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ACTUAL COST OF CARE AND BREAK-EVEN ANALYSIS

The Children's Center
Operating Budget vs. Actual Dollars Spent

INCOME

	ACTUAL	BUDGET
Tuition	270,400	312,000
Foundation Grants	0	2,500
Individual Contributions	550	1,250
TOTAL INCOME	270,950	315,750

EXPENSES

	ACTUAL FIXED	ACTUAL VAR.	ACTUAL TOTAL	BUDGET
Director	21,000	0	21,000	21,000
Asst. Director	16,000	0	16,000	13,000
Teaching Staff	10,000	125,000	135,000	150,000
Taxes and Ins.	2,000	13,000	15,000	12,000
Staff Development	0	250	250	2,000
Program Activities	0	2,000	2,000	2,000
Supplies and Materials	0	7,000	7,000	10,000
Food	0	16,000	16,000	16,000
Building Rent	28,000	2,000	30,000	30,000
Utilities	2,000	4,200	6,200	5,000
Janitorial	2,000	8,000	10,000	8,000
Taxes and Ins.	4,500	0	4,500	4,500
Depreciation	7,300	0	7,300	7,300
Van Rental/Mileage	750	2,500	3,250	2,000
Gas	0	850	850	750
Insurance	1,200	0	1,200	1,200
Accounting/Legal Fees	3,000	5,000	8,000	3,000
Supplies	0	2,400	2,400	3,000
Telephone	750	1,450	2,200	2,500
Insurance	1,000	10,500	11,500	12,000
Dues/Subscriptions	0	500	500	500
Licenses	0	1,000	1,000	1,000
Travel/Entertainment	0	600	600	1,000
Bad Debt Expense	0	3,750	3,750	2,000
Advertising	0	500	500	500
Misc.	0	4,000	4,000	3,500
Profit Projection			2,000	2,000
TOTAL EXPENSES	99,500	210,500	310,000	315,750

ENROLLMENT DATA
The Children's Center

Full-Time Tuition	\$80/week	\$16/day
Licensed Capacity	100	
Revenue Capacity	\$416,000	
Actual Tuition Revenue	\$270,400	

Tuition is charged for 52 weeks/year. The center is open 262 days per year.

Cost of Care Analysis: How much does it cost this center to provide services to one child for one day?

Total Expenses / number of children / number of days open = Total Cost/child/day

\$310,000.00 / 65 children / 262 days = \$18.23

Enrollment

	Capacity	Current
Young Toddlers	10	8
Older Toddlers	10	6
Preschool (3's)	40	25
Preschool (4's)	40	26
Total Enrollment	100	65

How many children would this center need to enroll to Break-even at the current tuition rate?

Calculating the Break-Even Point

First, Calculate the Variable Cost Percentage:

Variable Cost / Tuition (or Revenue) = Variable Cost Percentage

Second, Calculate the Break-Even Dollar Amount

Fixed Cost / 1 – Variable Cost Percentage = Break-Even Point in Dollars

Third, Calculate the Break-Even Enrollment

Break-Even Dollar Amount / Operating weeks / Weekly Tuition = # of Children needed to Break-Even

Does this agency even have the ability to Break-even at the current tuition rate charged?

What are some suggestions for improving the financial status of this agency? (Short Term vs. Long Term)

Calculate the Break-even Point if tuition was raised to a subsidy reimbursement rate of \$24.80/day (\$124/wk).