Management of Finances between School and Holding Company

For a number of years the management of our company has kept debt off the school books in order to show a debt free organization with assets, long term rental contracts and enough money in the bank for a substantial down payment for new buildings.

The previous long range plan was to elevate our capacity to a K-12 operation with our own building and grounds. However, it has become very clear that Sovereign Grace Church is not now, nor likely to ever be, willing to support our purchase of enough land at the Bethany location for us to make the investments needed for the long term. Making investments without acquiring the land would simply hand the church the irresistible opportunity to increase the rent based on the improvements or to drive us out for a much more valuable property sale.or to rent to a better heeled renter.

Given this circumstance there are a number of opportunities to explore using the conditions extant. Those being selling the properties off at substantial gain in value or creating enterprises that use the land in different ways. Ways which do not require substantial manpower, facilities, operating costs, customer recruitment and State oversight as Charter schools.

For example, with rezoning the empty lot on North 30th Avenue could be walled, paved and turned into a secure parking lot for FED EX or Amazon delivery vehicles or RV/Boat storage. With demolition and condemnation of the useless access road in front the primary school site on Dunlap, that property could become a lucrative commercial stop for the heavy Dunlap traffic. Without the necessity of condemning the access road it could serve as an ideal location for upscale multi-family housing or a bus to train change point should the light rail be extended eastward from 19th Ave. to Cave Creek Road.

With the considerations above in mind, managing the finances between school and holding company has become a concern because of a balloon payment incumbrance on the Holding company which arrives shortly after mid year 2026. At least in the uncertain financial climate of 2023, it appears an impending recession could make refinancing the loan's balloon both challenging and costly. The decision is upon us to consider taking action to remove the burden of the balloon payment. This can be done through sale of the school's supporting facilities (while valuations are reasonably high) and likely remove the school's further operation; or find some common ground solutions to remedy both the school's existence and avoid the Holding company going bankrupt.