



LionheartTM

Children's Academy

*Taking leadership of the
child care industry for Christ*

Launch Fund
Investor Opportunity



Legal Legend

This document is authorized for use only in connection with the confidential Private Placement Memorandum (the “Memorandum”) of LIONHEART CHILDREN’S ACADEMY relating to its Offering of Loan Commitments pursuant to its Revolving Launch Fund. The Memorandum contains a description of certain material factors to consider, including risk factors and investor suitability requirements. PRIOR TO MAKING ANY DECISION, PROSPECTIVE INVESTORS SHOULD CAREFULLY REVIEW THE MEMORANDUM, its exhibits and all materials referenced in the Memorandum. This document should not be considered as a prediction of results to be attained or a guarantee of future performance, and actual results may differ materially from such information for any number of reasons. This document is confidential and may not be reproduced.

More information, including the Memorandum [here](#).

Lionheart Revolving Launch Fund

Purpose of the Lionheart Revolving Launch Fund

Lionheart Children's Academy is a powerful vision to take leadership of the child care industry for the advance of the Gospel. We partner with local churches to launch and operate academies in church facilities, offering fulltime preschool, after school, and summer programs for ages 6-weeks to 12 years. Reaching more children is the key strategy for significant incremental advance of the Gospel, and the child care industry represents the best opportunity to do so.

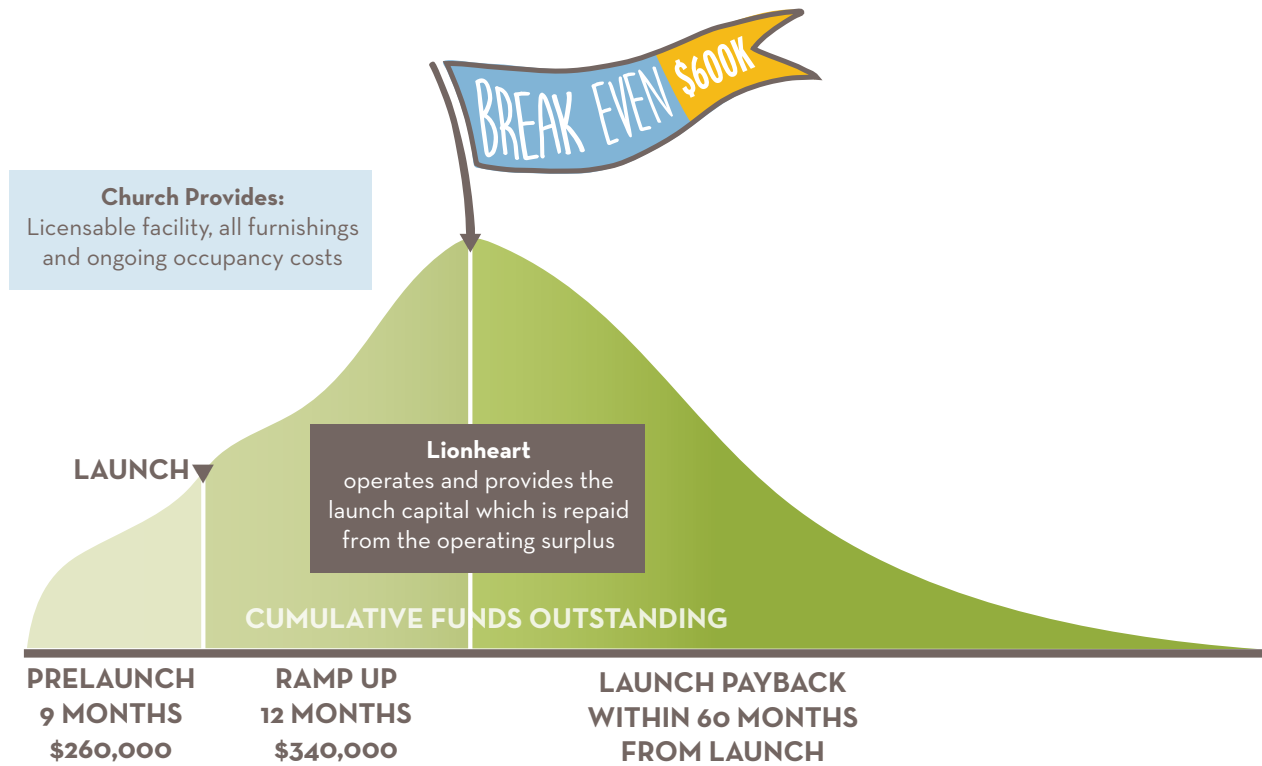
The Lionheart Revolving Launch Fund will be used for Prelaunch and Ramp Up funding and will be repaid from the operating surplus of these academies as they turn cash positive. Funding and repayment is pool based, not tied to a specific academy. Lionheart is seeking kingdom-minded investors to provide non-recourse, unsecured, working capital loans for the Lionheart Revolving Launch Fund.

Lifecycle of an Academy

In simple terms as part of the partnership with the host church, Lionheart is the operator and the church provides the facilities. The cost associated from each of these areas of responsibility are similarly allocated. Lionheart receives typical childcare service fees and academy surplus. The church receives a percentage of revenue or surplus, depending upon their agreement. The working capital needs of a single academy operated by Lionheart can be defined in three distinct phases:

1. **THE PRELAUNCH PHASE** typically lasts six to nine months and includes all expenses necessary to operate an academy on Day 1. Primary costs included in the phase are personnel including the Academy Director, the Community Director, teachers in age appropriate ratios, cooks, and administrative staff. The timing of these hires is correlated closely with the Day 1 start date. Additional expenses include buses, teaching curricula, licenses, insurance, office supplies and a launch fee paid for Lionheart's services. The Prelaunch Phase of a typical academy requires approximately \$260,000 in working capital.
2. **THE RAMP UP PHASE** typically lasts 12 to 18 months as the student enrollment increases up to a cash flow break-even point of approximately 120 attendees. The net working capital deficit (revenue less expense) during this phase requires approximately an additional \$340,000.
3. **THE LAUNCH PAYBACK PHASE** is defined as the period after cash flow positive is achieved. Repayment of the cumulative deficit from the Prelaunch and Ramp Up Phases is repaid from the net profits of the academy. This debt repayment is typically 48 months after break even (60 months from launch) and is returned to the Lionheart Revolving Launch Fund for reinvestment in new academies.

Lionheart Academy Launch & Payback



Lionheart Revolving Launch Fund Working Capital Needs

Investors are asked to contribute to the Lionheart Revolving Launch Fund. The Fund is to be used by Lionheart to fund the working capital needs of new and existing academies during the Prelaunch, Ramp Up and Launch Payback phases of the lifecycle. The funds invested in the Lionheart Revolving Launch Fund are not designated to specific academies. Lionheart's strategic plan for the Lionheart Revolving Launch Fund is to launch up to eight new academies annually in perpetuity. This is accomplished by reinvesting repayment funds (both working capital and net surpluses) into launching new academies. The National Office will return a surplus once we serve 19 academies. All costs of administration of the Lionheart Revolving Launch Fund are borne by Lionheart.

New Revolving Launch Fund Needs (\$ in 000s)

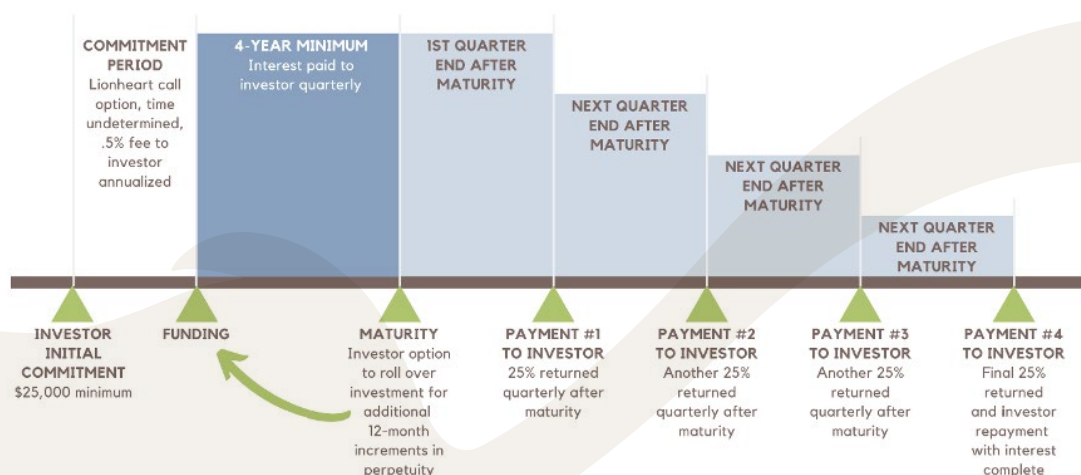
	2020	2021	2022	2023	2024
# of Operational Academies - EOY	9	13	19	27	35
Total Needed	\$900	\$2,168	\$3,184	\$3,748	\$3,257
Offset by National Office Surplus	\$0	\$0	(\$72)	(\$928)	(\$2,092)
Net Launch Fund Needs	\$900	\$2,168	\$3,112	\$2,820	\$1,165
Total Unfunded Need	\$900	\$3,068	\$6,180	\$9,000	\$10,165

Investor Specifics

Lionheart is seeking kingdom-minded investors into the Lionheart Revolving Launch Fund. Highlights of the investment opportunity are:

- A simple interest bearing, unsecured, non-recourse Promissory Note with a four-year initial term.
- Minimum \$25,000 investment.
- The annual simple interest rate is six percent and accrued interest will be paid quarterly (15 days subsequent to calendar quarter end).
- At expiration of the initial term and annually thereafter, maturity date automatically extends for another year.
- Also, at expiration of the initial term or anytime thereafter with 30 days' notice, the investor may request withdrawal of initial funds from the Lionheart Revolving Launch Fund. Lionheart will repay the Promissory Note principal balance plus accrued interest in four equal quarterly installments (25% each) thereafter (15 days subsequent to calendar quarter end).
- This investment opportunity includes a Commitment Period not to exceed six (6) months recognizing the lag time between investor indication of commitment and Lionheart's utilization of the execution and funding of the Promissory Note. Lionheart will pay 0.5% (one half of one percent) annual simple interest quarterly during the Commitment Period with a 60-day notice to the investor prior to funding.
- At any time, the investor may request in writing that the principal be converted, in whole or in part, to a charitable contribution. Likewise, the investor may request a lower interest rate.
- The investor confirms and acknowledges accredited status as defined by the Securities and Exchange Commission.

Lionheart Investor Timeline





LionheartTM

Children's Academy

lionheartkid.org

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