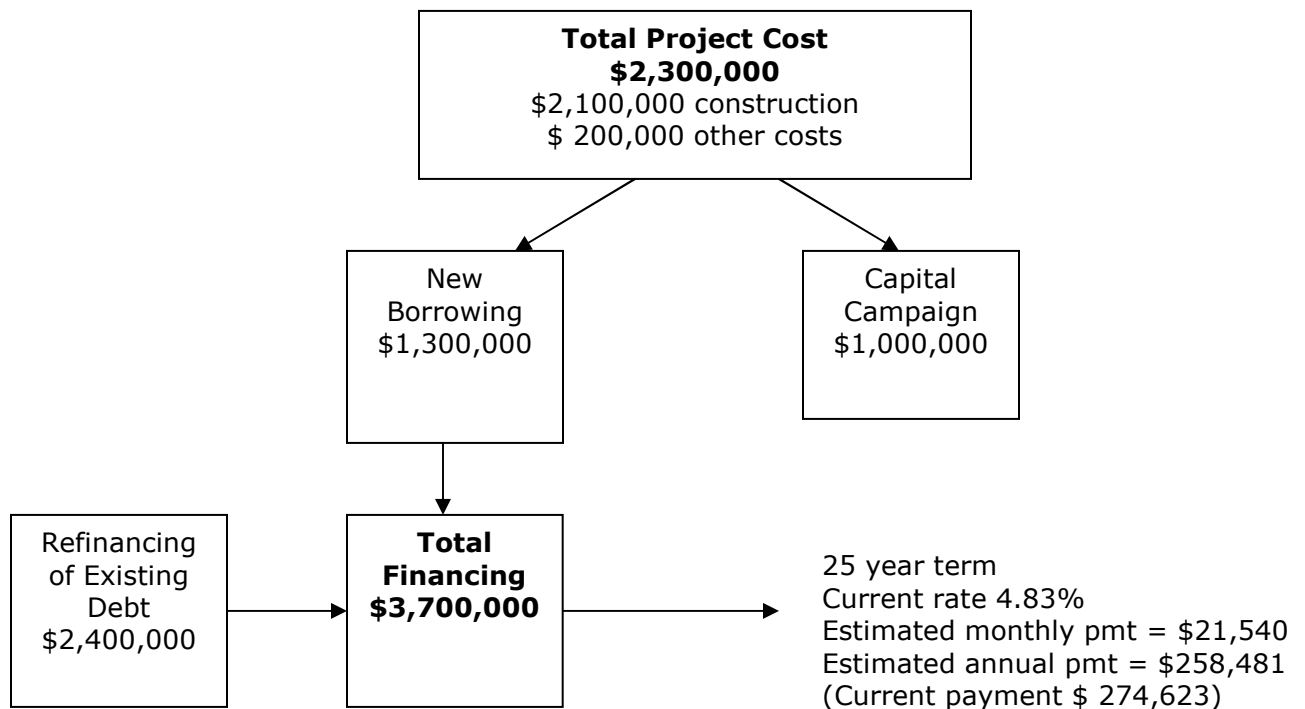


Our School, Our Future Financing Considerations

Financing the project – Minimize debt to ensure long-term financial stability

Oak Meadow is financing this \$2,300,000 project through a combination of a \$1,000,000 capital campaign and a \$1,300,000 bond. Our goal is to establish a project budget and financing plan that will not burden the school with an excessive level of debt-service in the coming years. The project scope was aggressively crafted towards this goal. We are raising as much of the funds as we can and borrowing as little as we can in order to achieve the facilities expansion and to maintain a fiscally responsible operation. As projected, our financing plan does not increase our monthly debt-service expenditures.

We used a combination of new mortgage borrowing and fundraising to finance the project. A high-level schematic of the financing plan is below.



Our School, Our Future – The Capital Campaign for Oak Meadow Montessori School is our first capital campaign. Consultants were hired (Browning Associates) to conduct a feasibility study which was completed in the summer of 2007. Upon their recommendation and with their continued counsel, plans were made to shape a successful fundraising campaign. During the quiet phase of the campaign in the 2007-2008 school year, the Board of Trustees pledged a total of \$217,000 reflecting 100% participation. Past and present Board members committed \$496,200 to the campaign. To date, the capital campaign has raised over \$800,000 in gifts and pledges to be fulfilled over the next three years. Oak Meadow holds funds in capital reserves as a safety net and our working budget operates in the black. Surpluses are directed into our capital reserve fund as was an annual budget line item for future facility repairs and replacements (roofing, HVAC units, etc).

Our School, Our Future Financing Considerations

We received approval for \$1.3 million in new borrowing in March 2009. In addition, we refinanced our existing mortgage of \$2.4 million. Both financing pieces were combined into one new mortgage with a 25-year term over which principal and interest will be amortized and paid. This level-pay mortgage schedule will be consistent with the school's level-pay revenue stream and allow us to service the debt with ongoing cash flow into the future. We utilized Mass Development in order to secure lower rates through tax-exempt financing for non-profits.