

國立政治大學商學院國際經營管理英語
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International MBA Program
College of Commerce
National Chengchi University

碩士論文

Master's Thesis

芝加哥學校之多元教育模式

A Blended Education Model for Chicago Schools

Student: Emily E. Chauncey

Advisor: Professor Jack Wu

中華民國一百〇一年五月

May 2012

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A Thesis

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Master

in

Business Administration

中華民國一百〇一年五月

May 2012

Dedication

To my loving parents, Bonnie and Donald Chauncey, who
continue to inspire me.

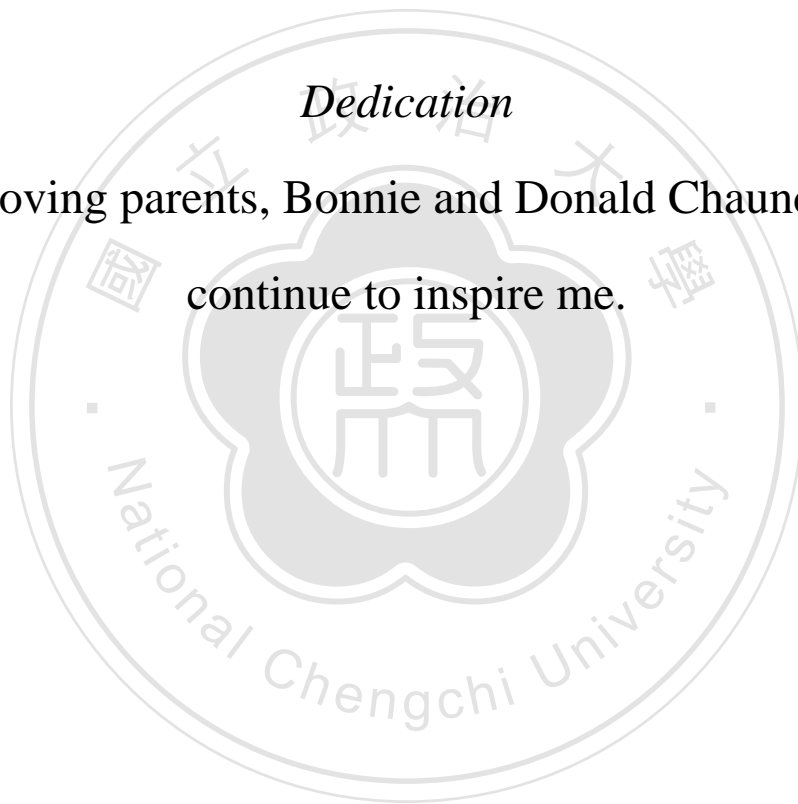
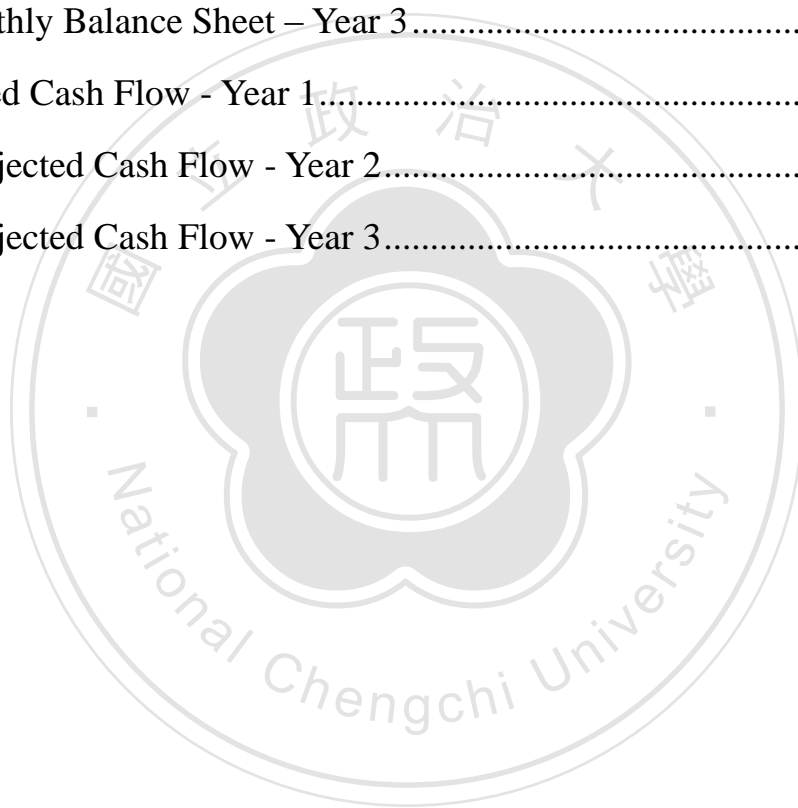


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1.0 Executive Summary

Introduction

A blended education program combines online and classroom learning in a brick-and-mortar setting in order to improve the quality of instruction and provide more engaging student-to-student and student-to-teacher interactions. The blended model reduces tuition costs while boosting student performance levels. This business plan proposes a blended model for Chicago Public Schools (CPS) using the Khan Academy's online learning platform, and specifically targeting elementary school students at the 4th grade level and above.

The Company

The Chauncey Organization is a startup company with five employees: one fulltime Sales/Consultant, and four part-time IT and support staff. The company will be incorporated in Illinois, and operate out of a home office in Oak Park, Illinois in order to keep fixed costs low. The key advantage of the Chauncey Organization is in the combined knowledge, expertise and well-rounded experience of the team offering strong backgrounds in business, education and technology. To read further on the Chauncey Organization team, please refer to page 5. The Chauncey Organization will seek a partnership agreement with the Khan Academy, a free online education website and learning platform, for the online component of the blended education model. For more information on the Khan Academy refer to page 5.

Services

The Chauncey Organization will manage the marketing, sales, program planning and implementations, consulting, IT support and program management including data storage, as well as fundraising and tracking program statistics to gauge student progress post-

implementation. The Chauncey Organization has come up with three packaged models Chicago Public Schools can select from which vary in costs and service levels. Please refer to page 25 for pricing details.

Chauncey Organization will first launch Khan Academy math videos and problem exercises in Chicago 4th grade elementary classrooms with plans to rollout additional courses and reach other grade levels in later phases.

Market

The Chicago Public School system is currently facing a budget crisis. Illinois public school funding is derived mostly from local property tax revenue (48%), state funding (29%) and federal government funding (22%) [1]. This structure poses two significant problems; the cost of education is a significant burden on homeowners and taxpayers, and the quality of education resources a child receives in Chicago is dictated by his or her neighborhood's population and income levels. School funding reform is a lengthy and politically charged process; in the meantime, the Chauncey Organization would like to offer a unique education model to children, teachers and schools to allow for a more productive experience in the classroom while reducing financial restraints on schools.

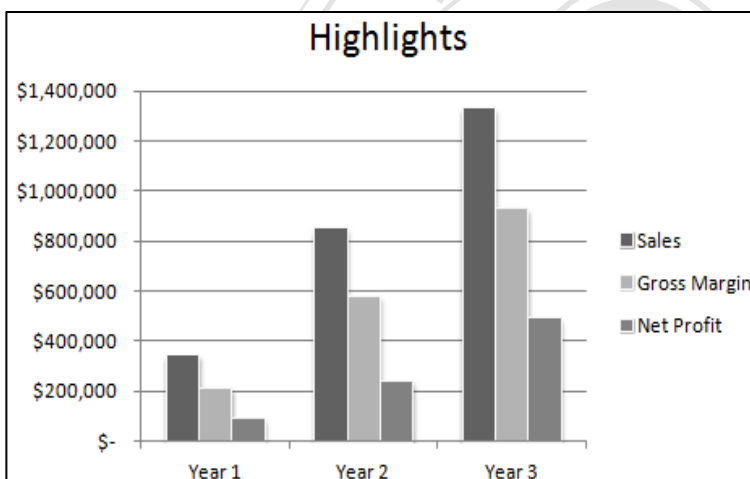
As of year end 2010, there are 528 elementary public schools in Chicago serving 236,524 1st – 8th grade students. The teacher per pupil ratio is 1:31, meaning there are roughly 7,630 classes. We get a further rough estimate of the number of 4th grade classes by dividing 7,630 by 8, the number of grades. We therefore have around 950 possible 4th grade class targets within our market. The Chauncey Organization would like to first focus on average performing classrooms, and once established, grow to lower-performing classes, with the long-term goal of reaching classrooms at all performance levels in later phases throughout the city.

We are targeting 7% of the market in our first year of operation with the goal to be

implemented and active in 36 schools by year end. In our second year, we will target an additional 17% of the market with the goal to achieve 91 new program implementations, bringing our market capture rate to 24%. By year-end of our third year, we have the more aggressive goal to implement 151 new elementary blended math programs, an additional 29% of the market, which would bring our total market capture rate to 52%. We plan to put the most emphasis on implementing our lower-cost, lower-service packaged options as these options are the most scalable.

Financial Considerations

Startup costs are under \$25,000 and we anticipate reaching a break-even point during the first



year of operation. As the Khan Academy's courses and platform are free, the majority of costs are in supplying computers to fourth grade classrooms, raising capital and assisting schools with planning, training, program

implementations and tracking results.

1.1 Objectives

Short-term: 0 – 5 years

- To improve the quality of education in Chicago schools
 - Accelerate the learning process for students
 - Improve student attendance levels
 - Increase student achievement scores on state and national assessments
 - Achieve incremental improvement in performance by student

- Achieve implementation in over 150 4th grade classrooms within the first 3 years
- Improve teacher, student, parent and school administration satisfaction levels
- Provide greater visibility for parents and teachers into student learning and possible knowledge gaps or issues for proactive intervention
- Reduce annual school enrollment costs per student so that funding can be used toward teacher salaries and the improvement of curriculums

Long-term: 6 – 10 years

- Expand blended program offering to other grade levels, junior and senior high schools
- Decrease dropout rate/increase high school graduation rate. High school dropout rates in CPS are around 50 percent
- Increase college enrollment levels. Currently just 29% of Chicago's population of people under 25 hold 4-year college degrees

1.2 Mission

To increase hunger for learning, empower students and teachers, and create judgment-free learning zones where students excel and master subjects through engagement and self-paced study.

1.3 Success Measures

1. Program retention levels
2. Student performance: attendance, achievement test scores, and incremental improvement per student gauged by Khan Academy's online assessment reports
3. Program launch success measures: Actual implementations versus plans
4. Teacher, student, parent and school administration satisfaction results based on bi-annual feedback gathered through surveys

- Lower school enrollment costs per student so that funds can be redistributed to teacher salaries and program enhancements

2.0 Company Summary

The Chauncey Organization: The Chauncey Organization was founded in 2012 and is a startup company consisting of five employees (four part-time and one full-time). The organization's advantage comes from the diverse and well-rounded management team. On the team is a duo of technology experts with 13+ years of experience, best known for their design and implementation work for President Obama's campaign networks during his first run for presidency in 2008. The team also includes an associate professor with over 30 years of experience teaching various subjects at all academic levels (K – Graduate School), a retired Chief Information Officer (CIO) with over 30 years of experience, and an MBA graduate with professional and international education experience.

The Khan Academy: The Khan Academy, a non-profit organization, was established in 2009 by Salman (Sal) Khan, who refers to himself as the "founder and faculty." It is an online learning institution with over 3,100 lessons on topics ranging from K-12 math, to subjects in biology, chemistry, history, finance, economics, astronomy, and more. Sal holds three degrees from MIT and has an MBA from Harvard Business School. His mission is to provide "a high quality education to anyone, anywhere." The Khan Academy slogan is to

“accelerate learning for students of all ages.”

The online academy was established when

Khan posted YouTube videos to aid in

tutoring his young cousin and found his

tutorials not only helped his cousin, but were

receiving a high degree of web traffic and positive testimonials from YouTube users all over the world. In 2009 Sal left his job as a hedge fund analyst to focus on making tutorials on a

full-time basis and establish the Khan Academy. He went on to develop a sophisticated learning platform which helps to identify learning gaps and proactively suggests videos and exercises to improve subject mastery.

Computerized learning has received a bad reputation; most people tend to view computerized learning as an anti-social, monotonous, impersonal experience that involves unsophisticated graphics, silly cartoons or dull, lengthy problem drilling. Khan has overcome this stigma by creating short 10- minute YouTube lessons in which he manages to create an intimate environment. Just his voice is heard as he sketches concepts, makes colorful notes using a digital blackboard, and offers engaging examples and commentary on the various topics. His enthusiasm for teaching and explaining concepts is apparent in his voice and energetic doodling. The underlying learning platform has a robot feature which quizzes students, tracks time spent on videos and problems, offers recognition, points, “badges” and motivational feedback when progress is being achieved. The program also identifies areas where students are struggling so that teachers can proactively intervene. The tool gives teachers a level of visibility not available in traditional classrooms, and therefore improves the level of interaction as teachers are able assist and interact with students in areas of need. It also reduces the “shame” level students tend to experience in the classroom when grappling with learning and difficult subjects; students can independently pause, rewind, and view video content with parents and teachers, thereby taking a self-paced learning approach. Today the Khan Academy consists of a team of 26 members and is comprised of some of the brightest designers, software engineers, consultants and professionals in Silicon Valley. The program receives funding from the Bill & Melinda Gates Foundation.

2.1 Chauncey Organization and Funding

The Chauncey Organization is a non-profit 501(c), US tax-exempt organization. It will operate exclusively to improve the quality of education for Chicago Public Schools. The

company will operate as a public charity. The initial startup costs of approximately \$25,000 will be an out-of-pocket investment by the company's five founders. Additional funding will be derived from grants, private and public funding, fund raising activities, and support from the US government and Chicago Public Schools. All profits from the business and operations will be donated to Chicago Public Schools for further blended program implementations and enhancements.

3.0 Services

The Chauncey Organization will work directly with schools to plan, structure, implement, and track the progress of blended education programs into the school's core curricula. Startup costs include the designing, implementing and launching of programs on a customized basis for public schools in the Chicago area. Costs per school will vary depending on resources already available and specific service requirements. For example, many schools in the Chicago area are already equipped with computer labs; this will cut startup costs considerably. The Chauncey Organization will provide computers, IT support and hosting services in the event that schools are in need of these products and services.

We have 3 product and service offerings with varying degrees of involvement in order to appeal to the widest number of classrooms: the Fund, Operate & Maintain (FOM) Model, the Operate & Maintain (OM) Model, and the Maintain (M) Model. Please view the chart on the following page which details product and service offerings for each of the 3 models.

FOM Model	OM Model	M Model
<ul style="list-style-type: none"> • Fund, Operate & Maintain • Chauncey Org will handle grant-writing and all funding • Chauncey Org will provide teacher training and implement the program • The Chauncey Org will maintain the program through: <ul style="list-style-type: none"> • Providing refresher trainings • IT support & server storage • Tracking results & semi-annual reviews 	<ul style="list-style-type: none"> • Operate & Maintain • The school district will handle all funding and fund-raising activities • Chauncey Org will provide teacher training and implement the program • The Chauncey Org will maintain the program through: <ul style="list-style-type: none"> • Providing refresher trainings • IT support & server storage • Tracking results & semi-annual reviews 	<ul style="list-style-type: none"> • Maintain • The school district will handle all funding and fund-raising activities • The school district will provide teacher training, implement the program and handle refresher trainings • The Chauncey Org will maintain the program through: <ul style="list-style-type: none"> • IT support & server storage • Tracking results & semi-annual reviews

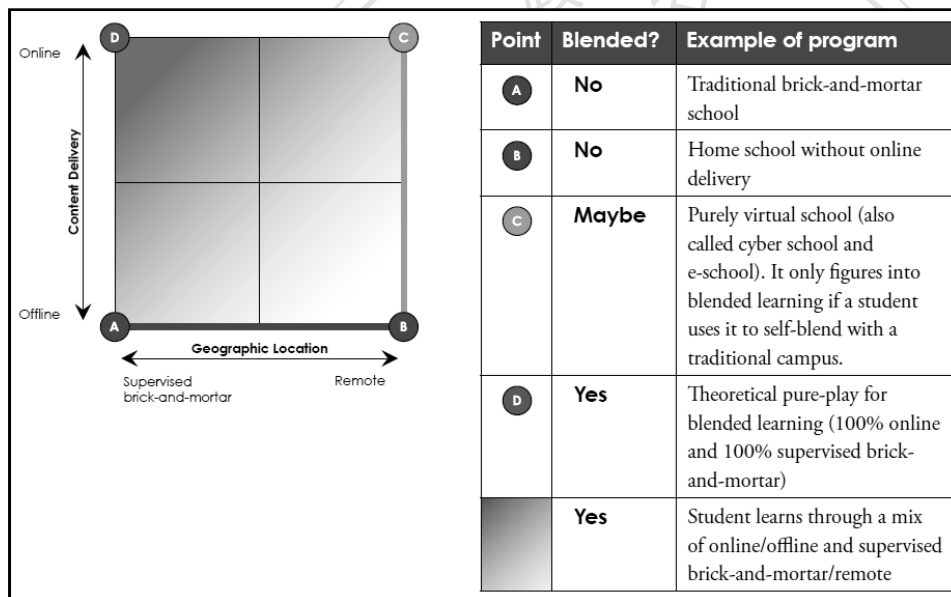
The M model is our most scalable package, while the FOM model is more labor intensive, but ensures quality. We therefore will offer and support all 3 models to meet the demands and varying needs of the market.

3.1 Blended Education Solutions

The definition of blended learning is combining online with in-class education in traditional brick-and-mortar school environments. Students are supervised by a professional teacher while being able to control and set the pace for their learning; in other words, the teacher is not simply streaming online lessons to the class via a laptop and projector. In order to qualify as a blended learning environment, there must be the following three elements: a brick-and-mortar school, a professional teacher, and forms of tech-rich learning in which each student sets the pace of study.

In the chart on the following page, Heather Staker, a Senior Research Fellow at the Innosight Institute, demonstrates the varying degrees of blended learning programs. The gray areas on the matrix represent online learning environments. [2] Staker further identified six existing models of blended learning [2]:

1. Face-to-face: this model is mostly a traditional classroom yet the teacher deploys students periodically to use online learning tools to supplement the face-to-face curricula.
2. Rotation: students rotate on a fixed schedule between face-to-face student-teacher and self-paced online learning modules. The teacher acts as an overseer for online course work.
3. Flex: this curriculum is mostly self-paced and delivered online. The teacher acts as a tutor, and assists students on an as-needed basis.
4. Online Lab: course content is solely delivered online but in a brick-and-mortar computer



lab school setting.

5. Self-Blend: students take online courses to supplement in-class learning.

The online courses are delivered

remotely without teacher supervision.

6. Online-Driver: the teacher delivers courses online and students attend classes remotely with regular check-ins at a brick-and-mortar school.

Other blended models have also manifested, which include:

- a. The supplemental model (similar to face-to-face): where students use an online tutorial to supplement materials used in class.
- b. The Flip Model (similar to self-blend): students watch video lectures online at home, and do “homework” assignments and exercises in class.

c. The Variable Model: a more revolutionary model that takes into consideration the fact that all people learn at different paces, therefore the fixed form of education (breaking courses into quarters or semesters, classes and age-groups) is not the best approach to education as oftentimes students are required to move according to schedule before fully mastering topics and concepts. The Variable Model aims to create a self-paced environment, and re-creates the one-classroom school house model where people of different ages share the same classroom. In this model, teachers have the more active role of mentors, their focus is on open-ended and creative projects, and core subjects are mastered independently by students using online resources.

In the US, since the implementation of the No Child Left Behind Act, which requires each student to pass standardized achievement tests or the school risks losing government funding, teachers have been more focused on test-prep and less focused on acting as mentors and educating students in a holistic manner. The Variable Blended Model could help to alleviate the unhealthy focus on core requirements and test prep.

The model the Chauncey Organization's program follows is the Rotation model, in which the school day consists of a mix of traditional classes with periods of viewing Khan Academy online tutorials.

4.0 Market Analysis Summary – CPS Historical Information

In 1988, William Bennett, former US Secretary of Education, named Chicago public schools the worst in the nation. Chicago's first attempt to reverse that label came later on that year with their decentralization of Chicago Public Schools (CPS) by establishing local councils comprised of parents, teachers, principals and community members. These councils were granted the freedom to make funding and curriculum decisions which had

previously been controlled by CPS' central office. While the decentralization made schools more efficient in decision-making, subsequent reports have indicated that the decentralization caused an unevenness in improvements, particularly between schools in low-income and more affluent neighborhoods. [3]

In 1995, the mayor of Chicago was granted authority over CPS. Mayor Richard M. Daley's administration, under the guidance of Paul Vallas, made budget decisions, negotiated with teacher unions, and handled the overall infrastructure of Chicago schools. Most notably, Vallas created tough academic requirement policies in order to improve student achievement test results. In 1996, students who failed to meet or beat the achievement test minimums were put on probation and intervention was required. Under Vallas' administration, the focus of CPS moved from overall administration decisions to student performance on standardized tests.

The next phase of reform came about after Paul Vallas resigned and Arne Duncan (now the US Secretary of Education in President Obama's administration) took over the CPS administration. Duncan's mission became to close poorly performing schools, and open new and better ones. His plan became known as Renaissance 2010, in which he planned to open 100 new schools in 10 years. Between 2001 and 2009, Duncan exceeded his plan: 155 new schools were opened in Chicago, and 82 under performing schools were closed. [3]

The improvements these 3 phases of reforms in education created over the last 2 decades have been difficult to track and measure on a test performance basis as changes to the underlying standardized tests have made test scores incomparable over time. While the general belief is that math and reading scores have significantly improved among elementary and high school students in CPS, a recent report by the University of Chicago found evidence to the contrary. The University of Chicago report showed that while CPS students' reading and math test scores have shown real number improvements, students are still unprepared for high school and the majority of high school students are incapable of meeting the standards

of the Prairie State Achievement Exam, a statewide achievement test for 11th grade students.

[3] Additionally, the report found that scores improved for white and Asian students, but only modestly for Latino students, and dropped for African American students, thus indicating widening racial achievement gaps.

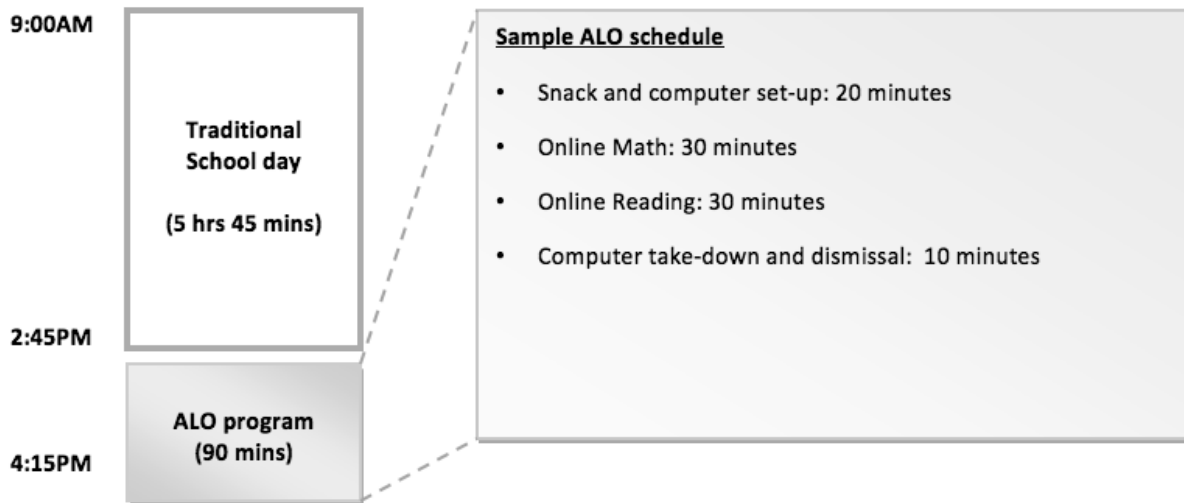
Chicago schools are not what they were in 1990: graduation rates have significantly increased, overall academic results have edged upward; however, statistics show elementary and high school test scores remain well below the national averages and CPS students are considered less prepared academically for college than their peers in the outlying suburbs of Chicago.

The 2001 enactment of the No Child Left Behind Act put further pressure on CPS to ensure all students perform at grade levels as measured through standardized test results. This act created a number of undesirable results, both in CPS classrooms and at the US national level. For example, under this act, teachers are under such pressure to ensure their students perform well on standardized tests that classrooms have become test-prep pressure environments rather than active, creative, holistic places for learning and development. There have also been instances where teachers and school administrators have falsified student records in order to keep their jobs and allow their schools to remain open.

Another major issue with the No Child Left Behind Act is the tremendous profits being made in the private sector as a result of it. For example, Pearson, a for-profit education center, is in charge of creating the standardized tests for certain states. A recent news article referred to Pearson as “the world’s largest education business, which has a \$32 million five-year contract to produce New York standardized tests.” [4] The article goes on to say Pearson’s contract size with New York is relatively small compared to some of their other contracts, like their five-year standardized test contract with the state of Texas for half a billion dollars. It also indicates Pearson’s involvement in Washington DC, and that a lobbyist employed by Pearson played a critical role in the drafting and passing of the No

Child Left Behind Act in Congress. Beyond standardized tests, Pearson also provides many of the textbooks for US public schools. If students do poorly, and drop out of school, Pearson now, in partnership with ACE, handles GED exams so students can receive a certificate indicating the student has achieved a knowledge-level equivalent to that of a high school graduate. The GED used to be handled by a non-profit agency, but now is to become a profit-making test under the management of Pearson and ACE. This No Child act created such an advantage in the private sector, that it seems the act is no longer addressing the bill's major intention, which is improved education for children in the US, but encouraging for-profit private corporations to profit at the expense of quality of education in our American schools.

Up until January 2012, Chicago Public Schools offered the shortest school day nationwide with classes beginning at 9:00am and dismissing at 2:45pm. A study conducted by the Pacific Research Institute found that due to the shorter school day in Chicago, students graduating from the district received 25% or four years less schooling overall than students in other districts [5]. Until this year, it was virtually impossible for Chicago to extend the school day due to the system's poor funding structure and the teacher union's unwillingness to cooperate as teacher wages have already been frozen for the past several years. In 2010, to side step the teacher unions, Ron Huberman, former CEO of CPS, created the Additional Learning Opportunities (ALO), a \$10 million program supported by the Chicago Public Education Fund, a community foundation. The pilot introduced a mandatory longer school day in 15 Chicago elementary schools. To implement the program, CPS partnered with six local groups including the YMCA who provided facilitators to replace teachers in an after-school program style format. In September of 2010, a pilot program was launched in 15 elementary schools. The program extended the school day in 15 schools by 90 minutes.



Source: 2011 Additional Learning Opportunities website (www.alocps.org)

The program used the rotational model of blended online learning where each student used individual laptops and a facilitator moderated the classrooms on a scheduled basis.

Results from the program have proved successful according to the Pacific Research Institute whose evaluation of the program reported ALO students made substantial and statistically significant gains on test scores in Math and English over their non-ALO peers. The ALO program still exists, but has not scaled. This may be partly due to the recent changes in Chicago city government with Rahm Emanuel taking over as Mayor of Chicago. In January 2012, Emanuel was finally able to extend the school day in CPS. Teachers now must teach an additional 40 minutes per day without receiving additional pay. While 40 minutes may seem insignificant, it adds a substantial amount of time both to class preparation and instruction to CPS teachers' already overextended workloads.

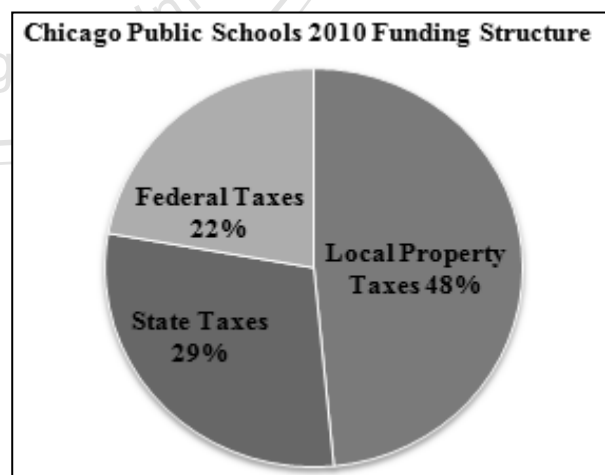
Chauncey Organization feels this 40 minute school day extension offers the perfect opportunity for Chicago schools to implement the blended Khan Academy model. The Chauncey Organization also aims to be a proponent of re-directing the focus of CPS back to holistic, quality education without the inherent pressures of standardized testing. The Chauncey Organization, in partnership with the Khan Academy, would like to put the focus once again on the students and teachers, and bring holistic, real learning back into the

classroom on a no-profit basis. The re-engineering of the education model the Chauncey Organization is proposing aims to assist the Khan Academy, a free source of education, in overcoming Pearson and other private companies making enormous profits off of education in various US school districts. The Chauncey Organization plans to compete in partnership with the Khan Academy with these private enterprises through cost-leadership as well as differentiation strategies. The Khan Academy has already out-innovated Pearson's education model and other profit-making models by providing a creative free and open-source platform; the Khan Academy is thereby already posed to be the number one cost leader in the market.

Our focus will be on teachers and students, and learning. As a side benefit, we hope the program will naturally halt the huge profits of private organizations attempting to make a quick profit, which comes at a detriment to the quality of education in the US, as well as the tremendous expense these organizations place on US taxpayers.

4.1 Market Analysis – City Level

Two needs are apparent in the Chicago public education: funding structure reform and education model reform. Illinois public school funding is derived mostly from local property tax revenue (48%), state funding (29%) and federal government funding (22%) [1]. Because the funding structure is heavily reliant on local property taxes, schools in affluent neighborhoods or higher per capita areas are better funded than schools in lower-income neighborhoods.



FY2009* Illinois Public School Per Capita Cost for Actual Operating Expense by District						
Components of Operating Expenses Per Pupil	Chicago	Suburban Cook	State Average With CPS	Average Without CPS	Highest Per Capita District	Lowest Per Capita District
Operating Expense Per Pupil	\$ 12,880	\$ 12,741	\$ 11,197	\$ 10,808	\$ 26,660	\$ 5,922
Less Supplemental Programs	\$ (3,361)	\$ (1,285)	\$ (1,700)	\$ (1,320)	\$ (7,437)	\$ (622)
Per Capita Tuition Charge	\$ 9,519	\$ 11,456	\$ 9,497	\$ 9,488	\$ 19,223	\$ 5,300
Less Supplemental General State Aid	\$ (754)	\$ -	\$ (140)	\$ -	\$ -	\$ -
=Basic Cost Per Pupil (Adjusted Per Capita Tuition)	\$ 8,765	\$ 11,456	\$ 9,357	\$ 9,488	\$ 19,223	\$ 5,300

Source: Illinois State Board of Education ILEARN website, July 28, 2010.
 *FY2010 data is not yet available.

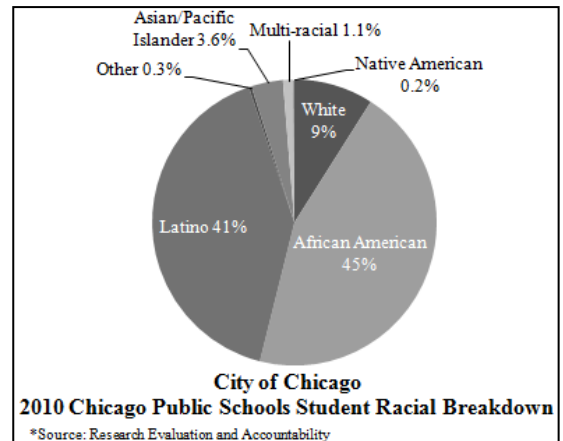
This disparity creates inequality in the education resources and quality of education provided at schools in richer neighborhoods as compared to those in poorer areas. Chicago public schools have the lowest funding levels per pupil in the state at an average of \$8,765 per pupil per year. "...6,413 students who started elementary school in Evanston in 1994 and graduated from high school in 2007 to the same number of Chicago Public School students, students in Evanston had about \$290 million more spent on their education than their CPS peers." [6] Additionally, schools in Chicago, as is the case with many schools in the United States, still use traditional models of receptive education in which one teacher delivers broad lectures to a classroom of students and uses textbooks for reading and homework assignments. The traditional education model is less effective on multiple levels (learning speed, quality of student-teacher interaction, student motivation and classroom engagement) and more expensive than newer technology supported blended models. Blended education models also teach students how to be self-motivated and learn independently, a concept critical for later stages in life.

4.2 Market Segmentation

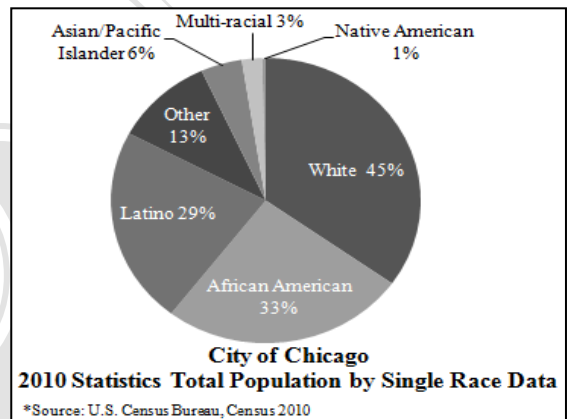
The CPS district is the third largest school district in the US [7] and CPS is the second largest employer in Chicago with almost 40,000 workers [8]

- There are 528 Chicago Public Elementary schools according to CPS' 2011 budget

- 236,524 elementary students were enrolled in public CPS (1st – 8th grades) in 2011 with increases in enrollment projected for FY 2012 [1]
- According to the income demographics, 87% of CPS students are from low-income families (2010); this measure is based on students from families receiving public aid or residing in foster homes or institutions for neglected or delinquent children [1].



- Ninety-one percent of CPS students come from non-white or minority backgrounds
- In upper elementary schools, grades 4-8, the pupils per teacher standard allocation is 31:1 [1]
- Student attendance rates are 91%



A high number of families in Chicago live in poverty. According to Chicago’s city budget analysis, poverty rates in Chicago rank highest among most of the nation’s largest metropolitan areas.

Area	Families	Individuals
United States	14.3%	10.5%
Illinois	13.3%	9.9%
New York City	18.7%	15.8%
Los Angeles	19.8%	16.1%
Houston	20.6%	17.5%
Chicago	21.6%	18.0%
Philadelphia	25.0%	19.9%

Data Source: City of Chicago 2011 Budget Overview and Revenue Estimates

A 2011 study by The Pew Charitable Trusts found that people with just a high school degree or less are 13% more likely to experience downward mobility, which means their incomes will be substantially below the incomes of their parents [9]. In CPS, over the last

30 years, just 50 percent of students attending CPS have received a high school diploma. [10]

We will focus on 4th grade classrooms during initial rollout, as this age group is in a critical developmental stage where mastering basic math concepts is crucial to succeeding in higher grade levels. We also feel this target group is capable of engaging well in a blended learning setting and tends to be familiar and comfortable with using technology.

As stated earlier, as of yearend 2010, there are 528 elementary public schools in Chicago serving 236,524 1st – 8th grade students. The teacher per pupil ratio is around 1:31, meaning there are roughly 7,630 classes. We get a further rough estimate of the number of 4th grade classes by dividing 7,630 by 8, the number of grades. We therefore arrive at around 950 possible 4th grade class targets within our market. The Chauncey Organization would like to first focus on average performing classrooms, and once established, grow to lower-performing classes, with the long-term goal of reaching classrooms at all performance levels in later phases throughout the city.

We are targeting 6% of the CPS 4th grade market in our first year of operation with the goal to have implemented and active Khan Academy blended learning math programs in 30 schools. In our second year, we will target an additional 17% of the market with the goal to achieve 91 new program implementations, bringing our total market capture rate to 24%. By year-end of our third year, we have the more aggressive goal to implement 151 new elementary blended math programs, an additional 29% of the market, which would bring our total market capture rate to 52% of the 4th grade market. We plan to put the most emphasis on implementing our lower-cost, lower-service packaged options as these options are the most scalable.

We will focus on targeting school districts, and apply to use Race to The Top (RTT) funds, of which a total of over \$42.8 million are available to be allocated to Illinois schools, and around \$11 million of which are allocated for special projects to be awarded on a district-by-district basis for districts engaging in Science, Technology, Engineering or Math

(STEM) related programs [11].

4.3 Target Market Strategy and Sources of Funding

Our plan is to target schools by offering grant writing and capital raising services to fund the blended learning program. In addition to RTT grant funds, we will also seek funding from both public and private organizations in the Chicago area such as the Chicago Public Education Fund, as well as national funds, such as the The Annenberg Foundation and Bill and Melinda Gates foundation. Our contracts will be contingent upon receiving the school's buy-in and total support of the program. We feel it's necessary that the concept and new model is supported on every level, from the school administration, to the 4th grade teachers and students, in order to ensure a successful launch and program. We will immediately cease working with schools in the early stages of implementation that show a lack of enthusiasm or dedication to the program so that we can focus our energy on schools wishing to embrace the new style of learning and that show a true need for our services. In order to qualify a prospect school for the program, our Sales/Consultant will conduct interviews with the Principal, members of the administration team, and a sampling of 4th grade teachers and class parents to gauge whether our goals are aligned. Once the school is qualified as a good prospect, the grant writing procedures will begin and the implementation schedule will be drafted.

4.4 Competition - Overview

The ALO program appears to be the first official blended program in Chicago schools. It provides us with potential competitor information, particularly in regards to the math learning software programs CPS are currently using. The ALO program, as described on page 13, still exists in 14 CPS schools, but has not scaled. With Rahm Emanuel taking over as Mayor of Chicago, the Chicago school day has finally extended. Teachers now must

teach an additional 40 minutes per day without additional pay. This adds a substantial amount of teaching and class preparation time to CPS teachers' already overextended workloads.

Each ALO school has the option of selecting from the following math and reading software program options [12]:

Math Software Options

- Carnegie Learning Math Series (from Carnegie Learning) Grades 6 - 8
- Odyssey Math (from Compass Learning) Grades 1 - 8
- ST Math (from MIND Research Institute) Grades 1 – 5

Reading Curriculum Options

- KidBiz3000 and TeenBiz3000 (from Achieve3000) Grades 2 – 8
- Odyssey Reading (from Compass Learning) Grades 1 – 8
- Early Reading and Reading Comprehension (from Headsprout) – Grade 1

Community Partners	ALO Schools
Children's Home & Aid	•John Milton Gregory Elementary School
Family Focus	•John Hay Elementary Community Academy •Lawndale Elementary Community Academy •John M Smyth Elementary School
Metropolitan Family Services	•Medgar Evers Elementary School •Fort Dearborn Elementary School •Mount Vernon Elementary School
YMCA	•John Calhoun North Elementary School •Cesar E Chavez Multicultural Academic Center ES •George Rogers Clark Elementary School •George Leland Elementary School •Martin A Ryerson Elementary School •John A Walsh Elementary School •Carter G Woodson South Elementary School

Source: 2011 Additional Learning Opportunities website (www.alocps.org)

A review of the math software programs, which we consider to be competitor products to the Khan Academy, provided insight into spending information on these and other related software learning products by CPS. Below is a list of line items found in CPS' Fiscal Year 2012 budget with payments made to companies providing computers, math software and blended program services:

Fiscal Year	Supplier Name	Company Type	Amount
2012	DELL MARKETING L.P.	For-profit	\$ 12,855,893
2012	APPLE COMPUTER INC	For-profit	\$ 9,233,642
2012	CDW GOVERNMENT, LLC	For-profit	\$ 7,134,331
2012	DELL FINANCIAL SERVICES - LEASING	For-profit	\$ 5,048,575
	Total Computer Expenses		\$ 34,272,441
2012	YMCA OF METROPOLITAN CHICAGO 3	Non-profit	\$ 4,063,665
2012	METROPOLITAN FAMILY SERVICES 7	Non-profit	\$ 2,056,806
2012	FAMILY FOCUS, INC.	Non-profit	\$ 1,253,947
2012	CHILDREN'S HOME & AID SOCIETY OF ILLINOIS	Non-profit	\$ 983,597
	Total Service Expenses		\$ 8,358,015
2012	COMPASS LEARNING CORPORATION (PEARSON)	For-profit	\$ 628,084
2012	MIND RESEARCH INSTITUTE	Non-profit	\$ 489,984
2012	CARNEGIE LEARNING, INC. (Apollo Group)	For-profit	\$ 105,553
	Total Math Software Expenses		\$ 1,223,621
2012	WIRELESS GENERATION, INC. (News Corp.)	For-profit	\$ 3,078,536
2012	PEARSON EDUCATION, INC	For-profit	\$ 5,717,167
2012	CATAPULT LEARNING WEST, LLC	For-profit	\$ 5,379,912
2012	ORION'S MIND LLC	For-profit	\$ 5,334,614
	Other Learning Software & Services Expenses		\$ 19,510,229
	TOTAL		\$ 63,364,306



4.5 SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Low cost – Online platform free ▪ Available anywhere; easy access for teachers, students and parents ▪ Large library of lessons, over 3,100 videos spanning almost any subject ▪ Expert, highly educated teacher; ensures quality of education ▪ Cuts down on CPS teacher preparation time ▪ Learning platform: Exercises and assessments, feedback, mind map ▪ Real-time reports and insight into student assignments, progress and problem areas, saves students results ▪ Printable exercises; easy to “flip” classroom by having students watch videos at home and problem-solve using Khan Academy exercises in class ▪ Ease of learning, self-paced, videos translated into 13 languages, averts learning gaps ▪ Popular and familiar format; students are likely already using the platform (143,321,940 lesson views with 4.2 million unique visitors each month) ▪ Speed of learning – concepts delivered in 10 minute videos, in line with attention span ▪ Eliminates need for expensive textbooks ▪ Discourages memorizing and formulas ▪ Multi-sensory, stimulating, no-distraction learning: just teachers voice and blackboard, no distracting cartoons, talking heads, etc. ▪ Answers to solutions are not every other question in the back of a text book. Student immediately knows whether his/her answer is correct ▪ Scalable, Cost leader ▪ Fun learning, painless math ▪ Minimizes the one-size-fits-all lecture approach ▪ Brand and Non-profit business model ▪ Exceptional talent in silicon valley, expert team in Chicago 	<ul style="list-style-type: none"> ▪ Not always interactive ▪ Buffering speeds and system outages ▪ May be used only for short spans of time to avoid too much time in front of a computer ▪ Not a substitute for hands on learning ▪ New style of learning, may require significant marketing and testing ▪ Start-up capital for implementing in schools heavily reliant on charity support ▪ One primary teacher ▪ Students unable to ask questions if they don't understand ▪ Relatively new, no large set of proven results ▪ No reading courses

SWOT Analysis Continued:

Opportunities	Threats
<ul style="list-style-type: none"> ▪ Proven statistics showing successful blended learning programs ▪ Rise in demand for blended learning courses ▪ Second to market; Wireless Generation opened the market, Khan can learn from their mistakes ▪ Chauncey Organization can learn from ALO Programs mistakes ▪ Large market in Chicago and Illinois 	<ul style="list-style-type: none"> ▪ Pearson recently launched a free site for middle school students (mymathuniverse.com) and using a celebrity to narrate the videos. Site offers a cool/MTV look and “Math doesn’t suck” and Rappin’ Mathematician channels. Math problems are in line with Common Core Standards ▪ Other online platforms, such as Wireless Generation, have been operating over 10 years ▪ Competitors also offer real-time reporting for teachers which identify problem areas ▪ For profit models have more marketing and sales power, better distribution channels and lobbyists in Washington (Pearson). Capable of paying for large scale research to support products and projects ▪ Competing programs have reading blended modules – one contract/one product offering with multiple solutions (reading and math) ▪ Funding sources not definite and reliant on government, private and public donors ▪ Easy access to content, and easy to replicate business model ▪ Budget constraints in city schools and limited teacher resources ▪ Theft and safety in CPS

5.0 Competitive Findings

- It’s critical to have a reading and literacy component to our program so that we can offer schools an end-to-end online solution. In the meantime, our model provides an end-to-end solution that is fully aligned with Chicago’s Science, Technology, Engineering and Math (STEM) initiative. To qualify for Chicago Race to the Top funds an organization must have at least two components of STEM – The Chauncey and Khan Academy model meet all four criteria.

- Competitors are also offering free online learning tools; we plan to promote the “no-distractions” learning aspect to Khan’s videos.
- Our ethics and social responsibility model: Khan Academy has nothing to hide; it’s free, a non-profit with a mission to educate anyone anywhere. There are no ulterior motives or interests aside from offering a world-class education platform
- Build public awareness to the private-sectors’ monopoly on the US education, for example, hiring lobbyists in Washington DC, creating expensive textbooks and standardized tests that reduce holistic learning in schools as well as use taxpayers’ money. Is it ethical for a company that creates our schools’ text books to handle the standardized tests that measure student achievement? Is it ethical for a company making profits from taxpayer dollars to have lobbyists in Washington that help pass our education laws, laws that contribute to their own interests and profit levels?
- Khan Academy offers almost every topic, teaches children how to self-study in an interesting non-immature format, better preparing them for college and post-school life.
- Our platform is suitable for all ages, not just children. The Khan Academy is a tool for life that children, teachers, parents and even grandparents can enjoy; it offers a way for people to interact across generations. Children will also be able to share the Khan Academy with their children, and children’s children.
- Implementing a timeless program in schools is critical to a stable education model that is sustainable in the long run. Competitor models, particularly Pearson’s free My MATH Universe, are heavily influenced by pop-culture; the videos will likely be outdated in appearance in the near future, therefore perhaps becoming less likeable or a source of laughing stock for future students. Our online model does not use celebrities because all of our resources are put into supporting education and ensuring productive learning experiences.

5.1 Marketing Plan – Service Options and Pricing

As stated previously, we plan to offer the following three different packages to suit the needs of our customers. Our pricing structure is listed by model below:

Chauncey Organization - 3 Models Offered		
FOM Model		
Laptops for a class of 31 students	\$350*31	\$10,850
Grant Writing - 5 days of work, 2 employees	40 hours*\$50*2	\$4,000
Teacher Training - 2 days of work, 2 trainers	16 hours*35*2	\$1,120
Refresher Training - 4 2 hour sessions/year, 2 trainers	8 hours*\$35*2*2	\$1,120
Server storage	20*24	\$480
	Reviews & Surveys 40*35*2	\$2,800
Other Expense (Cushion)	Misc. Fees	\$4,630
TOTAL		\$25,000
OM Model		
Laptops for a class of 31 students	\$350*31	\$10,850
Teacher Training - 2 days of work, 2 trainers	16 hours*35*2	\$1,120
Refresher Training - 4 2 hour sessions/year, 2 trainers	8 hours*\$35*2*2	\$1,120
Server storage	20*24	\$480
	Reviews & Surveys 40*35*2	\$2,800
Other Expense (Cushion)	Misc. Fees	\$3,630
TOTAL		\$20,000
M Model		
Server storage	20*24	\$480
	Reviews & Survey Distribution	\$2,800
Other Expense (Cushion)	Misc. Expenses	\$1,720
TOTAL		\$5,000
FOM = Fundraise, Operate & Maintain OM = Operate & Maintain M = Maintain		

Our standard contract term is for one year. Rates will be renegotiated based on actual data from the previous year(s). We anticipate as programs mature and schools obtain laptops, our accounts will require less training and support. Customers that have required

less servicing from IT support, training and overall account management will have the opportunity to switch to the M model pricing structure after one year provided there is no need to purchase additional laptops. The M Model will ensure existing customers continue to receive Chauncey Organization's services, such as tracking program progress, results, and continuing IT storage of the Khan Academy lesson content, if necessary. Customers requiring additional IT support, training, and account consulting services may also be moved to the M model but with an agent assist fee structure and customized pricing plan to cover costs associated with IT and consulting services. A new pricing model agreement will be developed once we have real data on customer costs and usage of Chauncey Organization services.

Our pricing objective is to be the cost leader and keep costs low, both internally within the Chauncey Organization, as well as with our customers.

5.2 Marketing Plan

Due to the changing time schedule in Chicago Public Schools, Chauncey Organization intends to act quickly and offer the blended learning model as an effective way of utilizing the extra 40 minutes allocated to teachers as a result of CPS' extended school day. Our marketing strategy will consist of the following approaches:

- Our first step is to setup our website. We plan to run partner marketing campaigns with the Khan Academy and will seek assistance from the Bill & Melinda Gates Foundation, the Khan Academy's primary funder, in order to gain visibility in the Chicago community.
- Working with the Chicago Teachers Union to bring awareness to the blended learning program, and get buy-in both from the union as well as teachers
- Relationships with elementary schools. Our sales consultant(s) will pay regular visits to Elementary School principals, the budget decision-makers, and share our

program and low-cost models

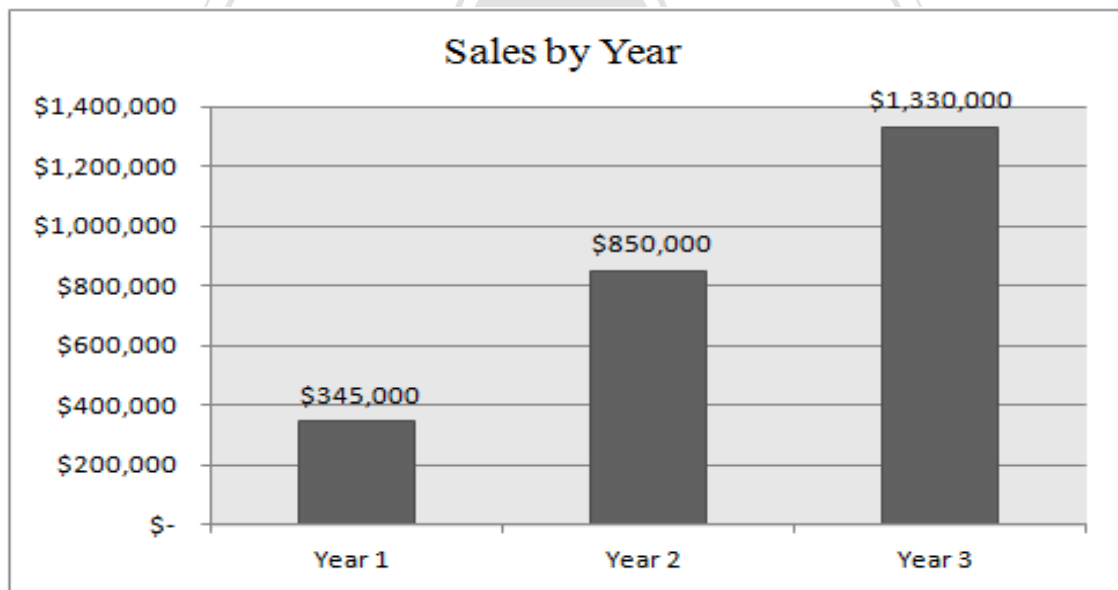
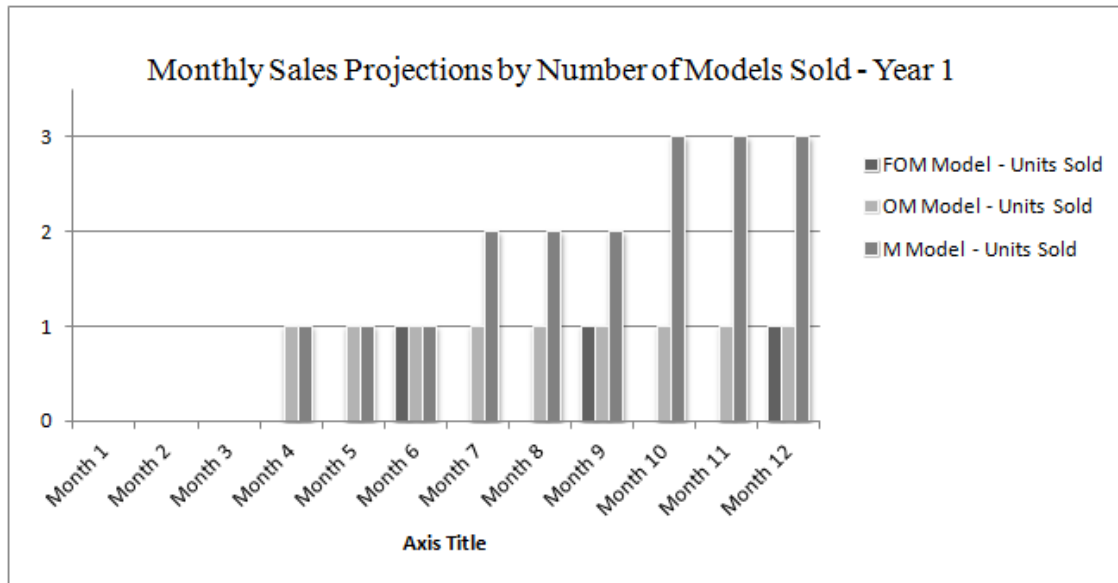
- Word-of-mouth. This is a key component of our strategy as we ramp up. We will take great care to ensure the first implementations run smoothly so we can use customer testimonials to help draw new prospects and customers.
- Government marketing. Rahm Emanuel, the current Mayor of Chicago, has made education his mission. He is intent on improving the education levels for children in Chicago so that High School graduation rates can once again edge over 60% (they are currently in the 50 percent range). We hope to receive backing and support from the Mayor as he tries to cut costs while boosting the quality of education in Chicago; our objectives are well aligned.

6.0 Sales Strategy

Being a fundraising company and service provider, we will first target closing contracts for our FOM or full service model. In doing so we will gain public recognition and press in the Chicago area and can then move forward in closing contracts for our less labor intensive models.

To qualify a sale, we will require the signature of the principal of the school, yet we also want to ensure buy-in from the classroom teachers who will be implementing the program. Our hired Sales/Consultant will be required to have meetings and document correspondence with teachers who will be implementing the program in their classrooms; this will insure satisfaction and support of our program at all levels within schools.

6.1 Sales Projection Charts



6.2 Personnel

We are anticipating rapid growth on a small scale as CPS is in need of special programs to facilitate in the extension of the school day. The Khan Academy/Chauncey Organization model fits perfectly into the additional 40 minute time slot. We therefore forecast additional hiring of personnel within the first year of operation and anticipate our small workforce will double in 3 years from a team of 5 to a team of 10 employees. Most of the hiring will be in full-time Sales/Consulting roles to assist with new business and implementations.

6.3 Personnel and Salary Expense Projections

Chauncey Organization - Salary Expense												
Year 1												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sales/Consultant	\$ 2,800	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600
Number of positions	1	1	1	1	1	1	1	1	1	1	1	1
IT Consultant	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600
Number of positions	1	1	1	1	1	1	1	1	1	1	1	1
Support Staff	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400
Number of positions	1	1	1	1	1	1	1	1	1	1	1	1
Total	\$ 4,800	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600

Chauncey Organization - Salary Expense (Continued)												
Year 2												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sales/Consultant	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800
Number of positions	3	3	3	3	3	3	3	3	3	3	3	3
IT Consultant	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200
Number of positions	3	3	3	3	3	3	3	3	3	3	3	3
Support Staff	\$ 4,200	\$ 4,200	\$ 4,200	\$ 4,200	\$ 4,200	\$ 4,200	\$ 4,200	\$ 4,200	\$ 4,200	\$ 4,200	\$ 4,200	\$ 4,200
Number of positions	2	2	2	2	2	2	2	2	2	2	2	2
Total	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200

Chauncey Organization - Salary Expense (Continued)												
Year 3												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sales/Consultant	\$ 22,400	\$ 22,400	\$ 22,400	\$ 22,400	\$ 22,400	\$ 22,400	\$ 22,400	\$ 22,400	\$ 22,400	\$ 22,400	\$ 22,400	\$ 22,400
Number of positions	4	4	4	4	4	4	4	4	4	4	4	4
IT Consultant	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200
Number of positions	4	4	4	4	4	4	4	4	4	4	4	4
Support Staff	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600
Number of positions	2	2	2	2	2	2	2	2	2	2	2	2
Total	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200

7.0 Sales and Growth Projections – Year 1

Our sales forecast is to reach 6% of the CPS 4th grade market in our first year of operation with implementations in 30 schools. We forecast capturing 17% more of the market in our second year of business with the goal to achieve 91 new school implementations, bringing our total market capture rate to 24%. By year-end of our third year, we would like to scale to 151 classrooms or capture 29% more of the market, which would bring our total market capture rate to 52%.

Chauncey Organization - Growth Projections													
# of Models Sold	Year 1												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	
FOM Model - Units Sold	0	0	0	0	0	0	1	0	0	1	0	0	1
OM Model - Units Sold	0	0	0	1	1	1	1	1	1	1	1	1	1
M Model - Units Sold	0	0	0	1	1	1	2	2	2	3	3	3	3
Total	0	0	0	2	2	3	3	3	4	4	4	4	5
Employee Schedule													
Sales/Consultant	1	1	1	1	1	1	1	1	1	1	1	1	1
Support Staff	1	1	1	1	1	1	1	1	1	1	1	1	1
IT and Support Staff	1	1	1	1	1	1	1	1	1	1	1	1	1
Total	3	3	3	3	3	3	3	3	3	3	3	3	3
Sales by Year	Year 1		Year 2		Year 3								
		%		%		%							
FOM Model	\$ 75,000	22%	\$ 100,000	12%	\$ 100,000	8%							
OM Model	\$ 180,000	52%	\$ 420,000	49%	\$ 660,000	50%							
M Model	\$ 90,000	26%	\$ 330,000	39%	\$ 570,000	43%							
Total	\$ 345,000	100%	\$ 850,000	100%	\$ 1,330,000	100%							
Sales by Year - Units	Year 1 Units		Year 2 Units		Year 3 Units								
		%		%		%							
FOM Model - Units Sold	3	10%	4	4%	4	3%							
OM Model - Units Sold	9	30%	21	23%	33	22%							
M Model - Units Sold	18	60%	66	73%	114	75%							
Total	30	100%	91	100%	151	100%							

7.1 Sales and Growth Projections – Year 2

Chauncey Organization - Growth Projections (Continued)												
# of Models Sold	Year 2											
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
FOM Model - Units Sold	0	0	1	0	0	1	0	0	1	0	0	1
OM Model - Units Sold	1	1	1	2	2	2	2	2	2	2	2	2
M Model - Units Sold	4	4	4	5	5	5	6	6	6	7	7	7
Total	5	5	6	7	7	8	8	8	9	9	9	10
Employee Schedule												
Sales/Consultant	3	3	3	3	3	3	3	3	3	3	3	3
Support Staff	2	2	2	2	2	2	2	2	2	2	2	2
IT and Support Staff	3	3	3	3	3	3	3	3	3	3	3	3
Total	8	8	8	8	8	8	8	8	8	8	8	8
Sales by Year	Year 1	%	Year 2	%	Year 3	%						
FOM Model	\$ 75,000	22%	\$ 100,000	12%	\$ 100,000	8%						
OM Model	\$ 180,000	52%	\$ 420,000	49%	\$ 660,000	50%						
M Model	\$ 90,000	26%	\$ 330,000	39%	\$ 570,000	43%						
Total	\$ 345,000	100%	\$ 850,000	100%	\$ 1,330,000	100%						
Sales by Year - Units	Year 1 Units	%	Year 2 Units	%	Year 3 Units	%						
FOM Model - Units Sold	3	10%	4	4%	4	3%						
OM Model - Units Sold	9	30%	21	23%	33	22%						
M Model - Units Sold	18	60%	66	73%	114	75%						
Total	30	100%	91	100%	151	100%						

7.2 Sales and Growth Projections – Year 3

Chauncey Organization - Growth Projections (Continued)												
# of Models Sold	Year 3											
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
FOM Model - Units Sold	0	0	1	0	0	1	0	0	1	0	0	1
OM Model - Units Sold	2	2	2	3	3	3	3	3	3	3	3	3
M Model - Units Sold	8	8	8	9	9	9	10	10	10	11	11	11
Total	10	10	11	12	12	13	13	13	14	14	14	15
Employee Schedule												
Sales/Consultant	4	4	4	4	4	4	4	4	4	4	4	4
Support Staff	2	2	2	2	2	2	2	2	2	2	2	2
IT and Support Staff	4	4	4	4	4	4	4	4	4	4	4	4
Total	10	10	10	10	10	10	10	10	10	10	10	10
Sales by Year	Year 1		Year 2		Year 3							
		%		%		%						
FOM Model	\$ 75,000	22%	\$ 100,000	12%	\$ 100,000	8%						
OM Model	\$ 180,000	52%	\$ 420,000	49%	\$ 660,000	50%						
M Model	\$ 90,000	26%	\$ 330,000	39%	\$ 570,000	43%						
Total	\$ 345,000	100%	\$ 850,000	100%	\$ 1,330,000	100%						
Sales by Year - Units	Year 1 Units		Year 2 Units		Year 3 Units							
		%		%		%						
FOM Model - Units Sold	3	10%	4	4%	4	3%						
OM Model - Units Sold	9	30%	21	23%	33	22%						
M Model - Units Sold	18	60%	66	73%	114	75%						
Total	30	100%	91	100%	151	100%						

8.0 Monthly Income Statement – Year 1

The model offers a high amount of income as the Khan Academy learning platform is free and the program is tax exempt. The Chauncey Organization can deliver value through its services, and through the tremendous savings offered over other similar online programs CPS is currently using. The non-profit model of the Chauncey Organization is also a benefit to CPS. On an annual basis, the Chauncey Organization will pay out all profits in the form of donations to CPS. The annual donations will assist CPS with funding for additional blended learning implementations and program enhancements.

Chauncey Organization - Monthly Income Statement													
	Year 1												Year 1 Total
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	
Sales													
FOM Model	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ 75,000
OM Model	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 180,000
M Model	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000	\$ 5,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 90,000
Revenue	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000	\$ 50,000	\$ 30,000	\$ 30,000	\$ 55,000	\$ 35,000	\$ 35,000	\$ 60,000	\$ 345,000
COGS (Materials)													
FOM Model	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,850	\$ -	\$ -	\$ 10,850	\$ -	\$ -	\$ 10,850	\$ 32,550
OM Model	\$ -	\$ -	\$ -	\$ 10,850	\$ 10,850	\$ 10,850	\$ 10,850	\$ 10,850	\$ 10,850	\$ 10,850	\$ 10,850	\$ 10,850	\$ 97,650
M Model	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Margin	\$ -	\$ -	\$ -	\$ 14,150	\$ 14,150	\$ 28,300	\$ 19,150	\$ 19,150	\$ 33,300	\$ 24,150	\$ 24,150	\$ 38,300	\$ 214,800
Expenses													
Salary Expense	\$ 4,800	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 88,400
Depreciation	\$ 86	\$ 86	\$ 86	\$ 86	\$ 86	\$ 86	\$ 86	\$ 86	\$ 86	\$ 86	\$ 86	\$ 86	\$ 1,030
Monthly Rent	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 9,600
Monthly Utilities	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 3,000
Misc. Expense	\$ 1,187	\$ 1,747	\$ 1,747	\$ 1,747	\$ 1,747	\$ 1,747	\$ 1,747	\$ 1,747	\$ 1,747	\$ 1,747	\$ 1,747	\$ 1,747	\$ 20,406
Total Expense	\$ 7,123	\$ 10,483	\$ 10,483	\$ 10,483	\$ 10,483	\$ 10,483	\$ 10,483	\$ 10,483	\$ 10,483	\$ 10,483	\$ 10,483	\$ 10,483	\$ 122,436
Net Income	(\$7,123)	(\$10,483)	(\$10,483)	\$3,667	\$3,667	\$17,817	\$8,667	\$8,667	\$22,817	\$13,667	\$13,667	\$27,817	\$ 92,364

8.1 Monthly Income Statement – Year 2

Chauncey Organization - Monthly Income Statement (Continued)													
	Year 2												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 2 Total
Sales													
FOM Model	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ 100,000
OM Model	\$ 20,000	\$ 20,000	\$ 20,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 420,000
M Model	\$ 20,000	\$ 20,000	\$ 20,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 330,000
Revenue	\$ 40,000	\$ 40,000	\$ 65,000	\$ 65,000	\$ 65,000	\$ 90,000	\$ 70,000	\$ 70,000	\$ 95,000	\$ 75,000	\$ 75,000	\$ 100,000	\$ 850,000
COGS (Materials)	\$ 10,850	\$ 10,850	\$ 21,700	\$ 21,700	\$ 21,700	\$ 32,550	\$ 21,700	\$ 21,700	\$ 32,550	\$ 21,700	\$ 21,700	\$ 32,550	\$ 271,250
FOM Model	\$ -	\$ -	\$ 10,850	\$ -	\$ -	\$ 10,850	\$ -	\$ -	\$ 10,850	\$ -	\$ -	\$ 10,850	\$ 43,400
OM Model	\$ 10,850	\$ 10,850	\$ 10,850	\$ 21,700	\$ 21,700	\$ 21,700	\$ 21,700	\$ 21,700	\$ 21,700	\$ 21,700	\$ 21,700	\$ 21,700	\$ 227,850
M Model	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Margin	\$ 29,150	\$ 29,150	\$ 43,300	\$ 43,300	\$ 43,300	\$ 57,450	\$ 48,300	\$ 48,300	\$ 62,450	\$ 53,300	\$ 53,300	\$ 67,450	\$ 578,750
Expenses													
Salary Expense	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 266,400
Depreciation	\$ 114	\$ 114	\$ 114	\$ 114	\$ 114	\$ 114	\$ 114	\$ 114	\$ 114	\$ 114	\$ 114	\$ 114	\$ 1,363
Monthly Rent	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 9,600
Monthly Utilities	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 3,000
Misc. Expense	\$ 4,673	\$ 4,673	\$ 4,673	\$ 4,673	\$ 4,673	\$ 4,673	\$ 4,673	\$ 4,673	\$ 4,673	\$ 4,673	\$ 4,673	\$ 4,673	\$ 56,073
Total Expense	\$ 28,036	\$ 28,036	\$ 28,036	\$ 28,036	\$ 28,036	\$ 28,036	\$ 28,036	\$ 28,036	\$ 28,036	\$ 28,036	\$ 28,036	\$ 28,036	\$ 336,436
Net Income	\$1,114	\$1,114	\$15,264	\$15,264	\$15,264	\$29,414	\$20,264	\$20,264	\$34,414	\$25,264	\$25,264	\$39,414	\$ 242,314

8.2 Monthly Income Statement – Year 3

Chauncey Organization - Monthly Income Statement (Continued)													
	Year 3												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 3 Total
Sales													
FOM Model	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ 100,000
OM Model	\$ 40,000	\$ 40,000	\$ 40,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 660,000
M Model	\$ 40,000	\$ 40,000	\$ 40,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 55,000	\$ 55,000	\$ 55,000	\$ 570,000
Revenue	\$ 80,000	\$ 80,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 130,000	\$ 110,000	\$ 110,000	\$ 135,000	\$ 115,000	\$ 115,000	\$ 140,000	\$ 1,330,000
COGS (Materials)	\$ 21,700	\$ 21,700	\$ 32,550	\$ 32,550	\$ 32,550	\$ 43,400	\$ 32,550	\$ 32,550	\$ 43,400	\$ 32,550	\$ 32,550	\$ 43,400	\$ 401,450
FOM Model	\$ -	\$ -	\$ 10,850	\$ -	\$ -	\$ 10,850	\$ -	\$ -	\$ 10,850	\$ -	\$ -	\$ 10,850	\$ 43,400
OM Model	\$ 21,700	\$ 21,700	\$ 21,700	\$ 32,550	\$ 32,550	\$ 32,550	\$ 32,550	\$ 32,550	\$ 32,550	\$ 32,550	\$ 32,550	\$ 32,550	\$ 358,050
M Model	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Margin	\$ 58,300	\$ 58,300	\$ 72,450	\$ 72,450	\$ 72,450	\$ 86,600	\$ 77,450	\$ 77,450	\$ 91,600	\$ 82,450	\$ 82,450	\$ 96,600	\$ 928,550
Expenses													
Salary Expense	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 350,400
Depreciation	\$ 141	\$ 141	\$ 141	\$ 141	\$ 141	\$ 141	\$ 141	\$ 141	\$ 141	\$ 141	\$ 141	\$ 141	\$ 1,697
Monthly Rent	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 9,600
Monthly Utilities	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 3,000
Misc. Expense	\$ 6,078	\$ 6,078	\$ 6,078	\$ 6,078	\$ 6,078	\$ 6,078	\$ 6,078	\$ 6,078	\$ 6,078	\$ 6,078	\$ 6,078	\$ 6,078	\$ 72,939
Total Expense	\$ 36,470	\$ 36,470	\$ 36,470	\$ 36,470	\$ 36,470	\$ 36,470	\$ 36,470	\$ 36,470	\$ 36,470	\$ 36,470	\$ 36,470	\$ 36,470	\$ 437,636
Net Income	\$21,830	\$21,830	\$35,980	\$35,980	\$35,980	\$50,130	\$40,980	\$40,980	\$55,130	\$45,980	\$45,980	\$60,130	\$ 490,914

9.0 Monthly Balance Sheet – Year 1

Chauncey Organization - Monthly Balance Sheet												
	Year 1											
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Current assets												
Cash	\$ 18,973	\$ 11,376	\$ 979	\$ 4,731	\$ 8,484	\$ 26,387	\$ 35,140	\$ 43,893	\$ 66,796	\$ 80,548	\$ 94,301	\$ 122,204
A/R	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Assets												
Computer Inventory	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Equipment	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090
Total Accumulated Depreciation	\$ (86)	\$ (172)	\$ (258)	\$ (343)	\$ (429)	\$ (515)	\$ (601)	\$ (687)	\$ (773)	\$ (858)	\$ (944)	\$ (1,030)
Total Assets	\$ 21,977	\$ 14,294	\$ 3,811	\$ 7,478	\$ 11,145	\$ 28,962	\$ 37,629	\$ 46,296	\$ 69,113	\$ 82,780	\$ 96,447	\$ 124,264
Liabilities												
Salaries	\$ 4,800	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600
Total Liabilities	\$ 4,800	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600
Equity												
Paid in Capital	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300
Current earnings	\$ (7,123)	\$ (10,483)	\$ (10,483)	\$ 3,667	\$ 3,667	\$ 17,817	\$ 8,667	\$ 8,667	\$ 22,817	\$ 13,667	\$ 13,667	\$ 27,817
Retained earnings		\$ (7,123)	\$ (17,606)	\$ (28,089)	\$ (24,422)	\$ (20,755)	\$ (2,938)	\$ 5,729	\$ 14,396	\$ 37,213	\$ 50,880	\$ 64,547
Total Equity	\$ 17,177	\$ 6,694	\$ (3,789)	\$ (122)	\$ 3,545	\$ 21,362	\$ 30,029	\$ 38,696	\$ 61,513	\$ 75,180	\$ 88,847	\$ 116,664
Total L and E	\$ 21,977	\$ 14,294	\$ 3,811	\$ 7,478	\$ 11,145	\$ 28,962	\$ 37,629	\$ 46,296	\$ 69,113	\$ 82,780	\$ 96,447	\$ 124,264

9.1 Monthly Balance Sheet – Year 2

Chauncey Organization - Monthly Balance Sheet (Continued)												
	Year 2											
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Current assets												
Cash	\$ 44,667	\$ 45,895	\$ 61,272	\$ 76,649	\$ 92,026	\$ 121,554	\$ 141,931	\$ 162,308	\$ 196,836	\$ 222,213	\$ 247,590	\$ 287,117
A/R	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Assets												
Computer Inventory	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Equipment	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090
Total Accumulated Depreciation	\$ (1,144)	\$ (1,257)	\$ (1,371)	\$ (1,484)	\$ (1,598)	\$ (1,712)	\$ (1,825)	\$ (1,939)	\$ (2,053)	\$ (2,166)	\$ (2,280)	\$ (2,393)
Total Assets	\$ 47,614	\$ 48,727	\$ 63,991	\$ 79,255	\$ 94,518	\$ 123,932	\$ 144,196	\$ 164,459	\$ 198,873	\$ 224,137	\$ 249,400	\$ 288,814
Liabilities												
Salaries	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200
Total Liabilities	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200	\$ 22,200
Equity												
Paid in Capital	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300
Current earnings	\$ 1,114	\$ 1,114	\$ 15,264	\$ 15,264	\$ 15,264	\$ 29,414	\$ 20,264	\$ 20,264	\$ 34,414	\$ 25,264	\$ 25,264	\$ 39,414
Retained earnings	\$ -	\$ 1,114	\$ 2,227	\$ 17,491	\$ 32,755	\$ 48,018	\$ 77,432	\$ 97,696	\$ 117,959	\$ 152,373	\$ 177,637	\$ 202,900
Total Equity	\$ 25,414	\$ 26,527	\$ 41,791	\$ 57,055	\$ 72,318	\$ 101,732	\$ 121,996	\$ 142,259	\$ 176,673	\$ 201,937	\$ 227,200	\$ 266,614
Total L and E	\$ 47,614	\$ 48,727	\$ 63,991	\$ 79,255	\$ 94,518	\$ 123,932	\$ 144,196	\$ 164,459	\$ 198,873	\$ 224,137	\$ 249,400	\$ 288,814

9.2 Monthly Balance Sheet – Year 3

Chauncey Organization - Monthly Balance Sheet (Continued)												
	Year 3											
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Current assets												
Cash	\$ 72,775	\$ 94,747	\$ 130,869	\$ 166,990	\$ 203,112	\$ 253,384	\$ 294,505	\$ 335,627	\$ 390,899	\$ 437,021	\$ 483,142	\$ 543,414
A/R	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Assets												
Computer Inventory	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Equipment	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090
Total Accumulated Depreciation	\$ (2,535)	\$ (2,676)	\$ (2,818)	\$ (2,959)	\$ (3,100)	\$ (3,242)	\$ (3,383)	\$ (3,524)	\$ (3,666)	\$ (3,807)	\$ (3,949)	\$ (4,090)
Total Assets	\$ 75,330	\$ 97,161	\$ 133,141	\$ 169,121	\$ 205,102	\$ 255,232	\$ 296,212	\$ 337,193	\$ 392,323	\$ 438,303	\$ 484,284	\$ 544,414
Liabilities												
Salaries	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200
Total Liabilities	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200	\$ 29,200
Equity												
Paid in Capital	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300
Current earnings	\$ 21,830	\$ 21,830	\$ 35,980	\$ 35,980	\$ 35,980	\$ 50,130	\$ 40,980	\$ 40,980	\$ 55,130	\$ 45,980	\$ 45,980	\$ 60,130
Retained earnings	\$ -	\$ 21,830	\$ 43,661	\$ 79,641	\$ 115,621	\$ 151,602	\$ 201,732	\$ 242,712	\$ 283,693	\$ 338,823	\$ 384,803	\$ 430,784
Total Equity	\$ 46,130	\$ 67,961	\$ 103,941	\$ 139,921	\$ 175,902	\$ 226,032	\$ 267,012	\$ 307,993	\$ 363,123	\$ 409,103	\$ 455,084	\$ 515,214
Total L and E	\$ 75,330	\$ 97,161	\$ 133,141	\$ 169,121	\$ 205,102	\$ 255,232	\$ 296,212	\$ 337,193	\$ 392,323	\$ 438,303	\$ 484,284	\$ 544,414

10.0 Projected Cash Flow - Year 1

Chauncey Organization - Projected Cash Flow												
	Year 1											
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Cash flows from (used in) operating activities												
Cash receipts from customers	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000	\$ 50,000	\$ 30,000	\$ 30,000	\$ 55,000	\$ 35,000	\$ 35,000	\$ 60,000
Cash paid to suppliers and employees	\$ (2,237)	\$ (7,597)	\$ (10,397)	\$ (21,247)	\$ (21,247)	\$ (32,097)	\$ (21,247)	\$ (21,247)	\$ (32,097)	\$ (21,247)	\$ (21,247)	\$ (32,097)
Cash generated from operations (sum)	\$ (2,237)	\$ (7,597)	\$ (10,397)	\$ 3,753	\$ 3,753	\$ 17,903	\$ 8,753	\$ 8,753	\$ 22,903	\$ 13,753	\$ 13,753	\$ 27,903
Interest paid												
Income taxes paid												
Net cash flows from operating activities	\$ (2,237)	\$ (7,597)	\$ (10,397)	\$ 3,753	\$ 3,753	\$ 17,903	\$ 8,753	\$ 8,753	\$ 22,903	\$ 13,753	\$ 13,753	\$ 27,903
Cash flows from (used in) investing activities												
Proceeds from the sale of equipment												
Payment for Fixed Assets	\$ (3,090)											
Dividends received			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net cash flows from investing activities	\$ (3,090)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash flows from (used in) financing activities												
Donation Expense												
Paid in Capital	\$ 24,300											
Net cash flows used in financing activities	\$ 24,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net increase in cash and cash equivalents	\$ 18,973	\$ (7,597)	\$ (10,397)	\$ 3,753	\$ 3,753	\$ 17,903	\$ 8,753	\$ 8,753	\$ 22,903	\$ 13,753	\$ 13,753	\$ 27,903
Cash and cash equivalents, beginning of month	\$ -	\$ 18,973	\$ 11,376	\$ 979	\$ 4,731	\$ 8,484	\$ 26,387	\$ 35,140	\$ 43,893	\$ 66,796	\$ 80,548	\$ 94,301
Cash and cash equivalents, end of year	\$ 18,973	\$ 11,376	\$ 979	\$ 4,731	\$ 8,484	\$ 26,387	\$ 35,140	\$ 43,893	\$ 66,796	\$ 80,548	\$ 94,301	\$ 122,204

10.1 Projected Cash Flow - Year 2

Chauncey Organization - Projected Cash Flow (Continued)												
	Year 2											
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Cash flows from (used in) operating activities												
Cash receipts from customers	\$ 40,000	\$ 40,000	\$ 65,000	\$ 65,000	\$ 65,000	\$ 90,000	\$ 70,000	\$ 70,000	\$ 95,000	\$ 75,000	\$ 75,000	\$ 100,000
Cash paid to suppliers and employees	\$ (24,173)	\$ (38,773)	\$ (49,623)	\$ (49,623)	\$ (49,623)	\$ (60,473)	\$ (49,623)	\$ (49,623)	\$ (60,473)	\$ (49,623)	\$ (49,623)	\$ (60,473)
Cash generated from operations (sum)	\$ 15,827	\$ 1,227	\$ 15,377	\$ 15,377	\$ 15,377	\$ 29,527	\$ 20,377	\$ 20,377	\$ 34,527	\$ 25,377	\$ 25,377	\$ 39,527
Interest paid												
Income taxes paid												
Net cash flows from operating activities	\$ 15,827	\$ 1,227	\$ 15,377	\$ 15,377	\$ 15,377	\$ 29,527	\$ 20,377	\$ 20,377	\$ 34,527	\$ 25,377	\$ 25,377	\$ 39,527
Cash flows from (used in) investing activities												
Proceeds from the sale of equipment												
Payment for Fixed Assets	\$ (1,000)											
Dividends received	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net cash flows from investing activities	\$ (1,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash flows from (used in) financing activities												
Donation Expense	\$ (92,364)											
Paid in Capital												
Net cash flows used in financing activities	\$ (92,364)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net increase in cash and cash equivalents	\$ (77,537)	\$ 1,227	\$ 15,377	\$ 15,377	\$ 15,377	\$ 29,527	\$ 20,377	\$ 20,377	\$ 34,527	\$ 25,377	\$ 25,377	\$ 39,527
Cash and cash equivalents, beginning of month	\$ 122,204	\$ 44,667	\$ 45,895	\$ 61,272	\$ 76,649	\$ 92,026	\$ 121,554	\$ 141,931	\$ 162,308	\$ 196,836	\$ 222,213	\$ 247,590
Cash and cash equivalents, end of year	\$ 44,667	\$ 45,895	\$ 61,272	\$ 76,649	\$ 92,026	\$ 121,554	\$ 141,931	\$ 162,308	\$ 196,836	\$ 222,213	\$ 247,590	\$ 287,117

10.2 Projected Cash Flow - Year 3

Chauncey Organization - Projected Cash Flow (Continued)												
	Year 3											
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Cash flows from (used in) operating activities												
Cash receipts from customers	\$ 80,000	\$ 80,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 130,000	\$ 110,000	\$ 110,000	\$ 135,000	\$ 115,000	\$ 115,000	\$ 140,000
Cash paid to suppliers and employees	\$ (51,028)	\$ (58,028)	\$ (68,878)	\$ (68,878)	\$ (68,878)	\$ (79,728)	\$ (68,878)	\$ (68,878)	\$ (79,728)	\$ (68,878)	\$ (68,878)	\$ (79,728)
Cash generated from operations (sum)	\$ 28,972	\$ 21,972	\$ 36,122	\$ 36,122	\$ 36,122	\$ 50,272	\$ 41,122	\$ 41,122	\$ 55,272	\$ 46,122	\$ 46,122	\$ 60,272
Interest paid												
Income taxes paid												
Net cash flows from operating activities	\$ 28,972	\$ 21,972	\$ 36,122	\$ 36,122	\$ 36,122	\$ 50,272	\$ 41,122	\$ 41,122	\$ 55,272	\$ 46,122	\$ 46,122	\$ 60,272
Cash flows from (used in) investing activities												
Proceeds from the sale of equipment												
Payment for Fixed Assets	\$ (1,000)											
Dividends received	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net cash flows from investing activities	\$ (1,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash flows from (used in) financing activities												
Donation Expense	\$ (242,314)											
Paid in Capital												
Net cash flows used in financing activities	\$ (242,314)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net increase in cash and cash equivalents	\$ (214,342)	\$ 21,972	\$ 36,122	\$ 36,122	\$ 36,122	\$ 50,272	\$ 41,122	\$ 41,122	\$ 55,272	\$ 46,122	\$ 46,122	\$ 60,272
Cash and cash equivalents, beginning of month	\$ 287,117	\$ 72,775	\$ 94,747	\$ 130,869	\$ 166,990	\$ 203,112	\$ 253,384	\$ 294,505	\$ 335,627	\$ 390,899	\$ 437,021	\$ 483,142
Cash and cash equivalents, end of year	\$ 72,775	\$ 94,747	\$ 130,869	\$ 166,990	\$ 203,112	\$ 253,384	\$ 294,505	\$ 335,627	\$ 390,899	\$ 437,021	\$ 483,142	\$ 543,414

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