

Dear [REDACTED] families,

Greetings from home. We hope you continue to stay healthy and well during these trying times. Since our email of last week, the governor's mandated closure for childcare centers has been extended to May 4th. Everyone has been impacted by the pandemic, and we are certainly not alone in trying to keep optimistic in the face of this crisis.

It's difficult to lead our small family-owned business during this crisis, but we've always used our core values to guide us, most especially the value of integrity. We have little control over the situation, and yet, we are responsible to see not only [REDACTED], but more importantly, our employees and families come out the other side intact.

A large part of acting with integrity for us is communicating transparently. We have always been so proud of our very low turnover and have worked hard to prioritize our staff's needs in order to retain them. We have top-notch staff with a caring culture and environment of high trust; during this crisis, it's more important to us than ever to maintain this. We are working hard to support our staff and keep their spirits up. We typically operate on razor-thin profit margins, and have always prioritized staff welfare over profits; nearly every dollar of our revenue goes back into operations - primarily staff benefits and morale - in order to keep our staff culture strong.

We have frequent communication with leaders of the early childhood education industry and networking with owners and directors of centers around the country to share best practices and advice. Not only is every community different, but every center has its own approach to handling this crisis. Every childcare center has different priorities and resources available and we know that there is a wide range of tuition charges while centers are closed, with the majority of private centers charging around 75%. Our goal is to keep staff off unemployment, as that would only represent a portion of their paycheck, and create a financial hardship for them as well as adding to the state's burgeoning unemployment rolls. We are very aware of the financial impact on families, but in order to keep our staff and be able to be ready to open our doors when we are allowed to reopen, which is why we chose a balanced position of 50% tuition.

You may have questions regarding this, and many thanks to a parent who put them in writing to us and asked us to address them:

Will [REDACTED] allow people who lose their jobs/go on unpaid leave to pause their tuition? Flexibility is also one of our core values, so for those families for whom 50% is a hardship, we ask that you speak to [REDACTED], who are making phone calls to check in with each family beginning this week so that we can work out an arrangement.

Will parents have to withdraw following the standard notice period and then re-apply later and be on waitlist? We will do our utmost to be flexible and accommodating with each family's individual situation and space needs.

As long as we are paying full tuition, are teachers receiving full pay and benefits? Throughout March, when parents are paying full tuition, we have been paying our teachers full pay and benefits. For April, we are committed to paying staff as much of their standard wages and full health benefits as we can, most likely not 100% of their wages, as we feel everyone has to make some sacrifice during this time. We are working with them individually and making necessary decisions if a staff person needs additional support.

How long can the owners manage the employer side of benefits/taxes even if parents continue to pay tuition? To be completely transparent, the shortfall between 50% tuition and paying our staff 80% of their average wages, in addition to covering our minimal fixed operating expenses, is currently at least \$40,000 per month (between our two centers). We are eagerly awaiting the results of the Coronavirus Aid, Relief, and Economic Security Act in the Senate (the "CARES Act") being voted on this week, which would enable small businesses to receive loans for payroll and other operating expenses, and potentially forgiveness of that loan if businesses retain employees through June 30. In addition, we've also applied for an SBA disaster assistance loan to help bridge the gap between the 50% tuition and our payroll/staff benefits needs. However, the disaster loan requires small business owners to use personal savings and borrow from personal lines of credit on their homes before being eligible for any SBA loans - we are hoping that this does not apply to the CARES Act package. If we can't avoid those requirements, then personal debt is what we will be using to cover the shortfall. We are preparing for a long-term closure but very much hoping it will not come to that.

How are the [REDACTED] owners pitching in towards the continued teacher/admin paychecks? As mentioned, [REDACTED] has always chosen to reinvest tuition in supporting staff through compensation, hard and soft benefits, and morale. We therefore don't have a large reserve of cash to carry us through this crisis. Making a difference in the lives of our children, staff and families has always been our mission, and we are determined to weather this crisis to ensure that we will be there for our staff and families as well as for the community. This means tightening our belts every which way and working with vendors, lenders and landlords to be flexible in our financial obligations. Our admin team has also generously offered to forego some of their compensation. As owners, we strongly believe it's our responsibility to sacrifice the most for the good of the organization and we are foregoing our own compensation. In addition, any government loans we qualify for will be on our own credit, personal guarantees, and with liens on our homes. If we don't qualify for government CARES Act funds because they require we use personal debt, then that is what we will be doing. While some may feel it's important to put one's own oxygen mask on first, our staff is our priority. At no point during this process do we anticipate or intend to realize any overage between what we collect in tuition and what we pay in staff payroll and benefits and nominal fixed operating expenses. Should there be small business relief aid that does end up covering more than the shortfall, we will gladly pass along this additional support.

At some point will the owners need to do layoffs/furlough and what will that mean for the teachers?

As stated, our commitment to staff is to retain them and keep paying them as long as we can. Should the Small Business Interruption Loan in the pending CARES Act not be the assistance we hope for, and we reach a point where furloughing would be the only financial option, we would ensure that we would supplement those benefits (currently around 50%) to bridge the shortfall to as much of a staff's full wages as possible and pledge to bring them back as soon as we are allowed to reopen.

What about that 100% tuition? As you know, at their request, we also shared a letter from one of our parents who is choosing to pay 100% of the tuition to support staff, and we have had several families who are in the position to do that, to whom we are extremely grateful. We certainly don't want this to be the expectation nor do we want to convey that some families are altruistic while others are not. We also recognize that there are families who don't agree with the letter shared. We know that families are all committed to taking care of [REDACTED] staff, but are also aware that each has a unique personal health and financial situation that will continue to be impacted by this crisis and may change over time. For those families who choose to pay 100%, we are extending a one-year 5% discount as a thanks for your assistance. For those families that are not - for whatever reason - in the position of paying 100%, we support you.

We continue to be keenly aware of the impact that the loss of a trusted institution has on our families and children. It is hard enough for adults to understand this unprecedented situation, never mind children. We hope that the [REDACTED] Blog [REDACTED] [password: [REDACTED]] has been useful for you and your children and is easing the pain of separation, and we are busy creating other ways that we can provide support children and families virtually while we are closed. While these plans are heartfelt, we recognize that these efforts aren't a replacement for the daily care, interaction and instruction you were used to receiving while attending [REDACTED]

Maintaining our staff and viability of our organization and being poised, healthy and ready to reopen as seamlessly as possible is our goal. Please know that our staff members are the backbone of this plan and ensuring their future employment throughout this process is imperative.

We are here for you and your family, so please don't hesitate to reach out with any further questions or concerns you may have in addition to the conversations that [REDACTED] are having with families this week. We miss you, we miss your children, we miss our staff. We know we are not alone in missing life before this crisis and fervently hoping for an end in sight.

Thank you for your continued support and understanding.

[REDACTED]

[REDACTED]

Co-owners

[REDACTED] Learning Centers