

Contract Attachment 9

**Audubon Center of the North Woods
Charter School Closure Process and Plan**

Name of School _____ **Date** _____

TASKS	Person Responsible	Date Completed and Comments
Establish <i>ad hoc</i> School Board Committee for wind-up / restructuring		
Designate School contact person(s) to send and receive communications from ACNW;		
Designate employees or School Board members who will handle various aspects of winding up of School operations;		
Provide contact information, and list of employees / School Board members and correspondent responsibilities to ACNW		
Other:		
Contact MDE – Charter School Division Immediately		
The Charter School Division needs to be contacted immediately to facilitate the legal transfer of all property of the school that was purchased with Federal Charter School Program funds to other schools. Federal Law and the assurances signed by the school requires special attention be given to this property. Contact the CSP Federal Grant personnel at the MDE for guidelines and assistance. <i>(See Inventory and Liquidation of Assets below)</i>		
Other:		
Reserve Funds		
Segregate by School Board resolution in a separate checking account up to \$45,000 in funds to be used for legal, accounting and other expenses to execute this Closure Plan and to dissolve the School Corporation.		
Other:		
Notification of Parents / Guardians		
Within 10 days after charter revocation, notify parents / guardians and employees of school regarding the closure of the School, if such notification has not been made. Such notification shall include, but not be limited to, the following: <ul style="list-style-type: none"> * date of the last day of regular instruction; * cancellation of any planned summer school; * notice to parents that enrollment of children in their district of residence or other school is mandatory under state law for children that are six years of age or older; * offer of copies of student records before the CHARTER REVOCATION. * Provide ACNW with a copy of the notice. 		
Other:		
Final Report Cards and Student Records Notice		
Within 7 days after CHARTER REVOCATION, provide parents / guardians with copies of final report cards and notice of where student records will be sent (the school district of the School's location) and specific		

<p>contact information.</p> <ul style="list-style-type: none"> * The notice must advise the parent/guardian to contact the school where the student intends to enroll and to have the student's new school contact the School's district of location to have the student's educational records transferred to the new school. * Provide ACNW with a copy of the notice. 		
<p>Other:</p>		
Transfer of Student Records and Testing Material		
<p>No later than 10 days after CHARTER REVOCATION send student records to the School's district of residence, including:</p> <ul style="list-style-type: none"> * Individualized Education Programs (IEPs) and all records regarding special education and supplemental services; * student health / immunization records; * attendance records; and * all other student records. <p>All end of school year grades and evaluations must be completed and made part of the student records, including any IEP /Committee on Special Education meetings /progress reports. As noted above, parents / guardians should be offered copies of students' records before CHARTER REVOCATION. Testing material, including scores, test booklets, and annual data files etc. required to be maintained by the School by the State Education Department must also be forwarded to the School's district of location. To the extent that scores, etc. will come into existence after the CHARTER REVOCATION, arrangements should be made with the testing agent to forward such material to the district of location. The school should also send a set of Individual Student Reports to resident district and parents.</p>		
<p>Other:</p>		
Notification of School Districts		
<p>Within 7 days after the charter revocation, the School must notify school district(s) of students' residence regarding the termination of the education program and lack of future enrollment.</p> <ul style="list-style-type: none"> * If applicable, notification regarding cessation of food and transportation services should be provided. * Provide notice to the districts that arrangements should be made to pick up any district property; e.g., borrowed books, nursing equipment. * Provide ACNW with a copy of the notice. 		
<p>Other:</p>		
Notification of Funding Sources /Charitable Partners		
<p>Within 7 days after CHARTER REVOCATION, all other sources of the School's operational funding must be notified in writing of the closure of the School as well as charitable partners of the School.</p> <ul style="list-style-type: none"> * The School should not accept further loans from management companies, etc. nor otherwise incur additional liability. However, it may continue to accept gifts from charitable partners as long as the charity is aware of the School's closure / restructuring status. * Charities with property on the premises of the School should be notified to remove same as soon as possible or after CHARTER REVOCATION, whichever is appropriate. 		

Other:		
Notification of Contractors and Termination of Contracts		
<p>Within 20 days after charter revocation, formulate a list of all contractors with contracts in effect, and notify them regarding cessation of current school operations at CHARTER REVOCATION.</p> <ul style="list-style-type: none"> * If applicable, instruct contractors to make arrangements to remove any contractor property from the School facility by a date certain, e.g., copying machines, water coolers, other rented property. * Provide ACNW with a copy of such notice. * Retain records of past contracts with proof that they were fully paid (<i>see</i> Records Retention, below) to prevent spurious claims. <p>As appropriate, and to the extent possible, terminate contracts for goods and services as of the last date such goods or services will be needed to the extent not necessary for the educational program or wind-up of the School.</p> <ul style="list-style-type: none"> * Telephone, gas, electric, water, insurance (premises and E&O insurance, <i>see</i> below) should remain operative through the CHARTER REVOCATION and to the extent necessary to wind up the School's affairs beyond that time. 		
Other:		
Notification of Employees and Benefit Providers		
<p>After an employee termination date is established, but in no event later than 60 days before CHARTER REVOCATION, notify all employees of termination of employment and/or contracts, and notify benefit providers of pending termination of all employees. Further notify employees and providers of termination of all benefit programs, and, if allowable, terminate all programs as of the last date of service in accordance with applicable law and regulations (i.e. COBRA), including:</p> <ul style="list-style-type: none"> * health care / health insurance; * life insurance; * dental plans; * eyeglass plans; * cafeteria plans; * 401(k), retirement plans; * pension plans; * TRA; and * PERA <p>Specific rules and regulations may apply to such programs especially teacher's retirement plans so legal counsel should be consulted. Employees should be notified of eligibility for unemployment compensation. (In the event the School has not paid into the unemployment program on an ongoing basis, the School may have significant financial liability on an ongoing basis after the CHARTER REVOCATION, and reserve funds should be set aside for this purpose.) <i>See</i> School Wind-Up Plan and Action regarding payment of taxes, below.</p>		
Other:		
Notification of Food and Transportation Services and Cancellation of Contracts		
<p>Within 20 days after the charter revocation, or earlier if required by the contractual notice requirements, cancel school district or private food and/or transportation services for summer school and next school year.</p>		
Other:		

Notification of ACNW Regarding Lawsuits

As soon as possible after receiving notice and/or service of process regarding litigation against, or initiated by, the School, School Board or School employees, notify ACNW and provide copies of legal papers received. The School has an ongoing obligation to keep ACNW informed regarding such litigation, including bankruptcy, whether voluntary or involuntary, and to provide copies of all filings.

Other:

List of Creditors and Debtors; UCC Search

Within twenty (20) days after the charter revocation, formulate list of creditors and debtors and any amounts accrued and unpaid with respect to such creditor or debtor.

- * This list is not the same as the contractor list, above, but may include contractors, which should be listed.
- * Creditors include lenders, mortgage holders, bond holders, equipment suppliers, service providers and secured and unsecured creditors. Security interests may be recorded and filed pursuant to the Uniform Commercial Code (UCC) with the county and State of Minnesota, and may include all of the assets of the School Corporation or specific assets in which a creditor has an interest as long as such debt remains outstanding.
- * The UCC search should be performed by the School to determine if there are any secured creditors and to what assets security interests are attached.
- * Debtors include persons who owe the school fees or credits, lessees or sub lessees of the School, and any person holding property of the School.
- * Provide a copy of the list of creditors to ACNW with the amount owed to each creditor thereon and the amount owed by each debtor.

Other:

Notification to Creditors

Within thirty (30) days after the charter revocation, the School must notify all creditors of its closure. The School should solicit from each creditor a final accounting of the School's accrued and unpaid debt owed to such creditor. This figure should be compared to the School's calculation of the debt and be reconciled between the parties. To the extent possible, the School should also begin to negotiate a settlement of debts, which is ultimately consummated by a settlement agreement reflecting satisfaction and release of the existing obligations, if possible?

Other:

Notification to Debtors

Within thirty (30) days after the charter revocation, the School must contact all debtors and demand payment. To the extent collection efforts are unsuccessful; the School may turn the debt over to commercial debt collection agencies. All records regarding such collection or disputes by debtors regarding amounts owed must be retained.

Other:

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School Wind-Up Plan and Action

<p>The School Corporation shall collect debts, dispose of assets and negotiate with and pay creditors in an orderly fashion in accordance with a timetable and plan adopted by the School’s board of directors. Priority should be given to continuing the School’s educational program through the end of the school year and retaining funds to complete the wind-up process.</p> <p>The initial plan should be adopted within 20 days of charter revocation, and be updated at least bi-weekly with copies to ACNW. The plan should include, but not be limited to, the following.</p> <ul style="list-style-type: none"> * Termination of non-essential personnel and cancellation of non-essential services prior to CHARTER REVOCATION. * Make final federal, state and local tax payments (every employer, including the School, which pays wages to employees is responsible for withholding, depositing, paying, and reporting federal, state and local income tax, social security taxes, and federal unemployment tax for such wage payments). * Auction / sale of assets in a manner that avoids conflicts of interest, and maximizes net revenue to the extent permitted by ongoing agreements with existing creditors. (<i>See Liquidation of Assets, below.</i>) * Liquidation or closing of bank accounts according to a schedule that minimizes fees but leaves the School enough flexibility to pay creditors, attorneys, accountants, etc. during the course of the wind-up, including funds for a final audit, and (if the School Corporation does not submit or the board of directors do not approve a renewal application), for dissolution. * Cancellation of corporate credit cards and lines of credit. * Change authorized signatures on accounts as needed to reflect changes in persons authorized to implement the winding down operations of the School Corporation, and employment, contract and School Board status of those authorized to sign for the School. * Status reports on the implementation of the School Wind-Up Plan to be submitted to ACNW through Interim Statements and a Final Statement (below). 		
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Other:		
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Protection of Assets; Insurance

<p>The School’s assets and any assets in the School that belong to others must be protected against theft, misappropriation and deterioration.</p> <ul style="list-style-type: none"> * Existing insurance coverage should be maintained on the assets until the disposal of such assets. In accordance with the Wind-Up Plan. * Continue existing insurance for School Facility, vehicles and other assets until <ol style="list-style-type: none"> 1) disposal or transfer of real estate or termination of lease, and 2) disposal, transfer or sale of vehicles and other assets are sold, respectively. * Negotiate School Facility insurance with entities that may take possession of School Facility – lenders, mortgagors; bond holders, etc., if possible. * Appropriate security services should be obtained or maintained. 		
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* Action may include moving assets to secure storage after closure or loss of the School Facility.		
Other:		
Inventory		
<p>No later than 30 days prior to CHARTER REVOCATION, all of the School's assets must be inventoried with item #'s and quantities and/or its inventory updated.</p> <ul style="list-style-type: none"> * All assets of the School, not just ones over a certain dollar value must be inventoried. * Provide ACNW with a copy of the inventory. * Identify assets purchased with Federal CSP Grant funds, * Identify assets belonging to other entities (school district, county, municipality, teachers, health department, foundations, vendors, PTA, etc.), including those borrowed or loaned. * Identify assets encumbered by the terms of a contingent gift, grant or donation, or a security interest. * Return assets not belonging to School and document same. 		
Other:		
Liquidation of Assets		
<p>Assets must be liquidated in a commercially reasonable manner including, but not limited to, sale by way of auction, sealed bidding or other commercially reasonable sales methods to the extent permitted under agreements with existing creditors and to the extent such assets are free and clear of any liens or encumbrances. If an asset is subject to a lien, encumbrance or security interest (above), the secured party should be contacted. <i>(See Federal CSP Grant information above)</i></p> <p>Pursuant to MN Statute 317A.735, no asset may be given away, except as authorized by law. In cases where the cost of disposing of an asset will exceed the cost to be received at sale or auction, it may be permissible to give away or discard such assets. However, this should be cleared from the largest or sole creditor(s) in advance. School Board members and their relatives as well as employees and students of the School should not purchase any asset unless the purchase is disclosed to the School Board and the disclosure is made a matter of record in the School Board's minutes and approved by a majority of the non-interested members of the School Board.</p>		
Other:		
E&O Insurance		
Maintain existing directors and officers liability (E&O) insurance, if any, until final dissolution of the School Corporation. If no such E&O insurance exists, disclose this fact to the board of directors.		
Other:		
Interim Statements		
No later than 10 days after CHARTER REVOCATION, prepare, and submit to ACNW, an interim statement in a form satisfactory to ACNW, of the status of all contracts and other obligations of the School Corporation, and all funds, including principal and accrued interest, owed to, and by, the School Corporation, with supporting evidence showing:		

<p>* all creditors or former creditors, any amounts paid to creditors (or in-kind exchanges of assets), and any amounts of debt of the School or School Corporation outstanding, including principal and accrued interest, as of the date of the interim report; and</p> <p>* all amounts owed to the School Corporation by debtors, any amounts paid by debtors, and whether any debtors have paid in full, and any amounts outstanding; and</p> <p>* all income generated through sale or auction of assets and any other change in status of assets.</p> <p>The School will prepare and submit such statements to ACNW at 30 day intervals until the final statement (below) is prepared and submitted.</p>		
Other:		
Final Statement		
<p>At a date to be determined by ACNW, anticipated to be no later than 90 days after CHARTER REVOCATION, no later than 10 days prior to the filing of a dissolution proceeding, the School shall prepare to the full satisfaction of ACNW a final statement of the status of all contracts and other obligations of the School Corporation, and all funds owed to the School, audited (or confirmed) by an independent accountant, with supporting evidence showing:</p> <ul style="list-style-type: none"> * all assets and the value and location thereof, whether such asset has been distributed to creditors in satisfaction or payment of any existing debt obligation; and * each remaining creditor and any and all amounts owed to each creditor, including principal and accrued interest through the date of such statement; and * statement that (a) all debts have been collected, or (b) that good faith efforts have been made to collect same, and * each remaining debtor of the School or School Corporation and the amounts owed by each debtor, including principal and accrued interest. * This statement is submitted to ACNW in the form in which it will be sworn and submitted to the MN Attorney General and/or MN Secretary of State as part of any dissolution proceeding. * This statement is in addition to the final Financial Statement Audit (below). 		
Other:		
Final Financial Statement Audit		
<p>The School must have a financial statement audit performed in accordance with the Charter and the Act no later than November 1st of the calendar year in which the School ceases instruction.</p>		
Other:		
Closeout of State and Federal Grants		
<p>State, federal and other grants must be closed out, (<i>See Contact MDE section above</i>) including:</p> <ul style="list-style-type: none"> * notification to the grant entity of the School closure; and * filing of any required expenditure reports or receipts and any required program reports. 		
The School Corporation should continue to pursue grant funds to which it is		

entitled, provided that it fully discloses its current situation and intentions with respect to closure. The School Corporation should not seek or accept grant funds for future school years when the School will be closed. Grant status should be noted on financial statements.		
Other:		
IRS Status; Reports		
The School Board must continue to take all steps necessary to maintain its 501(c)(3) status, including, but not limited to, the following: <ul style="list-style-type: none"> * notification to IRS regarding any address change of the School Corporation; and * filing of required tax returns or reports (e.g., IRS form 990 and Schedule A). * If the School Corporation proceeds to dissolution, notify the IRS of dissolution of the education corporation and its 501(c)(3) status and furnish a copy to ACNW 		
Other:		
Corporate Records		
In all cases, the School Board shall maintain all corporate records related to: <ul style="list-style-type: none"> * Loans, bonds, mortgages and other financing; * Contracts; * Leases; * Assets and asset sales; * Grants -- records relating to federal grants must be kept in accordance with 34 CFR 8042. * Governance (Minutes, by-laws, policies); * Employees (background checks, personnel files); * Accounting/audit, taxes and tax status, etc.; * Personnel, * Employee benefit programs and benefits; and * Student summary test data files * Any items listed in this Closure Plan. In the event the School Corporation is dissolved, any and all records not previously sent to the school district of the School's location should be sent to that school district.		
Other:		
Resolution of Dissolution		
The School Board must adopt a resolution that the School Corporation be dissolved and proceed to file the same with the MN Attorney General and/or MN Secretary of State.		
Other:		
Dissolution		
If the School Corporation dissolves, the School Board must follow the dissolution provisions in its articles of incorporation and applicable laws. This may include: <ul style="list-style-type: none"> * a complete statement of all assets, their location and an estimate of their value; and * a statement of the ascertainable debts of the education corporation. 		

<p>Whenever the Charter or an order of dissolution is made, the members of the School Board or other custodian of the records of the School have the duty to properly maintain the permanent records of the School according to law and stored in a secure, locked container.</p> <p>Copies of all papers related to dissolution should be sent to ACNW.</p> <p>Members of the School Board are empowered to continue in office even after the expiration of the Charter and dissolution of the School Corporation for the purpose of winding-up and settling the affairs of the School Corporation, and after the dissolution of the School Corporation.</p>		
<p>Other:</p>		
<p>Final Distribution of Assets</p>		
<p>All liabilities and obligations of the School must be paid and discharged (or adequate provision must be made therefore) to the extent of the School's assets. Any assets held subject to a lien, encumbrance, security interest or other written conditions or limitations must be disposed of in accordance with and subject to those conditions or limitations. Assets received and held by the School subject to limitations permitting their use only for charitable, benevolent, educational, or similar purposes, but not held upon condition requiring return or with specific disposition instructions, shall be held until dissolution and transferred or conveyed to one or more charter schools in the school district or to the school district.</p> <p>* An itemized receipt must be obtained from each recipient of an asset containing the name, address and telephone number of the recipient. (In case of later question, audit or review by federal bankruptcy or state supreme court, or other governmental body.)</p> <p>* In closing out any federal grant and accounting for any federal grant funds, property owned by the federal government or property acquired under a federal grant must be distributed in accordance with federal regulations.</p>		
<p>Other:</p>		