



LionheartTM

Children's Academy

*Taking leadership of the
child care industry for Christ*

Strategic plan
2022-2025

Executive Summary

Lionheart seeks investors to grow an explosive ministry that is:

Spiritually Effective

Reaching children and young families during their most spiritually sensitive years

Scalable

Rapidly growing by leveraging existing church facilities

Sustainable

Each location quickly becomes cash-flow positive

Lionheart Children's Academy is a powerful and unique Kingdom vision to take leadership of the child care industry for the advance of the Gospel. Lionheart partners with local churches to launch and operate full-time child care centers (academies) in church facilities to reach unchurched families and integrate them into the church. The academies require up to \$600,000 in start-up capital (vs \$5,000,000 to build a standalone facility), reach breakeven within two years, and pay back all start-up funding within 60 months of launch.

Lionheart has 11 academies operational and the pipeline for additional academies is bursting as pastors see the spiritual, financial, and operational benefits. Lionheart is seeking Kingdom investors to fund the growth of the ministry with either charitable gifts or loans at 6% interest. Each new academy reaches up to 200 new children and families per year with the Gospel.



Testimonials

"I have invested due to Stan's leadership skills and unique ability to recognize a tremendous opportunity to help reach people for Jesus through creative business-like models. I first became aware of Jesus and the Christian faith through a similar program almost 50 years ago and am confident that Lionheart will have a tremendous impact on people from all walks of life who may have never heard of the Gospel."

Mark Gibson, CEO, Capital Markets, JLL

"Our generation has largely forsaken child care to secular organizations. I love the Lionheart Children's Academy model. Its goal is to reach children and their families when they are most open to the Gospel, using a financially sustainable model and existing facilities that are underutilized."

Robert Murchison, Murchison Capital Partners

"Lionheart fits perfectly into my giving as a vision that practically advances the Gospel and meets a real need for families with an integrated business model that provides sustainability."

David Weekley, Chairman, David Weekley Homes

Vision

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

Research shows that unless we reach a person for Christ by the age of 13, chances are slim that we ever will.¹ In fact, the first seven years are the most important for spiritual development, and a person's basic worldview and moral framework is largely formed by age nine.² Further, unreached adults are most receptive to the Gospel and church when they start having children.³

THE GOSPEL SHOT CLOCK

"If we don't reach a child for Christ by their 13th birthday the chances are slim that we ever will." — George Barna

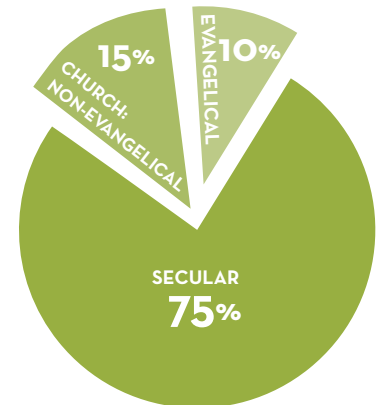
Providing high-quality, affordable child care is the ideal strategy to reach more children and parents with the Gospel during these most spiritually receptive years.

An amazing 58 percent of all three- to five-year-old children in America are enrolled in a child care program. Seventeen percent of grade-school children are in an after school program, and another 41 percent would be if one was available. Demographic trends with single and dual-income parents suggest that these percentages will only increase in the future.



58 percent of three- to five-year-olds are enrolled in a preschool or child care program.

Given these realities and the spiritual opportunity, it is shocking that 75 percent of the child care industry is controlled by secular companies with no faith orientation. Evangelical churches have less than 10 percent market share in perhaps the most critical industry for the future of the Gospel.



Market Share

The evangelical church must take leadership of the child care industry in America. This is the strategy that can regain a proactive position for the Gospel, as new generations of children catch fire for Christ and establish God-centered heritages in their families. **This is the vision of Lionheart.**

How Did We Get Here?

Providing full-time child care has become operationally complex and increasingly regulated, creating significant barriers to entry for churches. For this reason, many churches do not offer child care or only provide part-time programs like Mothers Day Out to serve their families.

While these programs provide a real benefit, they do little to reach unchurched families who need full-time care for their children. Churches do have excellent facilities (mostly unused during the week) and lots of great people who care about children, positioning them well to attract unreached families if they did provide high quality full-time child care. What they need is an operational partner - Lionheart!

The Solution

Lionheart partners with churches to launch and operate child care academies in church facilities to reach unchurched children and their parents. Lionheart runs the academies - providing operational and educational excellence on par with the best secular providers - while partnering with the church to be highly intentional in spiritual development with the children and outreach to their parents.



Lionheart is quickly revealing its power as a Gospel-advancing vision. With 11 academies already open, we see the impact for:

CHRIST - reaching young children and families during their most spiritually sensitive years

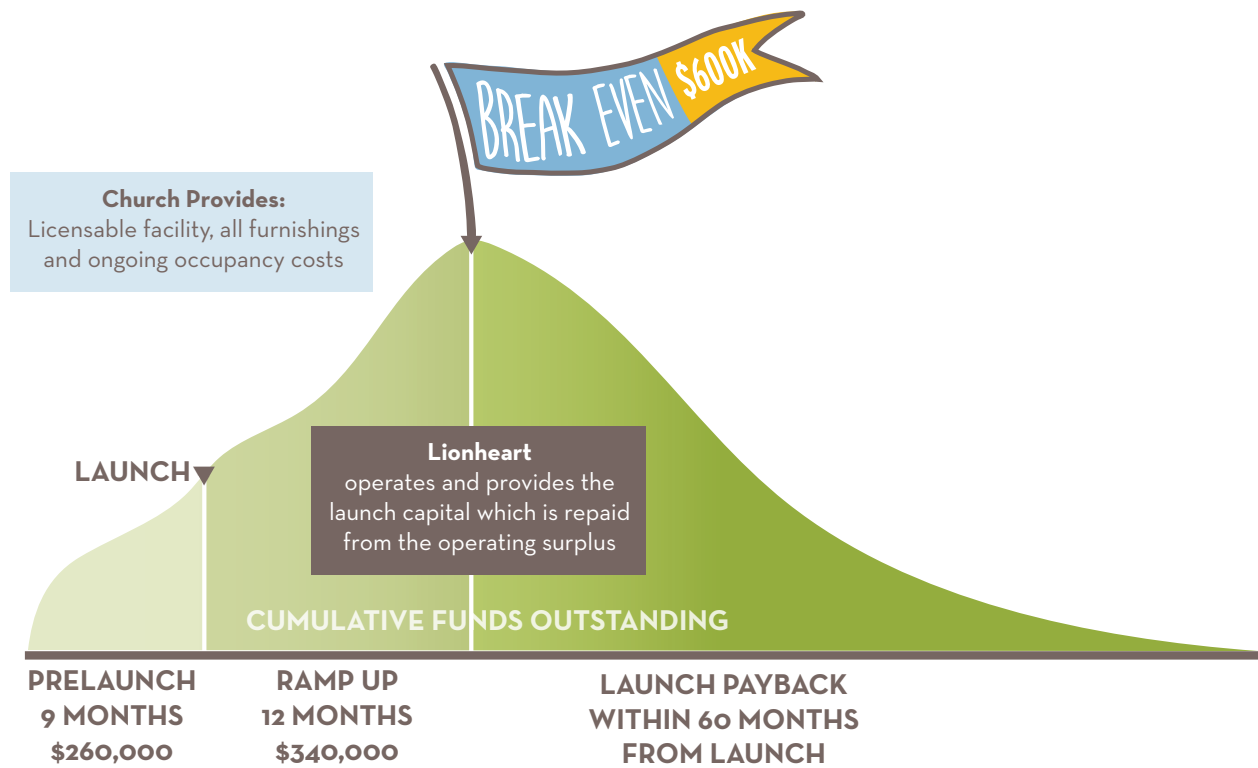
CHURCH - growing our church partners and getting the best utilization of their existing facilities

INVESTORS - providing Kingdom investors with a high eternal rate of return (financial and spiritual)

Church is Blessed...

- 1 SPIRITUALLY** - reaching more families and kids
- 2 FINANCIALLY** - generate funds for more ministry
- 3 OPERATIONALLY** - Lionheart does the "heavy lifting"

Lionheart Academy Launch & Payback



Financial Model

Key elements include:

1. **Church provides** – the licensable facility, all furnishings/equipment needed and covers all the occupancy expenses (utilities, janitorial, maintenance, refreshing). The facility has to be competitive with other local high-quality academies. The church is repaid for this by receiving a percentage of revenues or a share of the surplus.
2. **Lionheart funds** – the startup cost including the operating deficit until break even. This includes prelaunch expenses like staffing, marketing and a Lionheart fee. It also includes the net operating deficit from the day of launch until break even, typically when 120 full time children are enrolled.
3. **Academy operating results repay** – the cumulative startup costs, typically beginning at month 13, over a period of up to 48 months.
4. **Lionheart HeartHub funding** – Each academy pays 10 percent of revenues to cover national and regional support services in addition to the one-time launch fee. These fees are recovered from operating surplus.
5. **Surplus** – After all startup costs are repaid, the surplus is used by Lionheart to seed new academies or subsidize academies serving low-income communities. Our academies have also resulted in many new families joining the local host church as active, contributing members.

Results to Date

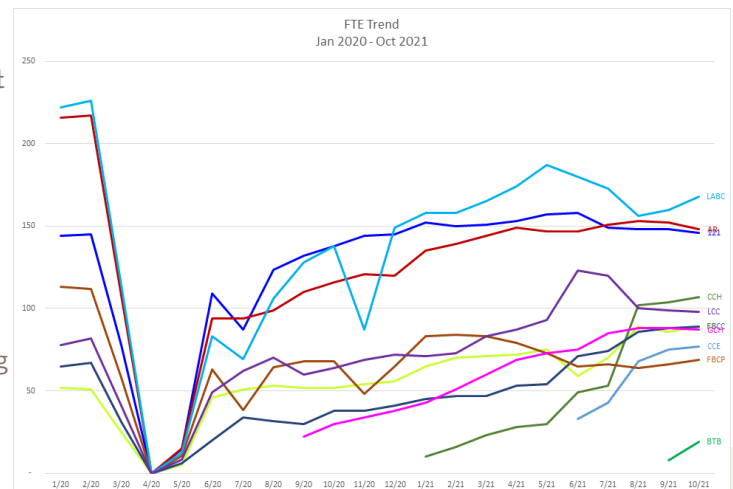
| | | |
|---|----|--|
| Mature - nearly at capacity and have repaid all start-up costs (all 3 listed have now repaid and are receiving surplus payments) | 3 | Lake Church – Arlington, TX 121 Community Church – Grapevine TX Arapaho Road – Garland, TX* |
| Ramping up academies - Growing on revised model pathway | 3 | Life Central – Plano, TX FB Plano – Plano, TX Celebration Church – Georgetown, TX |
| Early launch academies | 5 | Grace Church – Humble, TX FB Celina – Celina, TX Community Commons – Harrison, OH Cross City – Euless, TX Bent Tree Bible – Carrollton, TX |
| Total | 11 | |

Lessons Learned

We closed one academy after a year due to limited church engagement. We closed another academy post COVID-19 when the church canceled a new campus plan and had to repurpose our space. *We also moved an academy from a church that decided to sell their campus.

Impact of COVID-19 on Lionheart

Every child care operator was hit hard by COVID, yet God showed Lionheart great favor. We closed all of the academies for 8 weeks and have now returned to almost 90% of our prior enrollment. During the shutdown we furloughed our staff, most of which received state and federal benefits. All furloughed employees have been returned. Lionheart was able to secure all available options for assistance including PPP One and Two, Main Street Loan, EIDL and Employee Retention Tax Credits. This assistance, along with generous foundation support, allowed us to end the year in a strong cash position to fuel our growth plans.



*Reaching families with the gospel and connecting them to the church is the true reason for Lionheart.
Here are the impact results that we celebrate since inception.*

883
CHURCH CONNECTIONS

3,461
GOSPEL PRESENTATIONS

2022-2025 Plan

Each academy requires about \$600,000 in startup capital, which is repaid from operating surplus as shown in the launch and payback model on page 4. In addition, the HeartHub (National Office) will begin to run at a surplus once we have 28 operational academies. That surplus will reduce the launch fund needs in future years as seen in the chart below. Our projections show we need to gather \$10.3M through 2025 in additional launch funding over the next three years at which point we are self-sustaining at 8 new academies per year.

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

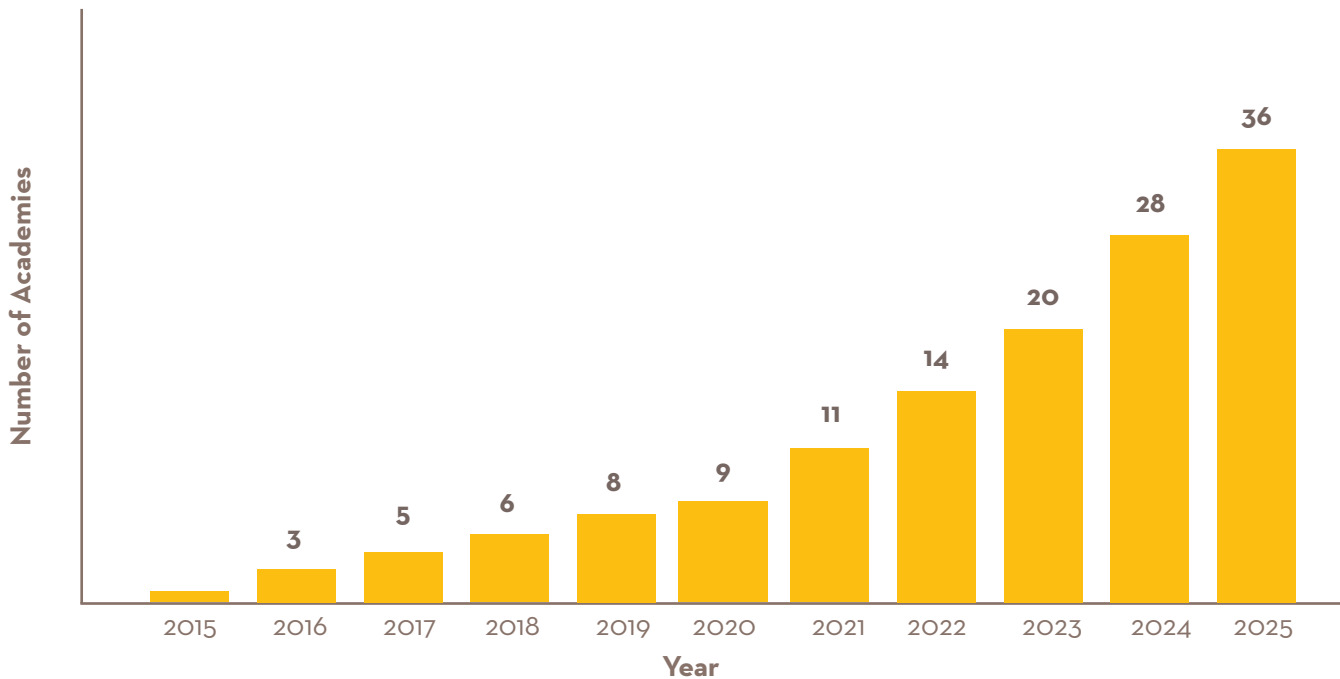
| | 2022 | 2023 | 2024 | 2025 |
|---|----------------|----------------|----------------|-----------------|
| # of Operational Academies - EOY | 14 | 20 | 28 | 36 |
| Total Needed | \$1,609 | \$2,846 | \$3,718 | \$3,824 |
| Offset by HeartHub Surplus | \$0 | \$0 | \$55 | (\$1,614) |
| Net Launch Fund Needs | \$1,609 | \$2,846 | \$3,664 | \$2,209 |
| Total Unfunded Need | \$1,609 | \$4,455 | \$8,118 | \$10,327 |

The HeartHub receives support fees from academies for both launch and ongoing support, much the same as a franchise organization. Lionheart also shares in the academies operating surpluses. This table shows the path to breakeven and then ongoing surplus for the HeartHub. The surplus funds are used above to offset the needs for the launch fund.

HeartHub Pathway to Break Even (\$ in 000s)

| | 2022 | 2023 | 2024 | 2025 | TOTAL |
|---|------------------|----------------|----------------|----------------|-----------------|
| # of Operational Academies - EOY | 14 | 20 | 28 | 36 | |
| HeartHub Results: | | | | | |
| Launch Fees from Academies | \$400 | \$525 | \$600 | \$600 | \$2,125 |
| Support Fees from Academies | \$1,750 | \$2,506 | \$3,892 | \$5,442 | \$13,590 |
| Other Income | \$275 | \$275 | \$275 | \$275 | \$1,100 |
| Lionheart Surplus from Academies | \$38 | \$246 | \$397 | \$827 | \$1,509 |
| Total Revenue | \$2,463 | \$3,552 | \$5,164 | \$7,145 | \$18,324 |
| Total Expenses | (\$3,715) | (\$4,277) | (\$5,109) | (\$5,530) | (\$18,632) |
| HeartHub Net Surplus/(Deficit) | (\$1,252) | (\$725) | (\$55) | \$1,614 | (\$308) |

Growth in Academies



Risks

The child care model is a historically proven business model not likely subject to demand obsolescence. Nevertheless, Lionheart has identified the following risks to the strategic plan.

- **Achieving the Enrollment Levels.** Churches typically have suitable space, but we are competing with established secular for-profit providers. Reduced enrollment elongates payback of the startup costs and surplus payments. Our five year track record shows we can compete favorably with the national brands.
- **Staff Recruiting.** The aggressive growth will require much talent from board members, corporate staff, field management and onsite teachers who value serving the Lord and making Him known. We are using Lever, Indeed, Facebook and other online recruiting tools to support this effort.
- **Funding the Revolving Launch Fund.** Ultimately we have to raise \$10.3 million in unsecured loans from Kingdom minded investors to provide the needed funding to open new academies according to the plan.
- **Achieving the Roll-Out Schedule.** There are plenty of churches and the value proposition is very strong, yet churches are concerned over shared space, existing weekday activities and long-term space commitments. Our growing partnerships with church architectural and building firms are getting us in on the ground floor opportunities to help the churches design a sustainable facility.

Building on a Strong Foundation

To accelerate the development and growth of the Lionheart model, the organization has built on the strong foundation of another cutting-edge ministry: Apartment Life (apartmentlife.org). In 2000, Apartment Life began as a new approach to reach the mission field of millions of people in apartment communities across the nation, in partnership with local churches and apartment owners. What started as one test apartment complex has now grown to a largely self-sustaining ministry outreach with over 600 apartment communities in 28 states. Apartment Life now serves seven of the top 10 national apartment management companies, improving retention and adding value. The ministry has seen significant fruit in developing spiritual relationships with apartment dwellers, connecting them to local churches, and seeing many come to Christ.

Apartment Life's gifted leadership team, proven business model, and strong donor reputation provided an invaluable resource to launch Lionheart. Apartment Life has received the "Best Christian Workplace" designation for 19 consecutive years. Lionheart has also been awarded the "Best Christian Workplace" designation every year since opening. In addition, the expertise in the following shared services provides a built-in infrastructure to facilitate the desired growth and impact of Lionheart (these HeartHub costs will be offset by allocations of 10 percent of revenue from each academy).



- **Human Resources** – established recruiting, hiring, and training processes
- **Financial Management** – professional accounting competency that incorporates payroll, Benefits, cash management, risk management, legal, audit, insurance
- **Church Relations** – broad relationships with churches nationally



Showing Christ's Love and Changing Lives

(The Daba Family)

When Michaela first visited Lionheart Children's Academy at Lake Church, she was very anxious and guarded. This mother had a nanny quit unexpectedly, and then had a poor experience at another child care center. When she enrolled Julius, the staff immediately began to build a relationship with this family.

Even before Julius' first day at Lionheart, Michaela's family began visiting Lake Church. Michaela shared with the Lionheart staff that she "never would have visited this church had it not been for Lionheart." They began attending worship and joined a Sunday School class.

When Julius had surgery that fall, Lake Church preschool minister and a Lionheart Community Director went to the hospital to be with the family and pray with them. In December, the preschool minister and a Lionheart administrator visited them at home, and soon after Michaela emailed Senior Pastor Eric and asked about becoming a member of Lake Church.

Michaela and her husband made professions of faith in Jesus and were baptized at Lake Church on January 18, 2015. Michaela told a Lionheart staff member how different their lives have been since becoming part of Lionheart and Lake Church. Now, the Daba family shares Bible stories with their children and prays together. This family's legacy of faith has forever changed.

Lionheart Board of Directors

| | |
|------------------------------|--|
| Woody Conradt (Chair) | CFO, Business Transformation & Integration Consultant |
| Stan Dobbs | Founder, Lionheart Children's Academy |
| Tom E. Ferguson | President & CEO, AZZ |
| Walt Holmes | EVP & Chief Partner Results Officer, Interstate Batteries |
| Jeff Lamb | President & COO, Vari |
| Payton Mayes | CEO, JPI |

Executive Staff



Stan Dobbs - Founder

Stan is the founder of several ministries including Lionheart. He launched Apartment Life in 2000 to help churches more effectively reach apartment communities for Christ. Apartment Life has over 1000 team

members living in apartments across the country ministering to their neighbors. During a medical crisis in 2011 God gave the vision for Lionheart which opened its first academy in 2014. In 2019, Stan launched Skylark which will revolutionize summer camping for Christ. Stan lives in the Dallas/Fort Worth area with his wife Vicky.



Pete Wayman, CPA - President

Pete has over 40 years executive leadership in the HR Outsourcing field. He has been the CFO, COO, and CEO of industry market leaders. He has started/sold companies and pioneered a service delivery concept that

resulted in operating over 100 service centers across the globe. Pete started his career in public accounting and is a CPA. He has served 35 years in evangelical church leadership. He has served in full-time ministry for 10 years. Pete has been married 48 years to his college sweetheart and together they enjoy coastal sailing in Southern California. They have two adult daughters, three grandchildren, foster grandchildren and a grand-dog that looks like a panda.



Donna McClintock - Executive Consultant

Donna is an experienced leader in the field of early education and care. She has 30 years of proven, strategic, results- oriented leadership with a passion for serving children, families, teachers, and organizations that support

families. Donna is a relationship builder, and her success is attributed to her devotion to leaders and teachers who share her passion for the classroom. She successfully developed, grew, managed, and brought to market a national corporate-sponsored child care company with operations in 26 states. Donna understands the challenges of exceeding in quality while managing purposeful growth. She is married to Nate, who serves as Executive Vice President of Church Relations at Lionheart. Their greatest joys are traveling and enjoying their children/grandchildren. Donna considers the role of mother and grandmother to be her most joyful of all her work with young children.



Mia Beall - Executive Vice President of Operations

Mia believes her role at Lionheart is to setup academy leaders to be successful and provide tools to make their jobs efficient. Mia has been with Lionheart since day one, starting at the front desk of our first academy to being a part of every Lionheart launch. She holds a B.S. in Business Management from John Brown University. Mia and her husband have two fur-babies, and have just been blessed with their first child.



Nathan (Nate) E. McClintock – Executive Vice President of Church Relations

Nate has held several senior management positions throughout his business and ministry career including, President & CEO of a national child care company, Senior

Cabinet Officer to Mississippi Governor Cliff Finch from 1976-1980 and Executive Pastor of a Plano, Texas church. Nate is a proud former federal government employee who served in the Philippines and Italy between 1970 and 1974. He is married to Donna and they have 5 children and 10 grandchildren.



Nelson Eagle - Senior Vice President of Sales

Nelson joined the US Navy out of high school and was trained as an electronics technician, developing excellent analytical and troubleshooting skills. Feeling the call to

Christian ministry, he attended Trevecca Nazarene University in Nashville, graduating with a degree in Psychology, and a minor in Christian Education. God led him to working with children; he became the Center Director for a large child care center, then assumed management of other Christian centers that were struggling. A door opened for him to become the District Manager for Kindercare, assuming operational responsibility for 15 locations, then being promoted to Regional Manager with responsibility for 83 centers spread across 5 states, and a workforce of 2,200 employees. He has completed management contracts with more than 40 churches, helping to improve and stabilize their operation financially and spiritually. He also completed 75 consulting projects including 28 new child care center startups, with an excellent record of success.



Paul Norell, EVP Projects, Sales & Church Relations

Paul brings a wealth of experience to Lionheart, having served in high-level leadership in the advertising, marketing, start-up and non-profit worlds for over 35 years.

Paul currently resides in the Frisco, Texas area with his wife, Karen. They have 3 grown children who work in the Dallas/Fort Worth area. Karen and Paul recently became first-time grandparents this fall.



Ashley Sink – Chief People Officer

Ashley is a human resources leader passionate about developing people while enabling organizations to meet strategic goals. For the past 15 years she's worked for a Fortune 10 company, leading HR teams

focused on organizational culture, leadership and employee development, compensation, talent management, and employee relations. She spent five years in full-time ministry in Beirut, Lebanon, and in the US including early childhood education, ministry to women, summer camping, and missions-focused publishing. She is married to Justin; they have two beautiful elementary-age daughters.



Ginny Fowler, SHRM-SCP

Ginny has a deep passion for people. She has been leading over the past 14 years with faith-based non-profits, beginning in training and staff orientation, and growing into senior level and consulting roles in Human

Resources and leadership development. Her intentional style of leadership has led both teams and organizations to annually receive recognition as flourishing Best Christian Workplaces. She often says, “we can’t give what we don’t have,” and her focus is working in concert with [the people team] and our partners to invest in Lionheart staff in a whole way so they can give children and families what they need to become world changers. Ginny met her husband Chip while completing her degree at Texas Tech. They have two grown children. When she is not joyfully pouring heart and soul into Lionheart, you find her walking her dogs, on the lake with her family, or drinking a hot cup of coffee over a great book.



Julie Barker, VP - Financial Services

Julie has over 25 years of experience in Accounting and Finance both in for-profit and not-for-profit companies. She has been an AVP and Controller for multiple organizations. She is a CPA and holds

a B.B.A. in Accounting from Angelo State University and an M.B.A. from Texas Tech University. She has served with Lionheart Children's Academy since its' inception. She took 3 years (2005-2008) to serve on the mission field in Mexico City as a teacher at Mexico City Christian Academy and taught middle school and high school students in Math, History, Science, and Bible. She enjoys spending time with family, friends, and her two dogs.



Endnotes

1. George Barna, *Transforming Children into Spiritual Champions*, 2004
2. Barna Group, *State of Church and Family Report*, 2010
3. Barna Group, *State of Church and Family Report*, 2010

Lionheart[™]
Children's Academy

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