD. The DSCA has the added “legacy” effect on our families by providing K3-K education so that siblings may learn together. By the third and final year of the DSCA Capital & Building Campaign (2022) the number of students enrolled at DSCA will place the school in break-even position regarding debt service. By the year 2025 the total number of potential students (232) will have surpassed the total maximum capacity of 200 students for the facility.

# Strategies & Tactics

## Target Market

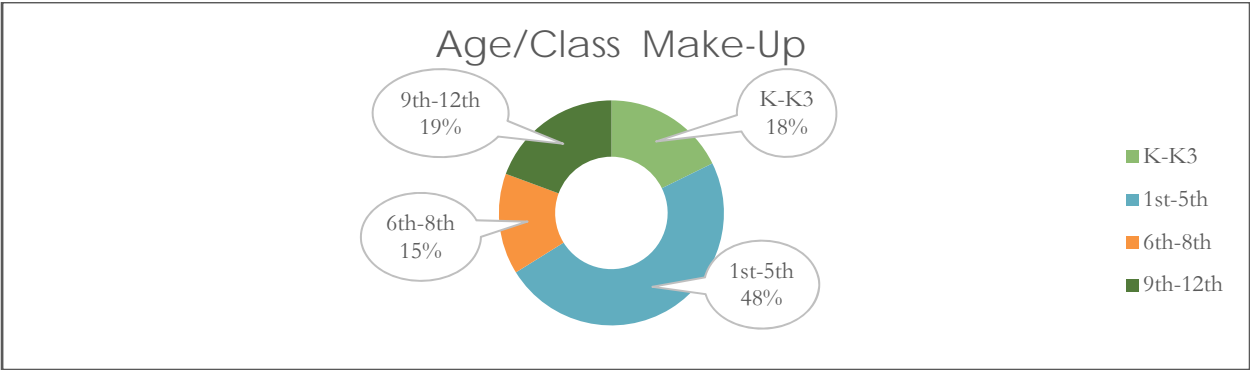
The primary target market for DSCA is a family with children entering preschool through 12<sup>th</sup> grade, as well as teachers in search of a Christ-centered Classical environment. We serve many previously homeschooled families, as well as students who are looking for something different from public education. These families desire core Christian principles engrained in a quality education. They prefer small class sizes, individualized attention, and a family culture. Families and school age children locating to the area have a direct correlation to both housing and business growth.\* Total enrollment for DSISD is expected to increase by more than 100% from the years 2017 to 2027. For every new home built DSISD projects 0.57 school age children. While not a primary driver for education, the increase in new business locating in the market creates a draw for the surrounding hill-country towns to the Dripping Springs area.



Classical Christian education caters to a rapidly growing parental demand for the tried and true disciplined principles of grammar, logic, and rhetoric. DSCA is flourishing as we serve this niche in our community. Our capital campaign began in April and will be marketed through our families, local churches, and our entire community.

Through modest tuition increases and scholarship funding, the Board has made private education at DSCA financially achievable for most families. Based on stakeholder input, the location of our future facility is of utmost importance. Families travel from as far away as Fredericksburg, Marble Falls, Lakeway, central Austin, and Kyle. Being in central Dripping Springs allows us to continue to serve these families and to be an integral part of our community.

The largest component of the student groups currently served by DSCA can be found in grades 1st through 8th.

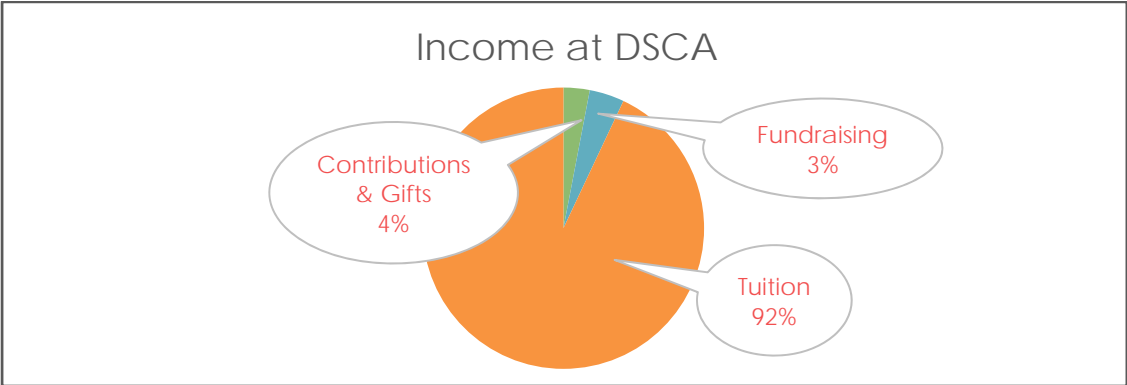


**Competition**

DSCA is currently the only private Christian full-day school in our community. The closest competitive school is Regents School in SW Austin, covering an 82 acre campus and enrolling over 1,000 students.

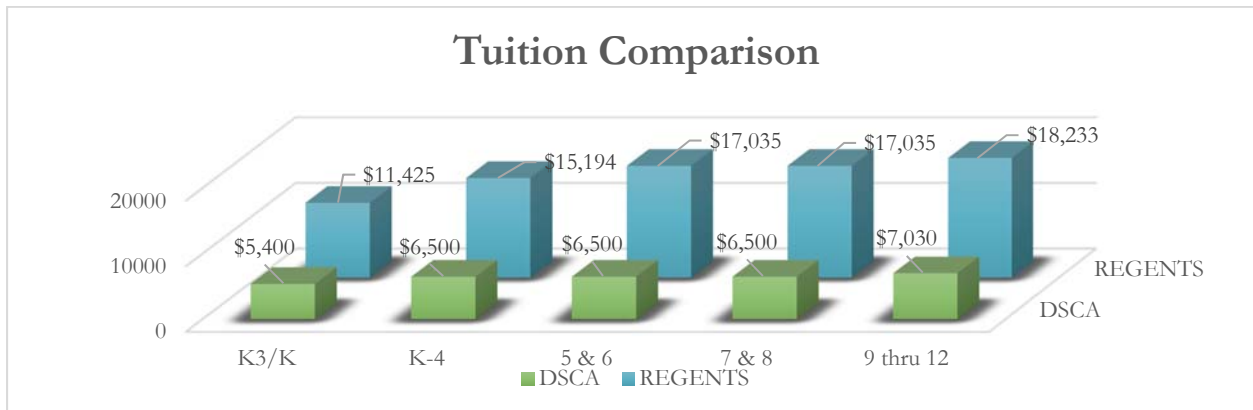
**Tuition and Income**

Income at DSCA is derived primarily through tuition- approximately 92% of income is through tuition and of that, about 8% of all tuition paid is attributed to application fees and supplies. At the current time there is no permanent Endowment established. Of the total tuition collected, an amount of \$125 per student/month is currently allocated to service rental costs. In comparison, at Regents School tuition accounts for 88% of income, with 5% from Fundraising, 5% from Contributions and Gifts and 2% from other sources. Both DSCA and Regents average about 8% of all students receiving some form of tuition assistance/discount. At DSCA the maximum tuition assistance is capped at 50% based on needs.



Tuition rates at DSCA have historically been less than one-half the rate of a Regents School. Historically, Dripping Springs was perceived as a rural sub-market to the Austin metropolitan area. However, with the recent and unprecedented growth in young two-income families, rise in household income and the demand for more modern educational facilities the DSCA has an ability to increase tuition rates which will ensure the financial health of the school while remaining affordable to families.

Vision 2020 projects that each year for the next four (4) Fiscal years tuition will increase a modest 5% annually to support the building campaign and to increase teacher salaries. By the year 2022 the percentage of tuition per student allocated for debt service (in lieu of rental expenses) will remain at \$125 per student/month.





# DSCA Organization and Background

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## **Mission Statement**

The Mission of the Dripping Springs Christian Academy is to:

- Serve Our Community by partnering with Christian families to provide a Christ-centered, classical education and to train children for God's calling on their lives.
- Serve Our Staff by valuing and supporting the individual, professionally and spiritually, and to give them the freedom to utilize their passion, skills, and unique gifting.
- Serve Our Supporters by recognizing their contributions and spiritual investment in the growth and future of God's kingdom through DSCA.

## **Keys to Success**

Our community is known for its quality education, but public school cannot offer Christ-centered Classical education. Christ is the reason we learn at DSCA. Students are being prepared and made ready with a solid foundation in Truth and beauty of God's creation and their part within it. Classical education integrates Christian values across the spectrum of learning, abilities and ages. Critical thinking, respectful and deliberate debate, and a deep understanding grow from a prepared and cultivated mind and spirit.

## **Accreditations**

DSCA is a Fully Accredited School operating as a non-denomination 501 (c) (3) Corporation. DSCA is currently the only private Christian full-day school in our community. Our 1:13 teacher/student ratios allow our teachers to be valued, encouraged, and supported in their roles of daily leading DSCA students as ambassadors of Christ.

## **Company-Legal Entity/Governance**

DSCA is a Fully Accredited School operating as a non-denomination 501 (c) (3) Corporation founded in 2006. DSCA is managed under the guidance of a Board of Directors who each serve a term of 3 years. Accreditation is provided by the Southern Association of Colleges and Schools (SACS).

## **Campus and Facilities**

The permanent home for DSCA will consist of a five acre tract of land centrally located in the Dripping Springs MSA, with a 20,000 square foot two-story main school, a 5,000 square foot indoor gymnasium with basketball court, and exterior playground facilities. Construction will be commercial grade steel structure buildings.

## **Hours of Operation**

DSCA operates on a four-day school week with a traditional school year concurrent with DSISD.

## **Curriculum and Staff**

Teachers and staff are a valuable asset and an important part of the future growth and success of DSCA. Currently the teaching and staff at DSCA numbers 17 with a combined teaching experience of 351 years. Vision 2020 anticipates a growth in the number of teachers to maintain the 1:13 ratio and at full capacity teachers and staff will number approximately 24.

DSCA has developed a unique curriculum to meet the Classical and Christian needs of its students.

Classical education is a movement to return to teaching "subjects" through the art and science of learning. At DSCA, education is using God's intellect and gifts to spark passion and creativity. Aristotle relates, "Educating the mind without educating the heart is no education at all." Oftentimes, education is ruled by the end goals of assessment. While assessment is a useful Tool, placing it as the goal values memorization and reproducers, rather than thinkers and Innovators. "The mind is not a vessel to be filled, but a fire to be kindled." (Plutarch)

Man was made in God's image, with love, intellect, and passion. Paul reminds us in Philippians 4:8, "Finally, brothers and sisters, whatever is true, whatever is noble, whatever is right, whatever is pure, whatever is lovely, whatever is admirable--if anything is excellent or praiseworthy--think about such things." As image-bearers of God, we value wisdom, truth, and beauty. DSCA sees each child as a unique creation of God and uses the elements of Classical Christian education to develop students individually into Christ's ambassadors.

## **Financial Management**

DSCA records financial information using Quick Books accounting software and reporting based on Accrual Accounting using a Fiscal Year which runs June through May. The Annual Operating Budget is prepared by staff with approval and over-sight of a Board of Directors. Each month traditional financial reports are issued to include:

- Balance Sheet
- Profit & Loss
- Unpaid Bills
- Bank Reconciliation(s)
- Bank Statements
- Aged Receivables

A separate checking account is maintained to segregate operating funds from the capital to be used in the Building Program. Book keeping is prepared by a third-party.

# Building Program

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## The Campus

Our Vision for the year 2020 is to begin a Building Program for a permanent five acre campus, containing 25,000 square feet of facilities in which to train 200 Ambassadors. The main educational building will be a 20,000 square foot, two-story building of steel frame and concrete construction, providing a total of sixteen (16) classrooms, age groups separated by floor/wing, separate workspace for administrative functions and teaching staff and large multi-purpose room. A separate steel frame structure (attached to the main building) will house a 5,000 square foot enclosed gymnasium with full-sized basketball court.

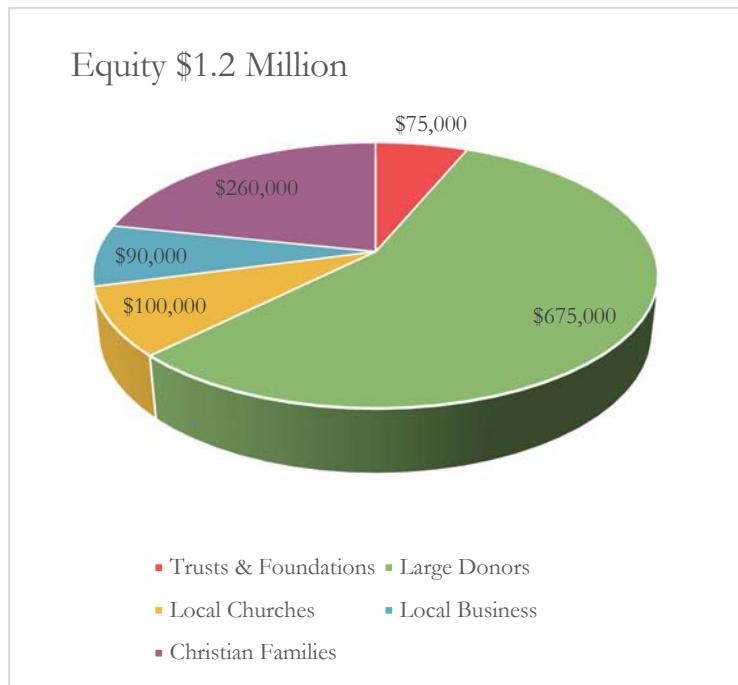
The property will consist of approximately 4-5 acres so as to allow for an open greenspace and playground for students, parking facilities for teachers and staff, staging and pick-up areas for parents, and any/all necessary land required for an O.S.S.F and water quality/detention ponds.

## Anticipated Project Costs – Sources and Uses

The total anticipated cost for the Building Campaign is \$4,000,000 with a projected ground-breaking in the fall of 2020. The chart below describes the major cost components and the source of funding. DSCA is a cash-flow, non-profit commercial business which projects to raise equity in an amount of 30% of the total costs (\$1.2 million) with a commercial loan to finance the remaining \$2.8 million. The construction loan start-up period is expected to be 36 months at interest only (5% interest on a 20 year rate of amortization), with a fixed Principal and Interest payment beginning in 2022.

	Equity-Capital Campaign	Debt Commercial Loan	Totals
Land & Entitlements	\$600,000	\$0	\$600,000
Site and Civil Work	\$225,000	\$0	\$225,000
Building Costs	\$100,000	\$2,800,000	\$2,900,000
Soft Costs A&E	\$120,000	\$0	\$120,000
F.F. & E.	\$155,000	\$0	\$155,000
Totals	<b>\$1,200,000</b>	<b>\$2,800,000</b>	<b>\$4,000,000</b>

Sources of funds will be a combination of private equity raised in the community through a traditional three (3) year pledge campaign, and a conventional commercial loan. The equity will draw upon five (5) primary sources being: (1) Trusts and Foundations, (2) Large Donors, (3) Area Churches, (4) Local, (5) Christian Families. Debt assumes a conventional commercial loan structured on 70% of the total costs (LTC) with a 0.75% origination fee, 5% interests using a 20year amortization schedule. Loan terms assume interest only through 2022, then converting to traditional Principal and Interest (P&I) with a balloon/re-finance option at year seven.



Use of funds are described below in a summary of the construction budget which includes all land acquisition costs (land purchase plus entitlement fees), soft costs to include the architectural costs (which include M.E.P. design fees) and Construction Administration (CA) or Project Manager, site development costs, separate costs to construct the main building and gymnasium, utility connection fees(or waste-water equivalent through an O.S.S.F.) ,and construction loan origination fees and interest carry costs through 2022. Financial Analysis

## Financial Analysis

### Construction Budget- Summary

Architectural and Engineering	\$90,000
Project Management& CA Fees	\$30,000
Land Acquisition and Entitlements	\$600,000
Site Work & Utilities	\$225,000
Building Main	\$2,270,000
Building- Gymnasium	\$400,000
Septic/LUE Equivalent	\$90,000
FF&E	\$155,000
Loan Fees and Carry Costs	\$140,000
<b>TOTAL CONSTRUCTION COSTS</b>	<b>\$4,000,000</b>

## Net Operating Income- Projected Year 2022

	Jan 1.7%	Feb 11.8%	Mar 6.4%	Apr 5.7%	May 10.2%	Jun 13.8%	Jul 10.6%	Aug 4.3%	Sept 7.3%	Oct 10.8%	Nov 4.8%	Dec 12.6%		
Tuition	\$ 18,659	\$ 129,513	\$ 70,244	\$ 62,561	\$ 111,952	\$ 151,464	\$ 116,342	\$ 47,195	\$ 80,122	\$ 118,537	\$ 52,683	\$ 138,293	\$ 1,097,567	91.9%
Fees and Enrollment	\$ 49,795	\$ 5,635	\$ 5,635	\$ 5,635	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,700	5.6%
Fundraising	\$ 1,000	\$ 1,000	\$ 1,000	\$ 5,000	\$ 15,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 30,000	2.5%
<b>Total Income</b>	<b>\$ 69,454</b>	<b>\$ 136,148</b>	<b>\$ 76,879</b>	<b>\$ 73,196</b>	<b>\$ 126,952</b>	<b>\$ 152,464</b>	<b>\$ 117,342</b>	<b>\$ 48,195</b>	<b>\$ 81,122</b>	<b>\$ 119,537</b>	<b>\$ 53,683</b>	<b>\$ 139,293</b>	<b>\$ 1,194,267</b>	100.0%
Tuition Assist	4%	\$ 2,778	\$ 5,446	\$ 3,075	\$ 2,928	\$ 5,078	\$ 6,099	\$ 4,694	\$ 1,928	\$ 3,245	\$ 2,147	\$ 5,572	\$ 47,771	4.0%
Payroll	56%	\$ 55,732	\$ 55,732	\$ 55,732	\$ 55,732	\$ 55,732	\$ 55,732	\$ 55,732	\$ 55,732	\$ 55,732	\$ 55,732	\$ 55,732	\$ 668,790	56.0%
Contract Labor	2%	\$ 1,389	\$ 2,723	\$ 1,538	\$ 1,464	\$ 2,539	\$ 3,049	\$ 2,347	\$ 964	\$ 1,622	\$ 2,391	\$ 1,074	\$ 2,786	2.0%
Fund Raising	\$ 1	\$ 1	\$ 1	\$ 1,000	\$ 2,500	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	3.510
Curriculum	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 25,000	\$ 1	\$ 1	\$ 1	\$ 1	25.011
Classroom	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	9.000
Admin Supplies	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	9.000
Supplies & Materials	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	12.000
Telecom & Internet	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	7.200
Debt Service	\$ 18,868	\$ 18,868	\$ 18,868	\$ 18,868	\$ 18,868	\$ 18,868	\$ 18,868	\$ 18,868	\$ 18,868	\$ 18,868	\$ 18,868	\$ 18,868	\$ 18,868	19.0%
Utilities- Elec	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	28.800
Utilities- Water	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	6.000
Water - Irrigation	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	7.200
Utilities- Waste	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	9.000
Trash	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	4.200
Janitorial	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200	38.400
Pest Control	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	2.400
Building R&M	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	14.400
Landscape- Mow	\$ 950	\$ 950	\$ 950	\$ 950	\$ 950	\$ 950	\$ 950	\$ 950	\$ 950	\$ 950	\$ 950	\$ 950	\$ 950	11.400
Insurance	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	13.200
Prof Fees	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	4.200
<b>Total Expenses</b>	<b>\$ 93,470</b>	<b>\$ 97,471</b>	<b>\$ 93,915</b>	<b>\$ 94,693</b>	<b>\$ 99,419</b>	<b>\$ 98,450</b>	<b>\$ 96,343</b>	<b>\$ 117,193</b>	<b>\$ 94,170</b>	<b>\$ 96,475</b>	<b>\$ 92,523</b>	<b>\$ 97,660</b>	<b>\$ 1,171,783</b>	98.1%
<b>Net Operating Income</b>													<b>\$ 22,485</b>	1.9%

## Break-Even Model Data 2022 (NOI Projected 2022)

Model Assumption used in the projection

Enrollment 2022	150 students
Grade/ Number of students 2022	K3 - K = 36 students
	Grade 1 - 5 = 72 students
	Grade 6-9 = 18 students
	Grade 9 -12 = 24 students
Average Tuition Increase	5% annually beginning 2019/2020
Current facility cost per student	19.1%
Model 2022 facility cost per student	19.4%
Ratio Teacher Salary/Income Current	53.7%
2022 Ratio Teacher Salary/Income	56%
Tuition Assistance	8% of total students @ 50% tuition
Teacher/Student Ratio	1:11.5
Expenses	Fixed
Debt Service	\$2.8million @ 5.25% on 20 year amortization
<b>NOI CURRENT = 1%</b>	<b>NOI 2022 = 1.9%</b>