

Friends of Education

Charter School Closing Checklist & Plan

IMPORTANT: THIS DOCUMENT IS NOT AN EXCLUSIVE LIST OF ALL ACTIONS NECESSARY TO CLOSE A SCHOOL AND IS NOT A SUBSTITUTE FOR LEGAL ADVICE.

CHARTER SCHOOLS SHOULD CONSULT WITH LEGAL COUNSEL.

Item	Action Items	Person(s) Responsible	Target Completion Date	Actual Completion Date	Status
FRIENDS OF EDUCATION RESPONSIBILITIES					
	<p>Involuntary Closure:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Frequently Asked Questions. Create Q & A including summary of closure process, summary of transition steps, etc. <input type="checkbox"/> Notice of Final Determination. Provide notice to school and Minnesota Department of Education. <input type="checkbox"/> Press Release. Issue press release which includes brief history of school, closure process, reason(s) for closure, and identifies press point person. <input type="checkbox"/> Closure Checklist. Provide additional copies of closure checklist and plan to school, highlight family transition and student records transfer. <input type="checkbox"/> Offer assistance as appropriate to school board. <input type="checkbox"/> Updates. Request periodic updates of closure progress. <input type="checkbox"/> Request file log (identifying file name, date transferred, school transferred). <input type="checkbox"/> Confirm that the closure plan and financial information about the school's liabilities and assets are submitted to MDE. 				
	<p>Voluntary Closure:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Closure Checklist. Provide additional copies of closure checklist and plan to school, highlight family transition and student records transfer. <input type="checkbox"/> Offer assistance as appropriate to school board. <input type="checkbox"/> Updates. Request periodic updates of closure progress. <input type="checkbox"/> Request file log (identifying file name, date transferred, school transferred). <input type="checkbox"/> Confirm that the closure plan and financial information about the school's liabilities and assets are submitted to MDE. 				

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CHARTER SCHOOL RESPONSIBILITIES					
Organizational					
1	<p>Establish School Board Committee for wind-up / transistion</p> <ul style="list-style-type: none"> <input type="checkbox"/> Designate School contact person(s) to send and receive communications <input type="checkbox"/> Assign tasks/action items to employees or School Board members; <input type="checkbox"/> Provide contact information, and list of employees / School Board members and correspondent responsibilities to Friends of Education 				
2	<p>Terminate Contracts /Cancel Programs Beyond Termination Date</p> <p>Take appropriate action to terminate any contracts or cancel any programs extending beyond the charter termination.</p>				
3	<p>Reserve Funds</p> <p>Segregate by School Board resolution in a separate checking account up to \$50,000 in funds to be used for legal, accounting, and other expenses to dissolve the school.</p>				
4	<p>Maintain Communications and Identifiable Location</p> <p>Notify the landlord that during the wind-up of the School’s affairs, it is anticipated that the School Board will use the School Facility, and access thereto should be maintained, even if only by advance notice in order to access assets, etc. In the event the landlord sells or rents the School Facility before the winding up of the School’s affairs, the School must relocate its business records and remaining assets to a location <i>with operational telephone service with voice message capability, and maintain custody of business records until all business and transactions are completed, and the School corporation dissolved.</i></p>				
5	<p>Designation of Records Custodian</p> <ul style="list-style-type: none"> <input type="checkbox"/> The school must designate a contact person for student and financial records, 				

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	<p>for two years after closure.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Provide Friends of Education with a copy of the notice. 				
Notifications and Further Actions					
6	<p>Notification to Parents/Guardians</p> <p>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:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Date of the last day of regular instruction; <input type="checkbox"/> Information and offer assistance sufficient to enable the student to re-enroll in another school. <input type="checkbox"/> List of and contact information for the charter, public and private schools in the area. <input type="checkbox"/> Date of optional school fair, coordinated by the School with representatives of area schools. <input type="checkbox"/> Provide Friends of Education with a copy of the notice. 				
7	<p>Final Report Cards and Student Records Notice</p> <p>Within 7 days after end of classes, provide parents / guardians with copies of final report cards and notice of where student records will be sent and specific contact information.</p> <ul style="list-style-type: none"> <input type="checkbox"/> 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. <input type="checkbox"/> Student records sent to the student’s new school upon the new school’s request. <input type="checkbox"/> After the school closes, and unless the student’s records are requested by another school, the remaining student records will be sent to each student’s school district of residence. 				

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	<input type="checkbox"/> Provide Friends of Education with a copy of the notice.				
8	<p>Transfer of Student Records and Testing Material</p> <p>If the parents do not request transfer of records to a specific school, student records must be sent to the student’s resident district.</p> <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.</p> <p>Testing material, including scores, test booklets, etc. required to be maintained by the School and must also be forwarded to the new school.</p> <p>No later than 10 business days after the School closes, send student records to the new school, including:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Individualized Education Programs (IEPs) and all records regarding special education and supplemental services, where applicable, <input type="checkbox"/> student health / immunization records; <input type="checkbox"/> attendance records; <input type="checkbox"/> grades; <input type="checkbox"/> assessments/testing information; <input type="checkbox"/> credits earned; <input type="checkbox"/> MARSS numbers, and <input type="checkbox"/> all other student records. <input type="checkbox"/> If a student’s record contains formal disciplinary records, provide notice to the student and student’s parent/guardian that the records will be transferred as part of the student’s educational record. NOTE: THIS REQUIRES AN INDIVIDUAL / FILE BY FILE REVIEW. <input type="checkbox"/> To the extent that scores, etc. will come into existence after the end of classes, arrangements should be made with the testing agent to forward such material to the new school. 				
9	<p>Notification to School Districts/Area Schools</p> <p>Notify resident school district and area schools that:</p> <ul style="list-style-type: none"> <input type="checkbox"/> The school is closing on (date). 				

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	<ul style="list-style-type: none"> <input type="checkbox"/> They will be getting students. <input type="checkbox"/> Provide a phone number/contact person to call for records. <input type="checkbox"/> If applicable, notification regarding cessation and transportation services should be provided. <input type="checkbox"/> Provide Friends of Education with a copy of the notice. 				
<p>10</p>	<p>Notification of Funding Sources / Charitable Partners</p> <p>All sources of the School’s operational funding must be notified in writing of the closure of the School, including any charitable partners.</p> <ul style="list-style-type: none"> <input type="checkbox"/> The School should not 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. <input type="checkbox"/> Charities with property on the premises of the School should be notified to remove same as soon as possible or after end of classes, whichever is appropriate. 				
<p>11</p>	<p>Notification of Contractors and Termination of Contracts</p> <p>Within 30 days, formulate a list of all contractors with contracts in effect; the list should briefly describe the service and whether any property is related to the contract (e.g. photocopier lease).</p> <ul style="list-style-type: none"> <input type="checkbox"/> Notify the contractors regarding cessation of school operations. <input type="checkbox"/> 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. <input type="checkbox"/> Provide Friends of Education with a copy of such notice. <input type="checkbox"/> Retain records of past contracts with proof that they were fully paid. (see Records Retention, below) <input type="checkbox"/> Telephone, gas, electric, water, insurance (premises and D&O insurance, should remain operative through the end of classes and to the extent necessary to wind up the School’s affairs beyond that time. <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</p>				

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12	<p>Notify MDE/Schedule State Audit</p> <p>Notify Minnesota Department of Education and schedule MDE audit, as applicable.</p>				
13	<p>Notification of Employees and Benefit Providers</p> <p>After an employee termination date is established, notify all employees of termination of employment and/or contracts, and notify benefit providers of pending termination of all employees. 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"> <input type="checkbox"/> health care / health insurance; <input type="checkbox"/> life Insurance; <input type="checkbox"/> dental plans; <input type="checkbox"/> eyeglass plans; <input type="checkbox"/> cafeteria plans; <input type="checkbox"/> teacher retirement plans; and <input type="checkbox"/> other. <p>Specific rules and regulations may apply to such programs - Consult legal counsel.</p> <p>Employees should be notified of eligibility for Minnesota Unemployment Insurance pursuant to any applicable law and regulations. (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 end of classes, and additional reserve funds should be set aside.</p>				
14	<p>Notification re: Transportation Services</p> <p>As required by the contractual notice requirements, cancel school district or private transportation services.</p>				
15	<p>Notification Regarding Lawsuits</p>				

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	<p>Within 5 days after receiving notice and/or service of process regarding litigation against, or initiated by, the School, School Board or School employees, notify Friends of Education and provide copies of legal papers received.</p> <p>The School has an ongoing obligation to keep Friends of Education informed regarding such litigation, including bankruptcy, whether voluntary or involuntary, and to provide copies of all filings.</p>				
Assets, Insurance, Liquidation					
16	<p>Withholding</p> <ul style="list-style-type: none"> <input type="checkbox"/> Pay Federal withholding tax. <input type="checkbox"/> Pay State withholding tax. 				
17	<p>Payroll</p> <ul style="list-style-type: none"> <input type="checkbox"/> Pay Staff through last day of employment. 				
18	<p>List of Creditors and Debtors; UCC Search</p> <ul style="list-style-type: none"> <input type="checkbox"/> 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. <input type="checkbox"/> Perform a UCC search to determine if there are any secured creditors and to what assets security interests are attached. <input type="checkbox"/> Provide a copy of the list of creditors to the Friends of Education with the amount owed to each creditor thereon and the amount owed by each debtor. 				
19	<p>Notification to Creditors</p> <p>Notify all creditors of its closure.</p> <p>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</p>				

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	<p>the School’s calculation of the debt and be reconciled between the parties.</p> <p>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. Consult Legal Counsel.</p>				
20	<p>Notification to Debtors</p> <p>Within thirty (30) days the School must contact all debtors and demand payment. 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.</p>				
21	<p>Reconciliation with District(s)</p> <p>The School must reconcile its billings and payments with the districts, including special education payments.</p>				
22	<p>School Wind-Up Plan and Action</p> <p>The School 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 trustees. Priority should be given to continuing the School’s educational program through the end of the charter termination and retaining funds to complete the wind-up process.</p> <ul style="list-style-type: none"> <input type="checkbox"/> The initial plan should be adopted within 20 days of and be updated at least twice per month. <input type="checkbox"/> Termination of non-essential personnel and cancellation of non-essential services prior to end of classes. <input type="checkbox"/> 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). <input type="checkbox"/> 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. <input type="checkbox"/> Liquidation or closing of bank accounts according to a schedule that 				

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	<p>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 for dissolution in accordance with Minn. Stat. Ch. 124E.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Cancellation of corporate credit cards and lines of credit. <input type="checkbox"/> 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. <input type="checkbox"/> Status reports on the implementation of the School Wind-Up Plan to be submitted to the Friends of Education through Interim Statements and a Final Statement (below). 				
23	<p>Protection of Assets; Insurance</p> <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"> <input type="checkbox"/> Existing insurance coverage should be maintained on the assets until the disposal of such assets. <input type="checkbox"/> Continue existing insurance for School Facility, and other assets until 1) disposal or transfer of real estate or termination of lease, and 2) disposal, transfer or sale of other assets are sold, respectively. <input type="checkbox"/> Negotiate School Facility insurance with entities that may take possession of School Facility – landlord, mortgagors; bond holders, etc., if possible. <input type="checkbox"/> Appropriate security services should be obtained or maintained. <input type="checkbox"/> Action may include moving assets to secure storage after closure or loss of the School Facility. 				
24	<p>D&O Insurance</p> <p>Maintain existing directors and officers liability (D&O) insurance, if any, until final dissolution of the School.</p>				
25	<p>Inventory</p> <p>No later than 30 days prior to end of classes, <u>all</u> of the School’s assets must be inventoried and/or its inventory updated.</p> <ul style="list-style-type: none"> <input type="checkbox"/> All assets of the School, (not just assets over a certain dollar value) must be 				

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	<p>inventoried.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Separately identify assets purchased with federal grant funds. <input type="checkbox"/> Provide Friends of Education with a copy of the inventory. <input type="checkbox"/> Identify assets belonging to other entities (school district, county, municipality, health department, sponsoring foundation, vendors, PTA, etc.), including those borrowed or loaned. <input type="checkbox"/> Identify assets encumbered by the terms of a contingent gift, grant or donation, or a security interest. <input type="checkbox"/> Return assets not belonging to School and document same. 				
26	<p>Liquidation of Assets</p> <ul style="list-style-type: none"> <input type="checkbox"/> Federally purchased property may not be sold to pay creditors and, according to specific program guidance, must either be returned to the awarding agency or distributed for similar use to another eligible entity. Assets purchased with federal grant funds may be given to other charter schools. <input type="checkbox"/> Assets not purchased with federal grant funds 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 the secured party should be contacted. <input type="checkbox"/> Assets valued at \$100,000+ must be advertised and disposed via sealed bid. <input type="checkbox"/> Assets valued between \$25,000 - \$100,000 must obtain at least two bids before disposition. <p>School Board members and their relatives as well as employees and students of the School may participate in any auction/sealed bidding process provided the party has disclosed his/her relationship 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> <p><i>School board members, their relatives, employees and students of the school may not purchase school assets other than through auction or sealed bid.</i></p>				
27	<p>Interim/Final Statements</p> <p>No later than 10 days after end of classes, prepare, and submit to the Friends of Education, an interim statement to Friends of Education, of the status of all contracts and other obligations of the School and all funds, including principal</p>				

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	<p>and accrued interest, owed to, and by, the School Corporation, with supporting evidence showing:</p> <ul style="list-style-type: none"> <input type="checkbox"/> all creditors or former creditors, any amounts paid to creditors (or in-kind exchanges of assets), and any amounts of debt of the School outstanding, including principal and accrued interest, as of the date of the interim report; and <input type="checkbox"/> all amounts owed to the School by debtors, any amounts paid by debtors, and whether any debtors have paid in full, and any amounts outstanding; and <input type="checkbox"/> all income generated through sale or auction of assets and any other change in status of assets. <p>The School will prepare and submit such statements at 30 day intervals until the final statement (below) is prepared and submitted.</p>				
28	<p>Final Statement</p> <p>No later than 10 days prior to the filing of a dissolution proceeding, the School shall prepare a final statement of the status of all contracts and other obligations of the School, 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"> <input type="checkbox"/> 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 <input type="checkbox"/> each remaining creditor and any and all amounts owed to each creditor, including principal and accrued interest through the date of such statement; and <input type="checkbox"/> statement that (a) all debts have been collected, or (b) that good faith efforts have been made to collect same, and <input type="checkbox"/> each remaining debtor of the School and the amounts owed by each debtor, including principal and accrued interest. <input type="checkbox"/> This statement is in addition to the final Financial Statement Audit (below). 				
Corporate Records / Accounting					

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29	<p>Final Financial External Audit</p> <p>The School must have an external audit performed in accordance with Applicable law.</p> <p><input type="checkbox"/> File as requested by Minn. Stat 124E</p>				
30	<p>Charter Reports; Final Annual Report</p> <p>During the course of the wind-up process, the School must comply with its reporting or notice obligations under the charter (including, but not limited to, resignations of Board members, etc.), and its reporting and notice obligations.</p>				
31	<p>Closeout of State and Federal Grants</p> <p>State, federal and other grants must be closed out, including:</p> <p><input type="checkbox"/> Notification to the grant entity of the School closure; and</p> <p><input type="checkbox"/> Filing of any required expenditure reports or receipts and any required program reports.</p>				
32	<p>IRS Status; Reports</p> <p><input type="checkbox"/> Notification to IRS regarding any address change of the School; and</p> <p><input type="checkbox"/> Filing of required tax returns or reports (e.g., IRS form 990 and Schedule A) for school year in which school ceases operation.</p> <p><input type="checkbox"/> Notify the IRS of dissolution of the education corporation and its 501(C) (3) status.</p> <p><input type="checkbox"/> File final tax returns or reports.</p>				
33	<p>Minnesota Charitable Organization Report</p> <p><input type="checkbox"/> Notification re: Any change of address</p> <p><input type="checkbox"/> Filing of return for school year in which school ceases operation.</p> <p><input type="checkbox"/> File final report.</p>				
34	<p>Corporate Records</p> <p>In all cases, the School Board shall maintain all corporate records related to:</p>				

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	<ul style="list-style-type: none"> <input type="checkbox"/> Loans, bonds, mortgages and other financing; <input type="checkbox"/> Contracts; <input type="checkbox"/> Leases; <input type="checkbox"/> Assets and asset sales; <input type="checkbox"/> Grants—records relating to federal grants must be kept in accordance with federal regulations, e.g. 2 CFR 200.334 – 200.338. <input type="checkbox"/> Governance (Minutes, by-laws, policies); <input type="checkbox"/> Employees (background checks, personnel files); <input type="checkbox"/> Accounting/audit, taxes and tax status, etc; <input type="checkbox"/> Personnel, <input type="checkbox"/> Employee benefit programs and benefits; and <input type="checkbox"/> Any items listed in this Closure Plan. <p>Any and all records not previously sent to the school district must be retained by a designated school representative.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Notify Friends of Education of name and address where all records not sent to the school district are retained. 				
Dissolution / Final Distribution of Assets					
35	<p>Dissolution</p> <p>The School Board must follow the dissolution provisions provided by Applicable Law.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Board adopts intent to dissolve resolution which includes a plan of dissolution. <input type="checkbox"/> Secure any required affirmation/approvals. <input type="checkbox"/> File notice of intent to dissolve with Minnesota Secretary of State. <input type="checkbox"/> File notice with Minnesota Attorney General’s office. <input type="checkbox"/> Publish notice for unknown creditors and provide written notice to known creditors or provide written notice. <ul style="list-style-type: none"> <input type="checkbox"/> Distribute Assets <input type="checkbox"/> Board approves Articles of Dissolution and files with Secretary of State and 				

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	submits copy to Friends of Education.				
36	<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.</p> <p>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.</p> <ul style="list-style-type: none"> ❑ An itemized receipt must be obtained from each recipient of an asset containing the name, address and telephone number of the recipient. ❑ 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. <i>See</i> 2 CFR 200.0-200.521. 				