



Department of Administration

John O. Norquist  
Mayor

David R. Riemer  
Director

Kenneth Munson  
Deputy Director

June 25, 1998

Downtown Montessori Academy, Inc.  
Attorney Kathleen O. Miller  
100 E. Wisconsin Avenue #1010  
Milwaukee, Wisconsin 53202-4107

Dear Ms. Miller:

I am pleased to inform you that, on June 23, 1998, pursuant to Chapter 330 of the City of Milwaukee Code of Ordinances, the Charter School Review Committee found, under Section 330-15, that:

- Your application complies with the requirements of Sections 330-5 and 330-7;
- Your school will operate an education program that has a reasonable prospect of providing Milwaukee children a good education; and
- Your school has an appropriate governance structure, sound system of management, adequate budget and budget process, and a qualified body of administrators, teachers, and staff.

Accordingly, under Section 330-17, the Committee has recommended that your charter school application be granted by the Common Council of the City of Milwaukee.

The Charter School Review Committee has communicated its recommendations to the City Attorney's office. Section 330-21 requires that the City Attorney's office now negotiate a proposed contract with your school. Please call Assistant City Attorney Roxane Crawford regarding the development of a contract. The proposed contract must be worked out with the City Attorney's office by approximately July 13, 1998, in order for your school's charter school application to be acted upon by the Common Council in time for the 1998-99 school year.

A public hearing on your application, the Charter School Review Committee's recommendation, and the proposed contract will be held by the Steering and Rules Committee of the Common Council on July 16, 1998, at 1:30 PM. The hearing will be held in City Hall at a room yet to be designated. You should, if at all possible, plan to

have representatives of your school attend the hearing, in order to answer any questions. You may also wish to address the Steering and Rules Committee.

If the Steering and Rules Committee approves the Charter School Review Committee's recommendation and the proposed contract, a motion approving both the recommendation and contract will be taken up by the full Common Council at its July 24, 1998, meeting. The Council meets at 9:00 AM in the Common Council chambers in City Hall, on the third floor.

If the motion to approve the Charter School Review Committee's recommendation and the proposed contract is passed by the Common Council, the contract will then be signed by all parties.

If there are any changes in this schedule, I will let you know.

If you have any questions about any aspect of this process, please do not hesitate to contact me.

Sincerely,



David R. Riemer

Director of Administration

cc. Charter School Review Committee  
Assistant City Attorney Roxane Crawford  
City Clerk Ron Leonhardt



Charter School Review Committee

Howard L. Fuller  
Chair

Mary E. Diez  
Vice Chair

W. Martin Morics, CPA  
City Comptroller, *Ex Officio*

Nancy J. Bush  
James Gultry  
Committee Members

Pilar I. Gonzalez  
Robert C. Jasna

Carla Y. Cross  
Technical Reviewer

June 15, 1998

Dr. Howard L. Fuller  
Chairman  
Charter School Review Committee  
City Hall  
Milwaukee, WI 53202

Dear Dr. Fuller:

Based on the criteria established by the Charter School Review Committee, I find that the application of Christ Our Montessori Academy, Inc. complies with the technical requirements of Section 118.40, Wisconsin Statutes, as amended, and Chapter 330, Milwaukee Code of Ordinances. A report on my findings will be submitted to the Committee on June 19, 1998.

Sincerely,

Carla Y. Cross  
Technical Reviewer



**Charter School Review Committee**

**Howard L. Fuller**  
Chair

**Mary E. Diez**  
Vice Chair

**W. Martin Morics, CPA**  
City Comptroller, *Ex Officio*

**Nancy J. Bush**  
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**Pilar L. Gonzalez**  
**Robert C. Jaena**

**Carla Y. Cross**  
Technical Reviewer

**TECHNICAL REVIEWER'S REPORT**

**June 19, 1998**

**Applicant:** Downtown Montessori Academy, Inc.  
**Address:** 100 West Pleasant Street  
Milwaukee, WI 53212  
**Contact Person:** Virginia Flynn  
**Telephone:** 562-7225 **Fax:**

**Application Summary**

**Number of Students:** 44, K-4 and K-5 (36 FTE)  
**Governance:** Board of Directors  
**Legal Entity:** Downtown Montessori Academy, Inc., a non-sock Wisconsin Corporation.  
**Financial Manager:** Elizabeth M. Sottile, CPA  
**Total Estimated Expenses:** \$188,503 or \$3,927/student  
**Facility:** Leased with valid occupancy permit  
**Liability Insurance:** Coverages at amounts established by CSRC  
**Audits:** School Choice Audit prepared by Reilly Penner Benton

**Educational Program:**

**Curriculum:** Montessori

**Academic Goals and Evaluation Standards:** See application

**Testing:** Iowa Test of Basic Skills and 3<sup>rd</sup> Grade Reading test after school expands to K-3<sup>rd</sup> Grade

**Admissions Requirements:** City of Milwaukee residents for students under 5 years. Previous Montessori experience for children 5 years and older.

**Parent Involvement:** See application

**Disciplinary Procedures:** See application

**Children with Disabilities:** Will accept responsibility for students who have high-cost needs, providing that funding follows the students.

**Children At-Risk:** Not applicable

**Background Checks:**

The Fire and Police Commission investigated the traffic and criminal history of the following individuals associated by DMA revealed:

	<b>Traffic</b>	<b>Criminal</b>
Virginia M. Flynn	Valid Wisconsin Driver's License	No Criminal History
Elizabeth Sottile	No Driver's License*	No Criminal History

\*The Fire and Police Commission is rechecking all traffic history reports that show no driver's license. An updated report will be available during the week of June 22, 1998.

**Technical Review:**

A review of the original application of the Downtown Montessori Academy, Inc. ("DMA") found that it was technically deficient. The deficiency notice, along with a list of application deficiencies, and the original application was hand-delivered to Kathleen Ortman Miller, Corporate Secretary, on June 7, 1998. The notice stated that DMA should submit information to correct its deficiencies by 4:30 p.m. on June 10, 1998.

On June 10, 1998, DMA submitted all available information to correct the deficiencies or provided explanations for the information not submitted.

At its June 11, 1998 meeting, the CSRC established criteria to deem an application in compliance with the charter school state statutes and city ordinances and extended the deadlines for applicants to submit information.

On June 12, 1998, the technical reviewer faxed a draft of a notice that informed DMA of the public hearing and the extensions of time to submit information requested by the technical reviewer. The final notice was delivered to the home of Kathleen Ortman Miller on June 14, 1998.

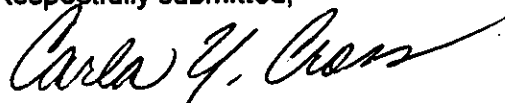
By Monday, June 15, 1998, DMA submitted the information requested to meet the criteria established by the Charter School Review Committee to deem its application in compliance with the applicable state statutes and city ordinances.

Site Visit: June 9, 1998 at 2:30 p.m.

**Findings:**

Based on the criteria established by the Charter School Review Committee, Downtown Montessori Academy application complies with the technical requirements of Section 118.40, Wisconsin Statutes, as amended, and Chapter 330, Milwaukee Code of Ordinances.

Respectfully submitted,



Carla Y. Cross  
Technical Reviewer



**Charter School Review Committee**

**Howard L. Fuller**  
Chair

**Mary E. Diez**  
Vice Chair

**W. Martin Morics, CPA**  
City Comptroller, *Ex Officio*

**Nancy J. Bush**  
**James Gultry**  
Committee Members

**Pilar I. Gonzalez**  
**Robert C. Jasna**

**Carla Y. Cross**  
Technical Reviewer

**Executive Summary**

**Applicant:** Downtown Montessori Academy, Inc.  
**Address:** 100 West Pleasant Street Milwaukee, WI 53212  
**Contact Person:** Virginia Flynn Telephone: 562-7225

The Downtown Montessori Academy, Inc. will have a Montessori kindergarten and early elementary curriculum, emphasizing hands-on individualized learning. In addition, it will offer music, art, and foreign language. They intend to offer programs from 2-1/2 year old kindergarten through third grade. Certified Montessori teachers, a degreed art therapist and a music therapist will staff the school. Wrap-around day care will be available at reasonable rates and qualifying for W-2 childcare payments.

Downtown Montessori Academy's planned academic program is based on the educational model developed by Dr. Maria Montessori. In a Montessori program, each child's inborn desire to learn is nurtured through the academic program that follows the natural plan of a child's development. Individual learning is emphasized by offering a series of increasingly challenging exercises aimed at allowing students to develop their skills in mathematics, language, geography, science, art and music. Teachers serve as guides, with students working at their own pace. Montessori education develops confident children able to work together and respect one another. Computers will be available for usage to develop hands-on experience.

## **Application Summary**

**Number of Students:** 44, K-4 and K-5 (36 FTE)

**Governance:** Board of Directors

**Legal Entity:** Downtown Montessori Academy, Inc., a non-sock Wisconsin Corporation.

**Financial Manager:** Elizabeth M. Sottile, CPA

**Total Estimated Expenses:** \$188,503 or \$3,927/student

**Facility:** Leased with valid occupancy permit

**Liability Insurance:** Coverages at amounts established by CSRC

**Audits:** School Choice Audit prepared by Reilly Penner Benton

**Educational Program:**

**Curriculum:** Montessori

**Academic Goals and Evaluation Standards:** See application

**Testing:** Iowa Test of Basic Skills and 3<sup>rd</sup> Grade Reading test after school expands to K-3<sup>rd</sup> Grade

**Admissions Requirements:** City of Milwaukee residents for students under 5 years. Previous Montessori experience for children 5 years and older.

**Parent Involvement:** Volunteer at least 3 hours per year. A parent serves on the Board of Directors.

**Disciplinary Procedures:**

**Children with Disabilities:** Will accept responsibility for students who have high-cost needs, providing that funding follows the students.

**Children At-Risk:** Not applicable

KATHLEEN ORTMAN MILLER, S.C.  
ATTORNEYS AT LAW

100 East Wisconsin Avenue  
Suite 1010  
Milwaukee, Wisconsin 53202-4107  
Telephone (414) 272-7227 • Facsimile (414) 272-7317

CITY OF MILWAUKEE  
98 JUN 15 AM 9:01  
RONALD D. EDWARDS  
CITY CLERK

June 12, 1998

City of Milwaukee  
Charter School Review Committee  
Office of City Clerk, City Hall  
200 E. Wells Street, Rm. 205  
Milwaukee, WI 53202

Re: Downtown Montessori Academy Inc. application for  
Charter School status

Dear Madam or Sir:

In response to the June 12, 1998 request of Ms. Carla Cross, technical reviewer, please be advised as follows:

1. We are reviewing a prototype Accounting Policies and Procedures Manual obtained from the Wisconsin Charter School Resource Center for appropriateness to this school. If appropriate with minor modifications, that can be adopted by June 22, 1998. Otherwise CPA Elizabeth Sottile, our business manager, will be asked to recommend a procedure for meeting this requirement. As a CPA who is familiar with Generally Accepted Accounting Principles, she has indicated that current accounting procedures conform to these standards. This is confirmed by the independent auditor's report of Reilly, Penner and Benton, CPA, which was attached to our June 10, 1998 submission. Since key members of the Downtown Montessori Academy, Inc. Board of Trustees will be out of the city between June 13 and June 22, 1998, however, we may need to request additional time for consideration of any proposed draft. Any charter issued by the city could be subject to approval of such a document.

2. We've requested that our insurance agent add the requested \$10,000 in medical insurance coverage to the specimen insurance certificate provided with our June 10 submission.

3. We enclose a June 12, 1998 letter from the City of Milwaukee Board of Zoning Appeals verifying that the Downtown Montessori School application for Special Use is pending (although operation of a school is a permitted use in a C9G



mixed activity zone not requiring a variance).

Very truly yours,

KATHLEEN ORTMAN MILLER, S.C.

*Kathleen O. Miller*

Kathleen Ortman Miller

KOM/aev

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Board of Zoning Appeals

Chairman  
Craig H. Zetley

Members  
Danny L. Iverson  
Henry P. Szymanski  
Scott R. Winkler

Alternate  
Catherine M. Doyle

Second Alternate  
Georgia M. Cameron

Secretary  
Daniel A. O'Callaghan

MEMORANDUM

DATE: June 10, 1998  
TO: Charter School Review Committee  
FROM: Daniel A. O'Callaghan, Secretary *DO*  
SUBJECT: 100 E. Pleasant St. Application for Special Use

This memorandum is to certify that Downtown Montessori School currently has an application for Special Use pending before the Board of Zoning Appeals.

If you have any questions regarding this matter or require additional information, please do not hesitate to contact me at 286-2501.



**Charter School Review Committee**

**Howard L. Fuller**  
Chair

**Mary E. Diez**  
Vice Chair

**W. Martin Morics, CPA**  
City Comptroller, *Ex Officio*

**Nancy J. Bush**  
**James Gultry**  
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**Pilar I. Gonzalez**  
**Robert C. Jasna**

**Carla Y. Cross**  
Technical Reviewer

June 13, 1998

Downtown Montessori Academy, Inc.  
c/o Ms. Kathleen Ortman Miller  
100 East Wisconsin Avenue, Suite 1010  
Milwaukee, WI 53202-4107

Dear Ms. Miller:

Re: Charter School Application

**The Charter School Review Committee requests your presence at a public hearing on Monday, June 15, 1998 at 11:15 a.m. in Room 301-B, City Hall, to provide testimony and answer questions regarding your application.**

**On June 11, 1998, the Charter School Review Committee extended the time schools will have to submit information requested in their application deficiencies. By 8:30 a.m. on Monday, June 15, 1998, submit the following information to the Office of the City Clerk:**

1. A plan to complete and submit an Accounting Policies and Procedures Manual by June 22, 1998.
2. A plan to secure \$10,000 in medical insurance coverage.
3. Verification that the Board of Zoning Appeal ("BOZA") variance is valid or a plan to obtain a BOZA variance.

**By 4:30 p.m. on Monday, June 22, 1998, submit the following information to the Office of the City Clerk:**

1. The Accounting Policies and Procedures Manual.
2. If necessary, a copy of your application to BOZA for a variance and Building Inspection for an occupancy permit along with the timetable to complete the approval process.

Ms. Kathleen Ortman Miller  
Page 2  
June 13, 1998

3. For each instructional staff and Virginia Flynn provide a copy of:
  - a. their college transcripts; and
  - b. the letter from DPI acknowledging receipt of their application for a permit or license.

If you have any questions, please contact me at 449-4920.

Sincerely,



Carla Y. Cross  
Technical Reviewer

cc: Charter School Review Committee  
David Riemer

KATHLEEN ORTMAN MILLER, S.C.  
ATTORNEYS AT LAW

100 East Wisconsin Avenue  
Suite 1010  
Milwaukee, Wisconsin 53202-4107  
Telephone (414) 272-7227 • Facsimile (414) 272-7317

CITY OF MILWAUKEE  
99 JUN 10 PM 4:24  
RONALD D. LEONHART  
CITY CLERK

June 10, 1998

Charter School Review Committee  
Office of the City Clerk  
City Hall  
200 East Wells Street, Room 205  
Milwaukee, WI 53202

Re: Downtown Montessori Academy, Inc.  
Application for Charter School Status

Dear Sir or Madam:

The purpose of this letter is to respond to the request of the technical reviewer for the City of Milwaukee, Carla Cross, for additional information in respect to our application. It is provided in the same order in which Ms. Cross listed her requests.

Section I: School Operations.

A. Governance:

1. Attach Virginia Flynn's College Transcripts and Copy of DPI License.

As to Virginia Flynn, we attach a copy of a certification from Association Montessori Internationale, and copies of her official transcripts from College of Our Lady of The Elms and Mary Mount College.

Ms. Flynn is not currently licensed by the Department of Public Instruction because state law does not require that independent preschool or kindergarten teachers be certified. These school operations are planned to be transferred to Downtown Montessori Academy, Inc. upon approval of a charter. Application is being made for provisional certification of all Academy teachers. We understand a somewhat similar approach was used with Highland Community School when it received a charter from MPS. In fact, MPS makes use of a number of teachers holding provisional licenses. For example, Ms. Flynn reports receiving an offer to act as an MPS Montessori teacher.

We also attach a copy of the DPI license of Jennifer L. Lucas, a Milwaukee Public Schools teacher and parent advisor of Downtown Montessori Academy, Inc. Please note that the Academy Trustees include another DPI licensed MPS teacher (Michelle Kleiser), three attorneys who are parents of Downtown Montessori children (Kathleen Ortman Miller, Calvin Malone, and Cynthia Wynn), and one individual with a Ph.D. and an MBA (Bruce R. Thompson), also the parent of a Downtown Montessori child. The remaining Trustees are Virginia Flynn, the Director of Downtown Montessori School, Tina Zemen, a Masters Program art student and Assistant Teacher at Downtown Montessori School, and Kenneth Johnson, another parent member.

2. Attach Elizabeth Sotille's College Transcripts and Copies of Licenses.

The CPA license number, date of birth, and Social Security Number of Elizabeth Sotille have been provided to the technical reviewer. Inasmuch as Ms. Sotille is licensed by the State of Wisconsin as a Certified Public Accountant, her official college transcripts are in the possession of the State Licensing Board for CPA's. We were advised by Ms. Cross that that would be sufficient. A copy of Ms. Sotille's license is attached.

3. Describe the roles and responsibilities of the principal.

We will preface our description of the roles and responsibilities of the principal by referring to the fact that Virginia Flynn, as principal of the current Downtown Montessori School, supervises kindergarten and preschool Montessori teachers, specialty teachers, educational assistants, maintenance staff and also supervises interactions with independent contractors such as a dance teacher and music teachers who are permitted from time to time to offer group lessons to children at our location. Among the specialty teachers supervised by Ms. Flynn are art and music teachers with Bachelors Degrees. She also supervises assistant teachers, day care providers and other staff. Ms Flynn hires and fires teachers, coordinates daily activities of children and staff, supplies documentation for state licensing of day care services, trains American Montessori Internationale interns, confers with parents of enrolled and prospective students, and the business manager. She is a manager of teachers and an acute observer of interactions between children and teachers as well as a provider of information to the business manager.

4. Describe the means to report the results of parental involvement.

You asked by what means the results of parental involvement in the programs of the school are reported. Reporting of parental involvement is not a current requirement of law or Downtown Montessori administration.

Our policy is to strongly encourage parental involvement. This begins with a parent contract signed at the time of enrollment. The contract parents sign pledges a minimum number of hours per year of parental involvement. To date Downtown Montessori School has not monitored the hours of parental involvement, but it is clear that many put in much more time. It is our wish to be inclusive of as many families as possible, rather than exclusive. Any standard of involvement stated by us would be regarded as a goal, rather than a mandatory requirement. We would prefer to invest our staff efforts in encouraging efforts rather than requiring them. Nevertheless, if a uniform indicator of parental involvement is adopted as a matter of policy for City of Milwaukee Charter Schools, we will comply.

B. Management of The School.

1. Explain the school's plan to manage revenue deficits or other contingencies.

Since August, 1991 when Downtown Montessori School was taken over by Practical Programs, Inc., all expenses have been paid in a timely fashion from current revenue. A shareholder loan to the school in 1991 was repaid on a five-year schedule. Since 1991 all income not used on a monthly basis for expenses has been kept in a savings account, and over the years management has incrementally adopted plans to enhance teacher compensation and benefits as the financial abilities of the school developed. Since the charter school will be operated by the nonprofit Academy, there will be no further possibility of shareholder loans. Nevertheless, if a major financial need such as rehabilitation of additional space or acquisition of a building is anticipated, the nonprofit entity may be able to obtain financing based upon the charter and anticipated enrollment. Further, the nonprofit is expected to seek grants and to engage in community fundraising efforts, especially since such grants and gifts would be tax deductible under Section 501(c)(3) of the Internal Revenue Code. Since the charter school will carry on functions currently operated by Downtown Montessori School at the same location, there is a track record of income and expenses relating to the program.

2. Describe the fiscal management procedures or attach a copy of your Accounting Policies and Procedures.

The business manager of Downtown Montessori School, Elizabeth Sotille, C.P.A., has agreed to be responsible for the business management of Downtown Montessori Academy as a charter school. She follows Generally Accepted Accounting Principles for cash-basis accounting. The listing of her functions set forth in her resume attached to the initial application, included "process semi-monthly payroll, process accounts payable, maintain student data base, maintain accounts receivable including monthly billing and collection of past-due accounts."

3. Describe internal control procedures or attach a copy of your Accounting Policies and Procedures Manual.

The business manager is responsible for the day-to-day financial operations of the school and supplies that data to a separate accounting firm, which produces monthly financial statements and all tax filing documents. This procedure would be continued.

4. Describe investment policies and procedures.

Downtown Montessori School places all funds not consumed by monthly expenses in a separate savings account so that capital expenses and increases in teacher benefits can be planned. This procedure would be continued.

5. Attach a copy of your Statement of Cash Flows.

The financial statements of Downtown Montessori School are produced on a cash basis for calendar years; therefore there would be no separate statement of cash flow.

Revenues from tuition and fees are recorded as they are received, not as they are billed. This was done consciously as a conservative measure to avoid recording revenues that may or may not be actually received.

As a charter school, we would expect to modify this approach, so that charter payments would be accrued as they were earned.

C. Budget.



1. Include the assumptions used to calculate each expense item on the budget.

The assumed expenses in the budget are based on the actual history of expenses for care and education provided to children enrolled in kindergarten classes under the current Downtown Montessori School. These were adjusted on a pro rata basis for the appropriate number of children enrolled in that program from expenses for other programs such as those for one and two year olds, after-school care, and summer and holiday related Montessori and day care programs. We further assume that until we are able to expand to include a first grade through third grade class, that the Downtown Montessori Academy will operate at the same location presently occupied by Downtown Montessori School, that the same staff would be retained (although teacher wages would be increased as income permits), the teaching materials, student activity and classroom supply costs would remain the same unless increased because of available income, that the rent would increase by a predetermined amount under the current lease extension, that administrative compensation would be the same except to the extent of future budgeted increases, that taxes and licenses would be the same (bearing in mind that social security taxes vary at a predetermined percentage of employee wages), that employee benefits would not be enhanced further without income available to support it, but would be maintained at a comparable level to the current benefits. The same general rule can be applied to all other expense items. Projected teacher wages assume two full-time Montessori teachers, two full-time educational assistants, two-thirds of the time of a full-time administrator, and two-thirds of the time of a part-time business manager CPA. The remaining expenses such as telephone, etc. were based on actual 1997 calendar year expenses, of which two-thirds are treated as projections of the projected charter school expenses in Attachment F of our original application.

2. Explain your contingency plan for revenue shortfalls.

Revenue shortfalls which might occur would be paid out of reserves kept in a savings account with an FDIC insured institution holding all funds allocated for future needs. It has just come to our attention within the last three days that City of Milwaukee Charter Schools will be expected to absorb the cost of the technical review process. We request information as to this expected cost so that can be included in our financial planning.

During the first year or two of charter school status we expect to appoint a search committee to seek a site which would permit expanded enrollment once a stabilization of income and expenses following transition to charter school status has occurred.

3. Attach the 1997-98 school budget.

There is no 1997-1998 school budget for Downtown Montessori Academy, Inc. because that institute does not yet operate a school, although it has received IRS approval for 501(c)3 status following its formation as a Wisconsin nonprofit corporation. Attachment F to our original application contains a statement of projected income, direct costs and gross profits, which are an extrapolation from the actual 1997 income and expenses of Downtown Montessori School, prorated to represent the portion of the program which it is anticipated Downtown Montessori Academy could operate as a charter school kindergarten for the first year or two of its operation as a charter school.

4. Explain significant differences between 1997-98 and 1998-99 budgets.

See item 3.

D. Facility.

1. Identify the classrooms to be used by the charter school.

A floor plan of the current Downtown Montessori School is attached to our original application, as part of the lease amendment for Downtown Montessori School. The spaces bearing the notation "Montessori Classroom No. 2" and "Toddler Room" will be used as charter school kindergarten classrooms. Those students will share the "indoor play area" and the "outdoor playground" and "play deck."

2. Attach a copy of your notice to renew your lease.

Lease renewal notice is attached.

3. Your occupancy permit expired on September 27, 1992.

Current occupancy certificate is attached.

4. Attach proof of compliance with building codes.

See Item 3. Note also that Downtown Montessori School is currently licensed by the State of Wisconsin as a group day care facility. Issuance of this license is evidence of compliance to the satisfaction of the State of Wisconsin with all group day care regulations and City building codes relevant to the care of children.

E. Liability Insurance.

Specimen insurance certificate showing the City of Milwaukee as an additional insured under commercial general liability, auto liability and umbrella coverage, worker's compensation and employer's liability, Fidelity bond and errors and omissions coverage is attached. This certificate will be reissued to Downtown Montessori Academy, Inc. when charter school status is granted. It shows the City of Milwaukee as an additional insured and contains a certification that the City of Milwaukee and Charter School Review Committee would be notified in writing 30 days prior to any cancellation or material modification of said policies.

F. Audits.

1. We have attached the complete audit by Reilly, Penner & Benton, LLP, of the Downtown Montessori School and Child Care Center Parental Private School Choice Program for the year ended June 30, 1997.

2. We attach an engagement letter from Reilly, Penner & Benton, LLP for the performance of an audit of the financial statements of the Downtown Montessori Academy for the first year of operation. The letter specifies that the audit will be performed according to generally accepted auditing standards and will include tests of the accounting records of Downtown Montessori Academy, Inc. and other procedures necessary to enable that firm to express an unqualified opinion that the financial statements are fairly presented in all material respects in conformity with generally accepted accounting principles. It is also expected to conform to the requirements under the Wisconsin Administrative Code Chapter PL 35, "Parental Private School Choice Program."

Section II: Educational Program

A. Educational Results.

1. Describe rationale for choosing measures.

The measures suggested in the application were based on a judgment of their efficacy and their widespread use. Note that MPS does not record measures of results until the third grade, when it gives a reading test.

The Montessori Learning Review is a traditional approach widely used in public and private Montessori schools. The Iowa test of basic skills is widely used in many schools, although not in MPS until the fifth grade. The Wisconsin third grade reading test is the first test given in MPS, and we would plan to use that for purposes of comparability when our school reaches third grade.

2. Explain how school will report to sponsor.

We will report according the guidelines developed by the Charter School Committee and the City of Milwaukee.

B. Qualifications of Teaching Staff.

1. Describe the hiring standards the school will apply with respect to persons who have been convicted of a felony or misdemeanor or who have had a relevant professional license revoked or suspended.

We will determine whether the offense is relevant to work with children in consultation with legal counsel and the State. If the connection is relevant, the applicant would be excluded. Note that all employees and applicants for Downtown Montessori School are presently checked through a program of the State Department of Justice.

C. Admission Requirements.

1. Describe means to achieve racial and ethnic balance.

As a private school, we have been reasonably successful in obtaining racial and ethnic balance by targeting our market efforts to neighborhoods whose population is relatively under-represented in our schools. Because of this, our school has generally met the standards that MPS applies as a racially-balanced school. Unlike MPS, we would not be permitted under the law to impose racial quotas, and we would advertise periodically our nondiscrimination policy. However, we expect to continue to be successful in having a racial balance by being able to market to diverse groups in the urban population.

D. Disciplinary Procedures.

1. Explain role of parents and staff in disciplinary process. For early childhood, parents and staff coordinate their efforts. Please see page 9 of the Faculty Manual for a discussion of disciplinary problems. If a problem persists, a meeting is held with the principal, parents and child. If it seems necessary, there is a referral made to outside resources to assist behavior management therapy, which may occur within or outside the school.

2. Explain grounds for suspensions and expulsions. Please see page 11 of the Parent-Student Handbook.

3. Attach a summary of disciplinary actions taken during prior school year. None were taken during the prior school year.

C. Other.

1. Explain your plan to serve at-risk children. State statutes define as-risk children as children in grades 5 through 12. These would not be present in our school, which we presently operate through K-5 and envision expanding to grade 3. However, applying a more expansive definition of at-risk students, we find that Montessori education is often successful for students who would be lost in a regular classroom since Montessori education allows much more variability in the student's programs.

Very truly yours,

KATHLEEN ORTMAN MILLER, S.C.

  
Kathleen Ortman Miller

KOM/sae



Wisconsin Department of Public Instruction

LICENSE APPLICATION

PI-1602 (Rev. 10-97)

SUBMIT TO: DPI-TEACHER LICENSING
DRAWER 794
MILWAUKEE, WI 53293-0794

APPLICANT: Read instructions. Type or print legibly. Attach remittance and transcripts as appropriate. Incomplete Applications Will be Returned.

Check if materials will be submitted separately.

PRINCIPAL/ADMINISTRATOR/BOARD OFFICER: Complete Part IV, Experience Verification.

CERTIFYING OFFICER: Complete Part VI, Institutional Endorsement.

I. APPLICANT INFORMATION

Form I: Applicant Information. Fields include: 1. Legal Name (Last, First, Initial) with Mr./Ms. selection; 2. Social Security Number; 3. Issue/Expiration Date of Latest WI DPI License; 4. Date of Birth; 5. Telephone Area/No.; 6. Previous Name(s); 7. For Driver Educ. License request - WI Driver's License No. Handwritten entries: Flynn Virginia M, 1705 Williams Ave, So Milwaukee WI 53172, 9-19-43, Virginia Rodriguez, 415 562-7225, 414-764-3690.

II-A. EDUCATION

List most recent licensing program(s) and/or degree(s) first. Attach additional 8 1/2" x 11" sheets if necessary.

Table II-A: Education. Columns: Institution, Location City/State, Degree, Grad. Date Mo./Yr., College Approved Major(s), Minor(s). Rows: Sion Hill AmI (Dublin, Ireland, AMI(3-6), 196), College of Our Lady of Elms (Chicopee, Massachusetts, BA, 6-65), Psych/Philos, Art.

II-B. PHONICS

Refer to cover sheet. If you are applying for a license that authorizes teaching reading or language arts in grades PK-6, you must complete the following:

- College (where reading methods included phonics) AMI Montessori Training at Sion Hill
Course No./Title Reading & Language Program - Phonics Based
Year(s) 1965-1966

III. EXPERIENCE

and/or attach a complete chronological employment history since high school including (1) all professional education experience and (2) any other employment. Explain any gaps in your employment history. (Include a list of all states and/or countries in which you have ever worked or resided.) Attach additional 8 1/2" x 11" sheets if necessary.

Table III: Experience. Columns: School/Employer, Location City/State, Positions Held Grades or Subjects Taught, Dates - Month/Year From To. Row: Downtown Montessori (Milwaukee WI), Montessori Teacher (10-86), Principal (Present).

IV. EXPERIENCE VERIFICATION

To be completed by Principal/Administrator/Board Officer as required. (Not required for 5-year license renewal.)

TO THE BEST OF MY KNOWLEDGE, the information contained in Part III, above, is accurate. My signature confirms experience in education as successful.

Table IV: Experience Verification. Columns: Signature and Title, Date Signed, School District.

V. LICENSE REQUEST

I HEREBY CERTIFY that all information on this form and accompanying documents are true to the best of my knowledge. Any false statements may result in denial, revocation or suspension of license.

Form V: License Request. Fields include: APPLICANT SIGNATURE (Virginia M Flynn), Date Signed (6-15-98), 1. Year This License to Begin (July 1, 1998), 2. Type of License Requested (Initial, Intern, Substitute, Renewal, 1 year, Duplicate), 3. Grade(s)/Subject(s)/Position(s) for which license is being requested (Primary Montessori - 3-6 yrs).

FOR DPI USE

Table for DPI Use: FP, PP, CC boxes.

VI. INSTITUTIONAL ENDORSEMENT (Part II-A)

For Initial License Only

IE CERTIFYING OFFICIAL, CONFIRM that the education information listed in Part II is accurate, that the applicant has successfully completed this institution's state-approved education program, and that recommendation is hereby given for a Wisconsin license as requested in Part V, item 3 above.

Table VI: Institutional Endorsement. Columns: Signature of Certifying Officer, Date Signed, Name of Institution.

FOR BANK USE ONLY
Please indicate amount of remittance:

\$



**INSTRUCTIONS:** Applicants must respond to **ALL** questions before a license can be issued. Wisconsin law requires that all information received from the FBI and the state Justice Department as part of a background check remain confidential. Return with PI-1602 License Application form.

**FAILURE TO COMPLETE THIS FORM WILL RESULT IN DELAY OF PROCESSING LICENSE APPLICATION.**

For purposes of this application, "teaching" applies to all licensed school personnel which includes, but is not limited to, classroom teachers, counselors, social workers, psychologists, administrators, school library media specialists, substitute teachers, special education aides, etc.

- Yes  No  PR\* 1. Have you ever\* been disciplined for alleged misconduct in the course of any employment or as a member of any licensed or regulated profession for sexual misconduct including verbal or physical sexual harassment?
- Yes  No  PR\* 2. Have you ever\* resigned, been disciplined or dismissed from any teaching or other school position, in part, for alleged. (check any which apply)  
 immoral conduct<sup>1</sup> or  incompetence<sup>2</sup>
- Yes  No  PR\* 3. Have you ever\* had a certificate or license to teach or perform other school duties denied, revoked or suspended?
- Yes  No  PR\* 4. Is disciplinary action of your educationally related license currently pending in any state and/or country?
- Yes  No  PR\* 5. Have you ever\* been investigated for sexual conduct that resulted in a conviction or guilty adjudication for violating a civil law or a local ordinance?
- Yes  No  PR\* 6. Have you ever\* been convicted of any criminal offense in any state or country? (check any which apply)  
 felony or  misdemeanor?
- Yes  No  PR\* 7. Have you ever\* participated in a deferred prosecution program resulting from a criminal investigation?
- Yes  No  PR\* 8. Are you currently on probation in any state and/or country?
- Yes  No  PR\* 9. Have you ever\* been acquitted or found not guilty of a criminal offense involving sexual conduct, harm or threat of harm to another, for reasons of insanity, mental disease or defect, diminished mental capacity or comparable legal defense or basis?
- Yes  No  PR\* 10. Is any criminal charge currently pending against you in any state and/or country?
- Yes  No  PR\* 11. Have you or a school district you were employed by ever\* been a party to a civil settlement, award or agreement of any kind that involved an allegation concerning your sexual conduct?

For any "Yes" response, attach a written 8 1/2" x 11" explanation. Submit certified copies of any criminal complaint and if convicted, a copy of the criminal judgment. Also, submit any other relevant court documents pertinent to any of the questions raised.

\* If you have reported a "Yes" response on a previous application, check PR (previously reported) instead of Yes on this application if no further conviction(s) has occurred.

<sup>1</sup> "Immoral Conduct" means conduct or behavior that is contrary to commonly accepted moral or ethical standards and that endangers the health, safety, welfare or education of any pupil." Sec. 115.31(1)(c), Wis. Stats.

<sup>2</sup> "Incompetence" means substantial, prolonged patterns of inadequate performance of duties or the lack of ability, legal qualifications or fitness to discharge required duties, affecting the health, welfare safety or education of pupils." PI 3.04(1)(b), Wis. Admin. Code.

issuance of Initial or renewal license(s) is conditional upon the receipt of a satisfactory background investigation per s. 118.19(10)(e), Wis. Stats.

I HEREBY AFFIRM that all information on and with this application is true and complete to the best of my knowledge. I understand that any intentional misrepresentation of facts may result in denial of licensure and that falsification of statements on and with this application is punishable by law.

I HEREBY AUTHORIZE any of my previous employers, law enforcement agencies, and the courts to release information which pertains to my responses to questions in this section to the Wisconsin Department of Public Instruction upon request.

Name Print or type <input type="checkbox"/> Mr. <input checked="" type="checkbox"/> Ms. <i>Virginia M. Flynn</i>	Social Security No.** [REDACTED]	Date of Birth Mo./Day/Yr. 9-19-43
Signature <i>Virginia M. Flynn</i>	Telephone Area/No. (H) 414-764-3690 (M) 414-562-7225	Date Signed

\*\*Collection of social security number is used for validation purposes and will not be released without permission.



**INSTRUCTIONS: Applicant**—Complete Section II. If request is renewal of an emergency license, obtain verification signature Section III. Return this form with a license application form (PI-160 and appropriate fee payable to the Department of Public Instruction (after Sections I and IV have been completed by the district administrator or designated employing official).

**GENERAL INFORMATION**

Any person who will be assigned to a position whose preparation does not meet the licensing requirements for it must hold either a:

**Permit**—limited in time to one year or fraction thereof and to one specific assignment, given to permit the employment of a person who meets the minimum statutory requirements but who does not meet the minimum code requirements for teaching; or a

**Special License**—limited in time to one year or fraction thereof and to one specific assignment to permit the employment of a licensed teacher who does not meet the legal requirements for the teaching assignment for which a special license is required.

The emergency license must be requested by the employing district administrator or designated employing official and may not be requested before July 1 for the next school year.

**District Administrator or Designated Employing Official**—Complete Sections I and IV.

**Certifying Officer**—Complete and sign Section III. For renewal of emergency license only.

**I. EMPLOYMENT INFORMATION**

To be completed by district administrator or designated employing official

Applicant's Name Last, First, Middle Initial <i>Flynn, Virginia M.</i>		Social Security Number <i>[REDACTED]</i>
Type of Request <i>Check One</i> <input checked="" type="checkbox"/> Permit <input checked="" type="checkbox"/> Special	Type of Assignment <input checked="" type="checkbox"/> Full Time <input type="checkbox"/> Part Time If part-time, indicate percentage of school day %	Number of Semester Credits Completed in the Intended Teaching/Administrative Area <i>1yr AMI DIPLOMA</i>
Applicant's Intended Specific Teaching or Administrative Responsibility Include grade level(s), subject(s), position(s), etc. <i>Primary Montessori Teacher (3-6yr olds)</i>		

**II. APPLICANT'S VERIFICATION**

I understand that the issuance or denial of a special license or permit is at the discretion of the state superintendent. Renewal of this emergency license will be considered only if the employing district administrator or designated employing official requests the license and satisfactorily explains the need, and if six semester credits in an approved program are satisfactorily completed between emergency license issuance and renewal date.

Applicant's Signature <i>&gt; Virginia M Flynn</i>	Date Signed <i>6-15-98</i>
---	-------------------------------

**III. INSTITUTION'S VERIFICATION**

For renewal of Emergency License only

This verifies that the applicant is enrolled in an approved program and is pursuing academic and/or professional education courses and upon successful completion, may be recommended for a regular license. Within the past year, the applicant has earned at least six credits in an approved program at this Institution.

Signature of Certifying Officer <i>&gt;</i>	Date Signed
Name of College or University	Location



**IV. DISTRICT ADMINISTRATOR'S OR DESIGNATED EMPLOYING OFFICIAL'S JUSTIFICATION**

Explain and justify the need for this request in as much detail as possible. This justification is a determining factor in the issuance or denial of the request. If fully licensed candidates are available, the request will be denied unless the justification clearly indicates the specific reason why each licensed applicant is not employed.

I, the district administrator or designated employing official, certify that, to the best of my knowledge, the above information is correct. I understand that, by Wisconsin Administrative Code, the state superintendent may issue or deny this request for emergency licensure.

Signature of District Administrator or Designated Employing Official	Date Signed	Telephone Area/No.
Name and Street Address of School District	City	Zip  WI

No. D. 101

INTR. REGTR. NO. 220723

Association Montessori Internationale

This is to Certify

that

Virginia Flynn

was a student of the one year Montessori  
International Training Course held in Blackrock, Ireland  
from September 1965 to June 1966  
and attended lectures in the theory of the Montessori Method  
and on the application of the apparatus as used in Montessori  
classes by children from 3 to 6 years.

This student duly passed the Written and Oral Examinations.

SIGNED, ASSOCIATION MONTESSORI INTERNATIONALE

Swat Smak  
President.

Maria M. Montessori  
General Director.

N.B.—This does not entitle the holder to train teachers.

College of Our Lady of the Elm  
 Chittopee, Massachusetts

Official Transcript of Record

Name ELYNN, Virginia Mary - Mrs. Rodriguez  
 PRESENT ADDRESS: 1705 Williams Ave, So. Milwaukee, WI 53172  
 Address: 169 Crutwell Avenue, West Springfield, Massachusetts  
 New York  
 Admitted from Marymount College, Tarrytown-on-Hudson Date 1964  
 Attended from September 19 64 to 19 65 Graduated June 6, 19 65 Degree B.A.  
 Major Psychology Minor Art

YEAR	DEPARTMENT and CATALOGUE NUMBER	DESCRIPTIVE TITLE OF COURSE	FIRST SEMESTER				SECOND SEMESTER			
			Hours per Week		Credit in Sem. Hrs.	Grade	Hours per Week		Credit in Sem. Hrs.	Grade
			Rec.	Lab.			Rec.	Lab.		
1964	Theo. 203-4	Sacraments, Marr. Guid.	2		2	F	2		2	B
1965	Phil. 201-2-6	Gen., Rat. Psych., Ethics	3		3	A	5		5	B
	Art 201-2	Elements of Painting	3		3	B	3		3	A
	Art 101	Art Structure	3		3	A	-		-	A
	Art 203	Print Making	-		-	-	3		3	A
	Art 103	Drawing & Composition	3		3	B	-		-	A
	Soc. 303-4	Dev., Study of Soc. Thought	-		-	B	-		-	C
	Art 301	Ceramics	-		-	B	3		3	C
	Fre. 104	Intermediate French	3		3	C	3		3	A
Accepted from Marymount College										
	Biology				6					
	History				6					
	Philosophy				17					
	Theology				8					
	Speech				7					
	Psychology				12					
	Social Psychology				4					
	English				4					
	Mathematics				12					
	Sociology				3					
	French				3					

Total Credits secured 120

Total required for Graduation: ~~120~~ 120

Key to Grades: A 90-100  
 B 80- 89  
 C 70- 79

D 60-69  
 E 55-59 — Condition  
 F 54 and below — Failure

I — Incomplete

Length of each semester, including examination periods: 17 weeks  
 Length of hours: 50 minutes

OFFICIAL  
 ISSUED TO STUDENT

Transcript issued JUN 28 1988

Signed Sister Joseph Anne Moran  
 Registrar



MARYMOUNT COLLEGE  
 TARRYTOWN, ON HUDSON, N. Y.  
 OFFICE OF THE REGISTRAR

TRANSCRIPT OF RECORD

NAME FLYNN, Virginia M. (Mrs. Rodriguez)  
 ADDRESS 169 Craiwell Avenue, W. Springfield, Mass.  
 ADMITTED September 1961 FROM Ursuline Academy, Springfield  
 THIS TRANSCRIPT ISSUED TO

DATE ISSUED  
 COURSE Liberal Arts  
 DEGREE Wd. June 1964  
 ATTENDED SEMESTERS (16 WEEKS)

ENTRANCE RECORD		COLLEGE RECORD		1ST SEM. GRADE	2ND SEM. GRADE	CREDIT
SUBJECTS	UNITS					
			1961-1962			
ENGLISH	4	Biology: 101,02	General	D	C	6
LATIN	3	English: 111,2	Introd. to Lit. I & II	C	C	6
FRENCH	3	French: 103,04	Intermediate	D	D	6
SPANISH		History: 101,02	General European	F	C	3
ITALIAN		Philosophy: 101,02	Logic/ Philos. of Nature	B	B	4
GREEK		Theology: 101,02	Introduction	C	B	4
GERMAN		Speech: 107,08	Voice & Diction	C	B	2
MATHEMATICS	3	Liturgical Singing		B	B	-
SCIENCE	3	Physical Education		pass	pass	-
HISTORY	3		1962-1963			
SOCIAL SCIENCE		English: 211,2	Introd. to Lit III & IV	D	D	6
RELIGION		History: 101	General European	C	-	3
ELECTIVES		Mathematics: 106,06	Finite	D	F	3
		Philosophy: 305	Metaphysics	C	-	3
		201	Ethics	-	-	3
		Psychology: 201	General	C	-	3
		314	Mental Hygiene	-	B	3
		317	Applied	-	B	2
			Adv. Lab	-	A	2
		Theology: 201,02	God & Creation	F	C	2
		Speech: 313	Speech Disorders	B	-	2
		201	Oral Interpretation	-	C	1
		Liturgical Singing		D	C	-
		Physical Education		D	med.	-
			1963-1964			
		Philosophy: 301,02	Modern Thought	C	C	4
		Psychology: 313	Abnormal	B	-	3
		405,06	Adv. Lab.	C	F	2
		305,06	Experimental	C	F	3
		401,02	Seminar	C	A	2
		308,09	Social	A	A	4
		219,20	Statistics	D	F	3
		Sociology: 301	Principles	-	D	3
		Theology: 301,02	Mystical Body	C	F	2
		Speech: 315	Ed. of Exceptional Child	C	-	2
		Physical Education		med	-	-
		No classes taken during this time				
		Transcript closed				

SECRET COPY  
 Not an official transcript  
 without signature and seal

SECRET COPY  
 Not an official transcript  
 without signature and seal

DEDUCTED FOR EXCESS ABSENCE  
 HONORABLE DISMISSAL GRANTED UNLESS OTHERWISE STATED.

EXPLANATION OF GRADES: A-EXCELLENT B-VERY GOOD C-AVERAGE D-PASSING E-CONDIYON  
 ONE CREDIT IS EQUIVALENT TO ONE SEMESTER HOUR OF LECTURE OR TWO SEMESTER HOURS OF LABORATORY WORK.

NOT VALID WITHOUT SEAL

A COPY OF THE ROLL IS FORWARDED TO EACH ALMA MATER UNIVERSITY

REGISTRAR

SECRET COPY  
 Not an official transcript  
 without signature and seal

Wisconsin Department of Public Instruction  
**License**

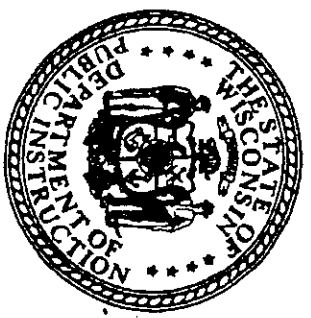
LICENSE NUMBER  
L220397943566

5-year License

ISSUED 07/01/1995      EXPIRED 06/30/2000

42 ELEMENTARY  
42 ELEMENTARY

JENNIFER L LUCAS  
090 PREKINDERGARTEN THRU KINDERGARTEN  
808 EARLY CHILDHOOD-EXCEPTIONAL ED NEEDS



This is to verify that the person named herein has furnished the State Superintendent of Public Instruction with satisfactory evidence of preparation and experience and is licensed for the position, subject and/or grade herein listed.

IN WITNESS WHEREOF, I HAVE HERETO AFFIXED MY SIGNATURE AND OFFICIAL SEAL.

*Jean T. Baran*  
STATE SUPERINTENDENT

KATHLEEN ORTMAN MILLER, S.C.  
ATTORNEYS AT LAW

100 East Wisconsin Avenue  
Suite 1010  
Milwaukee, Wisconsin 53202-4107  
Telephone (414) 272-7227 • Facsimile (414) 272-7317

June 10, 1998

Mr. Richard Weigand  
Milwaukee Fortress Building  
100 E. Pleasant Street  
Milwaukee, WI 53212

Dear Mr. Weigand:

This will confirm Bruce Thompson's conversation with you on June 10, 1998 confirming the agreement of Downtown Montessori School to extend it's lease for a fourth renewal term from August 1, 1998 to July 31, 2000 under the terms of the first amendment to lease executed by you and Mr. Walter on June 18, 1996.

Very truly yours,

KATHLEEN ORTMAN MILLER, S.C.

  
Kathleen Ortman Miller

KOM/aev

C:\LETTERS\Kathy's\dt.mont\061098-rtweigand.frm

3PM 8148 REV. (3/87)

DEPARTMENT OF BUILDING INSPECTION  
CITY OF MILWAUKEE, WISCONSIN

No 59567

MAR 13 1992

### CERTIFICATE of OCCUPANCY

ISSUED TO (SAME AS BELOW UNLESS NOTED HERE)

Practical Programs, Inc. (dba Downtown

OCCUPANCY LOCATION (SAME AS BELOW UNLESS NOTED HERE)

Montessori Schl.) 1718 N. 1st St.

AREA TO BE OCCUPIED

West 2/3 of 1st floor and enclosed exterior courtyard.

OCCUPANCY USE

Montessori pre-school and daycare. BOZA REQUIRED.

Kathleen Miller  
100 E. Wisconsin Ave.  
Milwaukee, WI 53202

\* OCCUPANCY MUST CONFORM WITH PROVISIONS OF CHAPTERS 200 AND 295 OF THE BUILDING AND ZONING CODE OF 1988.

THIS CERTIFICATE AFFECTS ONLY THE PREMISES USE AND DOES NOT PERMIT THE OCCUPANT TO CONDUCT A LICENSED BUSINESS OR ONE PROHIBITED BY LAW.

COMMISSIONER OF BUILDING INSPECTION  
CITY OF MILWAUKEE, WI

THIS CERTIFICATE IS VALID ONLY IF PAYMENT RECEIVED IS LEGAL TENDER AND A CITY OF MILWAUKEE VALIDATION APPEARS IN BLOCK PROVIDED.

1 • 150.00M

080291344

VOID IF NOT VALIDATED HERE

**ACORD CERTIFICATE OF LIABILITY INSURANCE** DATE (MM/DD/YY) 06/10/1998

PRODUCER (414)258-0440 FAX  
 Rebholz Insurance, Inc.  
 6300 West Bluemound Road  
 P. O. Box 13457  
 Milwaukee, WI  
 Attn: Lawrence Rebholz CIC Ext:

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

COMPANY A Scottsdale Insurance Company  
 COMPANY B Heritage Mutual Insurance  
 COMPANY C  
 COMPANY D

INSURED  
 Practical Programs Inc.  
 Downtown Montessori Academy, Inc.  
 P O Box 93104  
 Milwaukee, WI 53203

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CD LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input checked="" type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> OWNERS & CONTRACTORS PROT <input checked="" type="checkbox"/> includes Errors/Om	CLS111698-1	11/06/1997	11/06/1998	GENERAL AGGREGATE \$ 1,000,000 PRODUCTS - COMP/OP AGG \$ PERSONAL & ADV INJURY \$ 1,000,000 EACH OCCURRENCE \$ 1,000,000 FIRE DAMAGE (Any one tra) \$ 50,000 MED EXP (Any one person) \$
B	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	CA-C22625	09/06/1997	09/06/1998	COMBINED SINGLE LIMIT \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EACH ACCIDENT \$ AGGREGATE \$
A	EXCESS LIABILITY <input checked="" type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM	TO BE ASSIGNED	08/01/1998	11/06/1998	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY THE PROPRIETOR/PARTNERS/EXECUTIVE OFFICERS ARE: <input checked="" type="checkbox"/> INCL <input type="checkbox"/> EXCL	CWC-C22625	09/06/1997	09/06/1998	WC STATE/TORY LIMITS <input type="checkbox"/> OTHER \$ EL EACH ACCIDENT \$ 100,000 EL DISEASE - POLICY LIMIT \$ 500,000 EL DISEASE - EA EMPLOYEE \$ 100,000
B	OTHER Fidelity Bond	TO BE ASSIGNED	08/01/1998	08/01/1999	To Be Determined

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS  
 The Above captioned CGL, Auto, and Excess Liability policies include the following additional insured:  
 The City of Milwaukee

NOTE: THIS IS A SPECIMEN INSURANCE CERTIFICATE WHICH WILL BE REISSUED AFTER ADD'L POLICIES ARE ISSUED

THE CITY OF MILWAUKEE

The City of Milwaukee  
 Office of the City Clerk  
 City Hall  
 200 East Wells Street  
 Milwaukee, WI 53202

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT.

AUTHORIZED REPRESENTATIVE

IMPORTANT NOTE: INSURANCE CARRIERS WILL NOTIFY THE CHARTER SCHOOL REVIEW COMMITTEE AT LEAST 30 DAYS PRIOR TO A MATERIAL CHANGE TO OR TERMINATION OF ANY POLICY.

*Lawrence Rebholz*  
 AUTHORIZED REPRESENTATIVE MAS





# State of Wisconsin

DEPARTMENT OF REGULATION AND LICENSING  
COMMITTED TO EQUAL OPPORTUNITY IN EMPLOYMENT AND LICENSING

Activity  
CERTIFIED PUBLIC ACCOUNTANT

No: 14669

Expires: 12/31/1999

ELIZABETH M SOTTILE  
3237 N HUMBOLDT BLVD  
MILWAUKEE WI 53212

The person whose name appears on this document has complied with the provisions of the Wisconsin Statutes and is hereby authorized to engage in the practice indicated.



## DOWNTOWN MONTESSORI SCHOOL & CHILD CARE CENTER

September 4, 1997

### CLIENT'S COPY

Reilly, Penner & Benton LLP  
611 North Broadway, Suite 300  
Milwaukee, Wisconsin 53202

In connection with your audit of the Parental Private School Choice Program Financial Information Report ("Financial Report") of Downtown Montessori School and Child Care Center as of June 30, 1997 and for the year then ended for the purpose of expressing an opinion as to whether the Financial Report presents fairly, in all material respects, the pupil cost and any adjustment payment due to or from Downtown Montessori School and Child Care Center for its participation in the Parental Private School Choice Program in conformity with generally accepted accounting principles and Wisconsin Administrative Code PI35, "Parental Private School Choice Program", we confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. We are responsible for the fair presentation in the Financial Report of pupil cost and related adjustment due to or from Downtown Montessori School and Child Care Center in conformity with generally accepted accounting principles and Wisconsin Administrative Code PI35 "Parental Private Choice Program". The Financial Report includes all assets and liabilities under the organization's control.
2. We have made available to you all:
  - a. Financial records and related data, and all audit or relevant monitoring reports, if any, received from funding sources.
  - b. Minutes of meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no:
  - a. Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.
  - b. Fraudulent financial reporting or misappropriation of assets involving other employees that could have a material effect on the financial statements.
  - c. Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

100 E. Pleasant Street, Milwaukee, WI 53212

(across from Schlitz Park)

(414) 562-7225

Virginia Flynn - Director


4. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.
5. There are no:
  - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the Financial Report or as a basis for recording a loss contingency.
  - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5.
  - c. Designations of net assets disclosed to you that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the Financial Report.
6. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the Financial Report in accordance with Statement of Financial Accounting Standards No. 5, and we have not consulted a lawyer concerning litigation, claims, or assessments.
7. There are no material transactions that have not been properly recorded in the accounting records underlying the Financial Report.
8. Downtown Montessori School and Child Care Center has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged except as made known to you.
9. We have complied with all restrictions on resources and aspects of contractual and grant agreements that would have a material effect on the Financial Report in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
10. We have identified all accounting estimates that could be material to the Financial Report, including the key factors and significant assumptions underlying those estimates, and we believe the estimates and the bases for allocation of indirect costs by function are reasonable in the circumstances.
11. There are no such estimates that may be subject to material change in the near term that have not been properly disclosed in the Financial Report. We understand that near term means the period within one year of the date of the Financial Report.
12. No events have occurred subsequent to the Financial Report date that would require adjustments to, or disclosure in, the Financial Report.

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**PARENTAL PRIVATE SCHOOL CHOICE PROGRAM  
FINANCIAL INFORMATION REPORT  
FOR YEAR ENDED JUNE 30, 1997  
WITH INDEPENDENT AUDITOR'S OPINION**

<b>SCHOOL</b> DOWNTOWN MONTESSORI SCHOOL AND CHILD CARE CENTER	
<b>ADDRESS</b> 100 East Pleasant Street, Milwaukee, WI 53212	
<b>ADMINISTRATOR SIGNATURE</b> 	<b>DATE SIGNED</b> Sept 11, 1997
<b>ADMINISTRATOR NAME TYPE OR PRINT</b> BRUCE THOMPSON	<b>TELEPHONE AREA/NO.</b> 414/562-7225

REILLY, PENNER & BENTON LLP

CERTIFIED PUBLIC ACCOUNTANTS

MICHAEL M. PENNER  
RICHARD A. RAYMAKER  
STEVEN C. BARNEY  
STEVEN R. VOLZ  
DANIEL R. BROPHY  
THOMAS G. WIELAND  
MICHAEL W. VAN WAGENEN

JOHN E. REILLY · 1908-1945  
CARL PENNER · 1913-1970  
CLARENCE H. BENTON · 1919-1979

INDEPENDENT AUDITORS' REPORT ON THE PARENTAL PRIVATE SCHOOL  
CHOICE PROGRAM FINANCIAL INFORMATION REPORT TO  
THE WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION  
For the Year Ended June 30, 1997

Board of Directors  
Downtown Montessori School and Child Care Center  
Milwaukee, Wisconsin

We have audited the accompanying Parental Private School Choice Program Financial Information Report "Financial Report" to The Wisconsin Department of Public Instruction of Downtown Montessori School and Child Care Center for the year ended June 30, 1997. The Financial Report was prepared in accordance with requirements established by the Wisconsin Department of Public Instruction and is not intended to present financial position or results of operation in accordance with generally accepted accounting principles. The Financial Report is the responsibility of the management of Downtown Montessori School and Child Care Center. Our responsibility is to express an opinion on the Financial Report based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the requirements of the Wisconsin Administrative Code Chapter PI35, "Parental Private School Choice Program." Those standards and PI35 require that we plan and perform the audit to obtain reasonable assurance about whether the Parental Private School Choice Program Financial Information Report is free from material misstatement, and that the pupil cost and any adjustment payment due to or from Downtown Montessori School and Child Care Center for its participation in the Private School Choice Program for the year ended June 30 1997 is fairly presented. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Parental Private School Choice Program Financial Information Report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall report presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Financial Report referred to above presents fairly, in all material respects, the per pupil cost of Downtown Montessori School and Child Care Center and any adjustment payment due from (due to) school for its participation in the Parental Private School Choice Program for the year ended June 30, 1997 in accordance with requirements established by the Wisconsin Department of Public Instruction.

This report is intended for the information and use of the management of Downtown Montessori School and Child Care Center and the Wisconsin Department of Public Instruction. However, this report is a matter of public record upon acceptance by the Wisconsin Department of Public Instruction and its distribution is not limited.

*Reilly Penner & Benton*  
*hbp*

September 4, 1997

REILLY, PENNER & BENTON LLP  
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INDEPENDENT AUDITORS' REPORT

Board of Directors  
Downtown Montessori School and Child Care Center  
Milwaukee, Wisconsin

We have audited the Parental Private School Choice Program Financial Information Report of Downtown Montessori School and Child Care Center for the year ended June 30, 1997, and have issued our report thereon dated September 4, 1997. In connection with our audit, we examined the September 20, 1996 and January 10, 1997 pupil counts reported by the school to the Wisconsin Department of Public Instruction "WDPI." We found all pupils identified by the WDPI as participating in the Parental Choice Program to be eligible.

The WDPI considers pupil information to be confidential under both state (Sec. 118.125(2), Wisconsin Statutes), and federal law, 20 USC 1232g (Family Education Rights and Privacy Act, FERPA) and its implementing regulations, 34 CFR 99.31 (a)(9). Any information with individual pupil names should not be released to the public. If you have questions, you may wish to consult with the school's legal counsel.

*Reilly Penner & Benton  
LLP*

September 4, 1997

**PARENTAL PRIVATE SCHOOL CHOICE PROGRAM  
FINANCIAL INFORMATION REPORT  
SCHOOL NAME: Downtown Montessori School and Child Care Center  
SCHEDULE 1: PROGRAM ADJUSTMENT DUE FROM OR TO STATE  
YEAR ENDED JUNE 30, 1997**

**CHOICE STUDENT MEMBERSHIP FTE COMPUTATION**

LINE			AUDITED PUPIL COUNT (PER MEMBERSHIP AUDIT SCHEDULE 11)	MEMBERSHIP FTE (PUPIL COUNT * FTE FACTOR) ROUND TO NEAREST HUNDREDTH
			CHOICE STUDENTS ONLY	CHOICE STUDENTS ONLY
<b>SEPTEMBER COUNT</b>				
1	4 YR OLD KINDERGARTEN-437 HRS	0.5		
2	4 YR OLD KINDERGARTEN-524.5 HRS	0.6	6.00	3.60
3	1/2 DAY 5 YR OLD KINDERGARTEN	0.5		
4	OPERATING EXPENSES	0.6		
5	4 FULL DAY 5 YR OLD KINDERGARTEN	0.8		
6	5 FULL DAY 5 YR OLD KINDERGARTEN	1	5.00	5.00
7	GRADES 1-12	1		
8	<b>TOTAL</b>		11.00	8.60

		FTE FACTOR	AUDITED PUPIL COUNT (PER MEMBERSHIP AUDIT SCHEDULE 11)	CHOICE STUDENTS ONLY
<b>JANUARY COUNT</b>				
9	4 YR OLD KINDERGARTEN-437 HRS	0.5		
10	4 YR OLD KINDERGARTEN-524.5 HRS	0.6	6.00	3.60
11	1/2 DAY 5 YR OLD KINDERGARTEN	0.5		
12	3 FULL DAY 5 YR OLD KINDERGARTEN	0.6		
13	4 FULL DAY 5 YR OLD KINDERGARTEN	0.8		
14	5 FULL DAY 5 YR OLD KINDERGARTEN	1	5.00	5.00
15	GRADES 1-12	1		
16	<b>TOTAL</b>		11.00	8.60

**ADJUSTMENT DUE FROM (TO) STATE**

17	MEMBERSHIP AVERAGE OF TWO COUNT DATES	AVERAGE LINES 8 & 16 (FTE COLUMN)	8.60
18	ADD: SUMMER SCHOOL FTE	SUMMER SCHOOL SCHEDULE	N/A FOR FY 96/97
19	TOTAL MEMBERSHIP FTE BASIS	LINE 17 PLUS 18	8.60
20	PER PUPIL COST	SCHEDULE 2 LINE 31	10,816
21	MILWAUKEE SCHOOL DISTRICT FINAL AID ELIGIBILITY	DPI IDENTIFIED AMOUNT	4,373
22	ELIGIBLE PER PUPIL AMOUNT	LESSER OF LINE 20 OR 21	4,373
23	TOTAL CHOICE PAYMENT ELIGIBILITY	LINE 19 MULTIPLIED BY LINE 22	37,609
24	CHOICE PAYMENT CHECKS RECEIVED FROM STATE *	FROM SCHOOL RECORDS	37,609
25	CHOICE PAYMENT CHECKS RETURNED TO STATE	FROM SCHOOL RECORDS	
26	CHOICE PAYMENT CHECKS RETAINED	LINE 24 MINUS 25	37,609
27	ADJUSTMENT DUE FROM (TO) STATE	LINE 23 MINUS LINE 26	

\* Exclude from amount on Line 24 payments received by school for 1996 summer school.

**PARENTAL PRIVATE SCHOOL CHOICE PROGRAM  
FINANCIAL INFORMATION REPORT**  
**SCHOOL NAME: Downtown Montessori School and Child Care Center**  
**SCHEDULE 2: PER PUPIL COST COMPUTATION**  
**YEAR ENDED JUNE 30, 1997**

VE			ELIGIBLE COST
1	ELIGIBLE PROGRAM OPERATING EXPENSES	SCHEDULE 5 LINE 25	277,616
2	LESS: OPERATING EXPENSE FINANCED BY LONG-TERM DEBT	SCHEDULE 9 LINE 5	( )
3	ADD: PROGRAM RELATED LONG-TERM DEBT PRINCIPAL	SCHEDULE 8 LINE 18	
4	ADD: PROGRAM RELATED LONG-TERM DEBT INTEREST	SCHEDULE 8 LINE 18	
5	ADD: PROGRAM RELATED TEMPORARY BORROWING INTEREST	SCHEDULE 9 LINE 15	
6	ADD: CAPITAL OUTLAY CHARGE	SCHEDULE 6 LINE 17	62
7	ADD: START UP COST	SCHEDULE 5 LINE 35	
8	LESS: OFFSETTING REVENUE	SCHEDULE 4 LINE 17	( 5,109 )
9	LESS: SUMMER SCHOOL - SUMMER OF 1996	SCHEDULE 5 LINE 37	( )
10	LESS: SUMMER SCHOOL - SUMMER OF 1997	SCHEDULE 5 LINE 38	( )
11	NET ELIGIBLE PROGRAM COST	CALCULATE LINES 1 THROUGH 10	272,569

			AUDITED PUPIL COUNT (PER MEMBERSHIP AUDIT SCHEDULE 10)	MEMBERSHIP FTE (PUPIL COUNT * FTE FACTOR) ROUND TO NEAREST HUNDREDTH
SEPTEMBER COUNT		FTE FACTOR	ALL STUDENTS	ALL STUDENTS
12	4 YR OLD KINDERGARTEN-437 HRS	0.5		
13	4 YR OLD KINDERGARTEN-524.5 HRS	0.6	27.00	16.20
14	1/2 DAY 5 YR OLD KINDERGARTEN	0.5		
15	3 FULL DAY 5 YR OLD KINDERGARTEN	0.6		
16	4 FULL DAY 5 YR OLD KINDERGARTEN	0.8		
17	5 FULL DAY 5 YR OLD KINDERGARTEN	1	9.00	9.00
18	GRADES 1-12	1		
	TOTAL		36.00	25.20

			AUDITED PUPIL COUNT (PER MEMBERSHIP AUDIT SCHEDULE 10)	MEMBERSHIP FTE (PUPIL COUNT * FTE FACTOR) ROUND TO NEAREST HUNDREDTH
JANUARY COUNT		FTE FACTOR	ALL STUDENTS	ALL STUDENTS
20	4 YR OLD KINDERGARTEN-437 HRS	0.5		
21	4 YR OLD KINDERGARTEN-524.5 HRS	0.6	27.00	16.20
22	1/2 DAY 5 YR OLD KINDERGARTEN	0.5		
23	3 FULL DAY 5 YR OLD KINDERGARTEN	0.6		
24	4 FULL DAY 5 YR OLD KINDERGARTEN	0.8		
25	5 FULL DAY 5 YR OLD KINDERGARTEN	1	9.00	9.00
26	GRADES 1-12	1		
27	TOTAL		36.00	25.20

28	MEMBERSHIP AVERAGE OF TWO COUNT DATES	AVERAGE LINES 19 & 27 (FTE COLUMN)	25.20
29	ADD: SUMMER SCHOOL FTE	SUMMER SCHOOL SCHEDULE	N/A FOR FY 96/97
30	TOTAL MEMBERSHIP FTE BASIS	LINE 28 PLUS 29	25.20
31	PER PUPIL COST	LINE 11 DIVIDED BY LINE 30	10,816



**PARENTAL PRIVATE SCHOOL CHOICE PROGRAM  
 FINANCIAL INFORMATION REPORT  
 SCHOOL NAME: Downtown Montessori School and Child Care Center  
 SCHEDULE 3: OPERATING ORGANIZATION  
 ASSETS, LIABILITIES AND EQUITY  
 JUNE 30, 1996 and JUNE 30, 1997**

LINE	CODE	ITEM	June 30, 1996	June 30, 1997
1	1100	CASH AND INVESTMENTS	60,956	31,354
2	1200	RECEIVABLES	4,888	13,097
3	1300	PREPAID EXPENSES	1,400	3,400
4	1400	INVENTORIES	50	
5	1500	SHORT-TERM DEBT		
6	1600	OTHER CURRENT ASSETS		
7	1700	FIXED ASSETS	32,157	32,557
8	1800	ACCUMULATED DEPRECIATION	(28,183)	(29,346)
9	1900	OTHER NON CURRENT ASSETS		
10	1000	TOTAL ASSETS	71,268	51,062
11	2100	ACCOUNTS PAYABLE		
12	2200	ACCRUED PAYROLL & RELATED BENEFITS	17,782	18,517
13	2400	DEFERRED REVENUE		
14	2600	OTHER CURRENT LIABILITIES		1,475
15	2700	LONG-TERM DEBT		
16	2800	OTHER NONCURRENT LIABILITIES		
17	2910	INVESTMENT IN PLANT, PROPERTY & EQUIPMENT (NET OF DEPRECIATION)	3,974	3,211
18	2920	RESTRICTED FUND/EQUITY BALANCES		
19	2990	UNRESTRICTED FUND/EQUITY BALANCES	49,512	27,859
20	2000	TOTAL LIABILITIES AND FUND/EQUITY BALANCES	71,268	51,062

**PARENTAL PRIVATE SCHOOL CHOICE PROGRAM  
FINANCIAL INFORMATION REPORT**  
**SCHOOL NAME: Downtown Montessori School and Child Care Center**  
**SCHEDULE 4: OFFSETTING CHOICE PROGRAM REVENUE**  
**YEAR ENDING JUNE 30, 1997**

LINE	CODE	ITEM	FINANCING SOURCES	OFFSETTING CHOICE PROGRAM REVENUE	SCHEDULE REFERENCES
1	3110	TUITION	286,954		
2	3120	STATE CHOICE PROGRAM PAYMENT *	37,609		
3	3130	BOOK & SUPPLY FEES			
4	3140	TESTING FEES			
5	3190	OTHER PROGRAM FEES	3,695	2,870	
6	3200	CONTRIBUTIONS			
7	3300	RENTALS			
8	3400	FOOD SERVICE RECEIPTS			
9	3500	GOVERNMENT ASSISTANCE	2,883	2,239	
10	3610	LONG-TERM DEBT INVESTMENT INCOME			
11	3620	TEMPORARY DEBT INVESTMENT INCOME			
12	3690	OTHER INVESTMENT INCOME	592		
13	3710	LONG-TERM DEBT RECEIPTS			SCHEDULE # LINE 13
14	3720	TEMPORARY BORROWING DEBT RECEIPTS			SCHEDULE # LINE 15
15	3800	SALE OR EXCHANGE OF ASSETS			
16	3900	OTHER REVENUES AND ADJUSTMENTS	4,490		
17	3000	TOTAL FINANCING SOURCES	336,223	5,109	
				<b>SCHEDULE 2 LINE 8</b>	

\* Include on Line 2 payments received by school for 1996 summer school.

**PARENTAL PRIVATE SCHOOL CHOICE  
FINANCIAL INFORMATION REPORT**  
**SCHOOL NAME: Downtown Montessori School and Child Care Center**  
**SCHEDULE 5: ELIGIBLE CHOICE PROGRAM EXPENDITURES**  
**YEAR ENDING JUNE 30, 1997**

LINE	CODE	ITEM	TOTAL COST	CHOICE PROGRAM ELIGIBLE COST
1	4110	SALARIES-K-12 PROGRAMS	165,339	165,339
2	4120	SALARIES -FOOD SERVICES		
3	4190	SALARIES-OTHER	47,562	
4	4100	<b>TOTAL SALARIES</b>	212,901	165,339
5	4210	BENEFITS-K-12 PROGRAMS	20,948	20,948
6	4220	BENEFITS-FOOD SERVICES		
7	4290	BENEFITS-OTHER	6,026	
8	4200	<b>TOTAL BENEFITS</b>	26,974	20,948
9	4310	PROFESSIONAL SERVICES-K-12 PROGRAMS	3,049	3,049
10	4320	PROFESSIONAL SERVICES-FOOD SERVICES		
11	4390	PROFESSIONAL SERVICES-OTHER	877	
12	4300	<b>TOTAL PROFESSIONAL SERVICES</b>	3,926	3,049
13	4410	PROPERTY SERVICES-K-12 PROGRAMS	48,888	48,888
14	4420	PROPERTY SERVICES-FOOD SERVICES		
15	4490	PROPERTY SERVICES-OTHER	14,063	
16	4400	<b>TOTAL PROPERTY SERVICES</b>	62,951	48,888
17	4610	SUPPLIES-K-12 PROGRAMS	18,393	18,393
18	4620	SUPPLIES-FOOD SERVICES		
19	4690	SUPPLIES-OTHER	5,291	
20	4600	<b>TOTAL SUPPLIES</b>	23,684	18,393
21	4910	OTHER GOODS & SERVICES-K-12 PROGRAMS	20,999	20,999
22	4920	OTHER GOODS & SERVICES-FOOD SERVICES		
23	4990	OTHER GOODS & SERVICES -OTHER	6,041	
24	4900	<b>TOTAL OTHER GOODS &amp; SERVICES</b>	27,040	20,999
25	4000	<b>TOTAL OPERATING EXPENSES</b>	357,476	277,616
				SCHEDULE 2 LINE 1

**PARENTAL PRIVATE SCHOOL CHOICE  
FINANCIAL INFORMATION REPORT**  
**SCHOOL NAME: Downtown Montessori School and Child Care Center**  
**SCHEDULE 5: ELIGIBLE CHOICE PROGRAM EXPENDITURES**  
**YEAR ENDING JUNE 30, 1997**

LINE	CODE	ITEM	TOTAL COST	CHOICE PROGRAM ELIGIBLE COST	Schedule References
26	5100	EDUCATIONAL MEDIA			Schedule 6 Line 2
27	5200	EQUIPMENT	400		Schedule 6 Line 6
28	5300	BUILDINGS AND SITES			Schedule 6 Line 10
29	5400	LEASEHOLD IMPROVEMENTS			Schedule 6 Line 14
30	5500	LONG-TERM DEBT PRINCIPAL REPAYMENT			Schedule 8 Line 18
31	5600	LONG-TERM DEBT INTEREST PAYMENT			Schedule 8 Line 18
32	5700	TEMPORARY BORROWING PRINCIPAL REPAYMENT			Schedule 6 Line 15
33	5800	TEMPORARY BORROWING INTEREST PAYMENT			Schedule 9 Line 16
34	5000	TOTAL CAPITAL OUTLAY AND DEBT SERVICE	400		
35	9100	START-UP COST			Schedule 2 Line 7
36	9200	CHOICE PAYMENT REFUND	N/A FOR FY 96/97		
37	9300	SUMMER SCHOOL COST - SUMMER OF 1996			Schedule 2 Line 9
38	9400	SUMMER SCHOOL COST - SUMMER OF 1997			Schedule 2 Line 10
39		TOTAL EXPENDITURES (4000+5000+9200)	357,876		

**PARENTAL PREFERENCE SCHOOL CHOICE PROGRAM**  
**FINANCIAL INFORMATION REPORT**  
**SCHOOL NAME: Downtown Montessori School and Child Care Center**  
**SCHEDULE 6: CAPITAL OUTLAY ALLOCATION**  
**YEAR ENDED JUNE 30, 1997**

EDUCATIONAL MEDIA EXPENDITURE ALLOCATION										
LINE	ITEM	INITIAL OR PRIOR YEAR DEFERRED COST CARRYOVER	TOTAL CURRENT EXPENDITURE	LESS PORTION DEBT FINANCED	NON-DEBT FINANCED EXPENDITURE	PERCENTAGE RELATING TO CHOICE PROGRAM	CHOICE PROGRAM EXPENDITURE AMOUNT	TOTAL PROGRAM EXPENDITURE (100%) OR AMORTIZATION (20%)	CAPITAL OUTLAY CHARGE	DEFERRED CAPITAL COST
1	INITIAL BALANCE									
2	CURRENT									
3	PRIOR YEAR CARRYOVER BALANCE	N/A FOR FY 96/97	SCHEDULE 5 LINE 26						N/A FOR FY 96/97	N/A FOR FY 96/97
4	TOTALS									
	REFERENCES TO OTHER SCHEDULES			SCHEDULE 9 LINE 6						SCHEDULE 7 LINE 17

EQUIPMENT EXPENDITURE ALLOCATION										
LINE	ITEM	INITIAL OR PRIOR YEAR DEFERRED COST CARRYOVER	TOTAL CURRENT EXPENDITURE	LESS PORTION DEBT FINANCED	NON-DEBT FINANCED EXPENDITURE	PERCENTAGE RELATING TO CHOICE PROGRAM	CHOICE PROGRAM EXPENDITURE AMOUNT	TOTAL PROGRAM EXPENDITURE (100%) OR AMORTIZATION (20%)	CAPITAL OUTLAY CHARGE	DEFERRED CAPITAL COST
5	INITIAL BALANCE									
6	CURRENT		400		400	78%	312	20.00%	62	250
7	PRIOR YEAR CARRYOVER BALANCE	N/A FOR FY 96/97	SCHEDULE 5 LINE 27						N/A FOR FY 96/97	N/A FOR FY 96/97
8	TOTALS		400		400		312		62	250
	REFERENCES TO OTHER SCHEDULES			SCHEDULE 9 LINE 7						SCHEDULE 7 LINE 17

**PARENTAL PREFERENCE SCHOOL CHOICE PROGRAM**  
**FINANCIAL INFORMATION REPORT**  
**SCHOOL NAME: Downtown Montessori School and Child Care Center**  
**SCHEDULE 6: CAPITAL OUTLAY ALLOCATION**  
**YEAR ENDED JUNE 30, 1997**

BUILDINGS AND SITES EXPENDITURE ALLOCATION									
ITEM	INITIAL OR PRIOR YEAR DEFERRED COST CARRYOVER	TOTAL CURRENT EXPENDITURE	LESS PORTION DEBT FINANCED	NON-DEBT FINANCED EXPENDITURE	PERCENTAGE RELATING TO CHOICE PROGRAM	CHOICE PROGRAM EXPENDITURE AMOUNT	TOTAL PROGRAM EXPENDITURE (100%) OR AMORTIZATION (6.25%)	CAPITAL OUTLAY CHARGE	DEFERRED CAPITAL COST
9	INITIAL BALANCE								
10	CURRENT								
11	PRIOR YEAR CARRYOVER BALANCE	SCHEDULE 5 LINE 28						N/A FOR FY 96/97	N/A FOR FY 96/97
12	TOTALS		SCHEDULE 9 LINE 8						SCHEDULE 7 LINE 34
REFERENCES TO OTHER SCHEDULES									

LEASEHOLD IMPROVEMENTS EXPENDITURE ALLOCATION									
ITEM	INITIAL OR PRIOR YEAR DEFERRED COST CARRYOVER	TOTAL CURRENT EXPENDITURE	LESS PORTION DEBT FINANCED	NON-DEBT FINANCED EXPENDITURE	PERCENTAGE RELATING TO CHOICE PROGRAM	CHOICE PROGRAM EXPENDITURE AMOUNT	TOTAL PROGRAM EXPENDITURE (100%) OR AMORTIZATION OVER LEASE PERIOD	CAPITAL OUTLAY CHARGE	DEFERRED CAPITAL COST
13	INITIAL BALANCE								
14	CURRENT								
15	PRIOR YEAR CARRYOVER BALANCE	SCHEDULE 5 LINE 29						N/A FOR FY 96/97	N/A FOR FY 96/97
16	TOTALS		SCHEDULE 9 LINE 9						SCHEDULE 7 LINE 34
REFERENCES TO OTHER SCHEDULES									

17	TOTAL CAPITAL OUTLAY CHARGE								SUM OF LINES 4+8+12+16	62	SCHEDULE 2 LINE 6
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**PARENTAL PRIVACY SCHOOL CHOICE PROGRAM**  
**FINANCIAL INFORMATION REPORT**  
**SCHOOL NAME: DOWNTOWN MONTROSSI SCHOOL AND CHILD CARE CENTER**  
**SCHEDULE 7: DEFERRED CAPITAL OUTLAY CHARGE BALANCES**  
**YEAR ENDING JUNE 30, 1997**

LINE	YEAR ENDING JUNE 30	EDUCATIONAL MEDIA			EQUIPMENT		
		INITIAL OR PRIOR YEAR BALANCE BROUGHT FORWARD	ANNUAL CAPITAL OUTLAY AMORTIZED AMOUNT	DEFERRED CHARGE CARROVER BALANCE	INITIAL OR PRIOR YEAR BALANCE BROUGHT FORWARD	ANNUAL CAPITAL OUTLAY AMORTIZED AMOUNT	DEFERRED CHARGE CARROVER BALANCE
1	1997					250	
2	1998				250	188	
3	1999				188	125	
4	2000				125	63	
5	2001				63		
6	2002						
7	2003						
8	2004						
9	2005						
10	2006						
11	2007						
12	2008						
13	2009						
14	2010						
15	2011						
16	2012						
17	<b>TOTALS</b>						

SCHEDULE 6 LINE 4

250  
SCHEDULE 6 LINE 8

**PARENTAL PRIVACY: SCHOOL CHOICE PROGRAM**  
**FINANCIAL INFORMATION REPORT**  
**SCHOOL NAME: Downtown Montessori School and Child Care Center**  
**SCHEDULE 7: DEFERRED CAPITAL OUTLAY CHARGE BALANCES**  
**YEAR ENDING JUNE 30, 1997**

LINE	YEAR ENDING JUNE 30	BUILDINGS AND SITES			LEASEHOLD IMPROVEMENTS		
		INITIAL OR PRIOR YEAR BALANCE BROUGHT FORWARD	ANNUAL CAPITAL OUTLAY AMORTIZED AMOUNT	DEFERRED CHARGE CARROVER BALANCE	INITIAL OR PRIOR YEAR BALANCE BROUGHT FORWARD	ANNUAL CAPITAL OUTLAY AMORTIZED AMOUNT	DEFERRED CHARGE CARROVER BALANCE
18	1997						
19	1998						
20	1999						
21	2000						
22	2001						
23	2002						
24	2003						
25	2004						
26	2005						
27	2006						
28	2007						
29	2008						
30	2009						
31	2010						
32	2011						
33	2012						
<b>34</b>	<b>TOTALS</b>						
		<b>SCHEDULE 6 LINE 12</b>			<b>SCHEDULE 6 LINE 16</b>		



**PARENTAL PRIVACY SCHOOL CHOICE PROGRAM  
FINANCIAL INFORMATION REPORT**

SCHOOL NAME: Downtown Montessori School and Child Care Center  
SCHEDULE 8: LONG-TERM DEBT TRANSACTIONS  
YEAR ENDED JUNE 30, 1997

LINE	OUTSTANDING LONG-TERM DEBT BALANCE (IDENTIFY PAYEE AND DATE INCURRED)	PERCENTAGE RELATING TO CHOICE PROGRAM	PRINCIPAL PAID DURING YEAR				INTEREST PAID DURING YEAR			
			PRINCIPAL OUTSTANDING AT BEGINNING OF YEAR	PRINCIPAL INCURRED DURING YEAR	TOTAL PRINCIPAL PAID DURING YEAR	PRINCIPAL AMT RELATING TO CHOICE PROGRAM	PRINCIPAL OUTSTANDING AT END OF YEAR	TOTAL INTEREST PAID DURING YEAR	INTEREST AMT RELATING TO CHOICE PROGRAM	
1	<b>MORTGAGES:</b>									
2										
3										
4	<b>OPERATING EXPENSES</b>									
5	<b>BANK LOANS:</b>									
6										
7										
8	<b>TOTAL BANK LOANS</b>									
9	<b>PROMISSORY NOTES:</b>									
10										
11										
12	<b>TOTAL PROMISSORY NOTES:</b>									
13	<b>CAPITAL LEASES:</b>									
14										
15										
16										
17										
18	<b>TOTAL LONG-TERM DEBT</b>									
	<b>REFERENCES TO OTHER SCHEDULES</b>									
			SCHEDULE 4 LINE 13	SCHEDULE 5 LINE 30	SCHEDULE 2 LINE 3	SCHEDULE 5 LINE 31	SCHEDULE 2 LINE 4			

**PARENTAL PRIVATE SCHOOL CHOICE PROGRAM**  
**SCHOOL NAME: DOWNTOWN MONTESSORI SCHOOL AND CHILD CARE CENTER**  
**SCHEDULE 9: DEBT PROCEEDS USED**  
**YEAR ENDED JUNE 30, 1997**

LINE	LONG-DEBT PROCEEDS USED	MORTGAGES	BANK LOANS	PROMISSORY NOTES	CAPITAL LEASES	TOTALS	SCHEDULE REFERENCES
1	UNEXPENDED PRIOR YEAR CARRYOVER BALANCE						
2	LONG-TERM DEBT INCURRED-CURRENT PERIOD						SCHEDULE 8 LINE 18
3	LESS: TOTAL CURRENT COST FINANCED BY LONG-TERM DEBT						SCHEDULE 9 LINE 10
4	CARRYOVER UNEXPENDED DEBT PROCEEDS						

LINE	LONG-DEBT PROCEEDS USED	MORTGAGES	BANK LOANS	PROMISSORY NOTES	CAPITAL LEASES	TOTALS	SCHEDULE REFERENCES
5	TOTAL CURRENT USE OF PROCEEDS						SCHEDULE 7 LINE 3
6	OPERATING EXPENSES						SCHEDULE 6 LINE 4
7	EDUCATIONAL MEDIA						SCHEDULE 6 LINE 8
8	EQUIPMENT						SCHEDULE 6 LINE 12
9	BUILDINGS AND SITES						SCHEDULE 6 LINE 16
10	LEASEHOLD IMPROVEMENTS						SCHEDULE 9 LINE 9
	TOTAL CURRENT COST FINANCED BY LONG-TERM DEBT						LINE 3

LINE	TEMPORARY BORROWING: (IDENTIFY PAYEE AND DATE INCURRED)	PRINCIPAL OUTSTANDING AT BEGINNING OF YEAR	PRINCIPAL INCURRED DURING YEAR	PRINCIPAL PAID DURING YEAR	PRINCIPAL OUTSTANDING AT END OF YEAR	TOTAL INTEREST PAID DURING YEAR	INTEREST AMT RELATING TO CHOICE PROGRAM
11							
12							
13							
14							
15	TOTAL TEMPORARY BORROWING						
	REFERENCES TO OTHER SCHEDULES		SCHEDULE 4 LINE 14	SCHEDULE 5 LINE 32		SCHEDULE 5 LINE 33	SCHEDULE 7 LINE 5

PARENTAL PRIVATE SCHOOL CARE PROGRAM  
 SCHOOL NAME: Downtown Montessori School and Child Care Center  
 SCHEDULE 10: MEMBERSHIP AUDIT SUMMARY - ALL PUPILS  
 YEAR ENDED JUNE 30, 1997

THIRD FRIDAY SEPTEMBER COUNT - SEPTEMBER 20, 1996

ALL PUPILS				
LINE	COUNT CATEGORY	AS REPORTED	PER AUDIT	VARIANCE
1	4-Year-Old K/437 Hours			
2	4-Year-Old K/437 Hours + 87.5 Hrs. Outreach	29	27	(2)
3	5-Year-Old K/5 Day			
4	5-Year-Old K/3 Day			
5	5-Year-Old K/4 Day			
6	5-Year-Old K/5 Day	10	9	(1)
7	Grades 1 -12			
8	Total All Pupils	39	36	

SECOND FRIDAY JANUARY COUNT - JANUARY 10, 1997

ALL PUPILS				
LINE	COUNT CATEGORY	AS REPORTED	PER AUDIT	VARIANCE
9	4-Year-Old K/437 Hours			
10	4-Year-Old K/437 Hours + 87.5 Hrs. Outreach	29	27	(2)
11	5-Year-Old K/5 Day			
12	5-Year-Old K/3 Day			
13	5-Year-Old K/4 Day			
14	5-Year-Old K/5 Day	10	9	(1)
15	Grades 1 -12			
16	Total All Pupils	39	36	(3)

**PARENTAL PRIVATE SCHOOL CHOICE PROGRAM**

**FINANCIAL INFORMATION REPORT**

**SCHOOL NAME: Downtown Montessori School and Child Care Center**

**SCHEDULE 3: OPERATING ORGANIZATION**

**ASSETS, LIABILITIES AND EQUITY**

**JUNE 30, 1996 and JUNE 30, 1997**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

Schedule 3 of the financial report of Downtown Montessori School and Child Care Center has been prepared on the accrual basis of accounting and accordingly reflects all significant receivables, payables and other liabilities.

Plant, Property and Equipment

Plant, property and equipment consists of the following:

	June 30,	
	<u>1996</u>	<u>1997</u>
Leasehold improvements	\$ 3,805	\$ 3,805
Furniture and fixtures	1,503	1,503
Machinery and equipment	26,849	27,249
	<u>32,157</u>	<u>32,557</u>
Accumulated depreciation	28,183	29,346
Net plant, property and equipment	<u>\$ 3,974</u>	<u>\$ 3,211</u>

The school uses the modified accelerated cost recovery system of depreciation for the following useful lives:

Leasehold improvements	39 yrs
Furniture and fixtures	10 yrs
Machinery and equipment	5 & 7 yrs

Cash and Investments

Cash and investments consist of a checking and savings account at one financial institution in the Milwaukee metro area.

**PARENTAL PRIVATE SCHOOL CHOICE PROGRAM**  
**SCHOOL NAME: DOWNTOWN MONTESSORI SCHOOL AND CHILD CARE CENTER**  
**SCHEDULE 11: MEMBERSHIP AUDIT SUMMARY - CHOICE PROGRAM PUPILS ONLY**  
**YEAR ENDED JUNE 30, 1997**

**THIRD FRIDAY SEPTEMBER COUNT - SEPTEMBER 20, 1996**

LINE	CHOICE PROGRAM PUPILS ONLY COUNT CATEGORY	AS REPORTED	PER AUDIT	VARIANCE
1	4-Year-Old K/437 Hours			
2	4-Year-Old K/437 Hours + 87.5 Hrs. Outreach	6	6	
3	5-Year-Old K/5 Day			
4	5-Year-Old K/3 Day			
5	5-Year-Old K/4 Day			
6	5-Year-Old K/5 Day	5	5	
7	Grades 1 -12			
8	<b>Total Choice Program Pupils Only</b>	11	11	

**SECOND FRIDAY JANUARY COUNT - JANUARY 10, 1997**

LINE	CHOICE PROGRAM PUPILS ONLY COUNT CATEGORY	AS REPORTED	PER AUDIT	VARIANCE
9	4-Year-Old K/437 Hours			
10	4-Year-Old K/437 Hours + 87.5 Hrs. Outreach	6	6	
11	5-Year-Old K/5 Day			
12	5-Year-Old K/3 Day			
13	5-Year-Old K/4 Day			
14	5-Year-Old K/5 Day	5	5	
15	Grades 1 -12			
16	<b>Total Choice Program Pupils Only</b>	11	11	

**ATTACH FINANCIAL NOTES IMMEDIATELY BEFORE THIS PAGE**



Reilly, Penner & Benton LLP

CERTIFIED PUBLIC ACCOUNTANTS  
611 North Broadway  
Milwaukee, Wisconsin 53202

### OUR HISTORY

Founded in 1907, we are a medium-sized certified public accounting firm located in Wisconsin. We are the oldest accounting firm in the state, and have a long tradition of quality service to a wide variety of businesses, individuals and organizations.

### FACSIMILE TRANSMITTAL

OUR FAX # (414)271-6005  
OUR PHONE # (414)271-7800

TO: Kathleen Miller  
ATTN: \_\_\_\_\_  
BY: Wesley Raymond  
DATE: 6/10/98

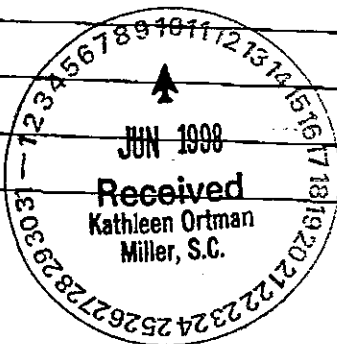
NUMBER OF PAGES 3  
TRANSMITTED  
(Including Transmittal Page)

### COMMENTS:

Re: Mountain Montessori Academy Inc. Charles School re application

### TAX TIP

Flood, fire, theft, or other damage might give you a tax break. Find out how!  
See our Website, give us a call or E-Mail us at [rpblp@execpc.com](mailto:rpblp@execpc.com).



Visit our Website at:  
<http://www.execpc.com/~rpblp>

REILLY, PENNER & BENTON LLP

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THOMAS G. WIELAND  
MICHAEL W. VAN WAGENEN

JOHN E. REILLY · 1908-1945  
CARL PENNER · 1913-1970  
CLARENCE H. BENTON · 1919-1979

June 9, 1998

Downtown Montessori Academy, Inc.  
100 E. Pleasant Street  
Milwaukee, Wisconsin 53202

We are pleased to confirm our understanding of the services we are to provide for the Downtown Montessori Academy, Inc. for the year ending June 30, 1998. We will audit the statement of financial position of Downtown Montessori Academy, Inc. as of June 30, 1998, and the related statements of activity and cash flows for the year then ended. We will also audit the Parental Private School Choice Program Financial Information Report "Financial Report" to the Wisconsin Department of Public Instruction of Downtown Montessori Academy, Inc. for the year ended June 30, 1998.

Our audit will be made in accordance with generally accepted auditing standards and will include tests of the accounting records of Downtown Montessori Academy, Inc. and other procedures we consider necessary to enable us to express an unqualified opinion that your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles. Our audit will also be conducted in accordance with the requirements of the *Wisconsin Administrative Code Chapter PI 35, "Parental Private School Choice Program."* Those standards and PI 35 require that we plan and perform the audit to obtain reasonable assurance about whether the Parental Private School Choice Program Financial Information Report is free from material misstatement, and that the pupil cost and any adjustment payment due to or from Downtown Montessori Academy, Inc. for its participation in the Private School Choice Program for the year ended June 30, 1998 is fairly presented. If our opinion is other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit, we will not issue a report as a result of the engagement.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of cash and investment balances by correspondence with selected financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts included in the financial report; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Also, we will plan and perform the audit to obtain reasonable assurance about whether the Financial Report is free of material misstatement. Because of the concept of reasonable assurance and because we will not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us. However, we will inform you of any material errors and any fraud that come to our attention. We will also inform you of any other illegal acts that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We understand that you will provide us with the basic information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist in the preparation of your Financial Report, but the responsibility for the Financial Report remains with you. This responsibility includes the establishment and maintenance of adequate records and related internal control structure, the selection and application of accounting principles, and safeguarding of assets. Management is also responsible for identifying and ensuring the organization complies with applicable laws and regulations.



Our fees for these services will be based on the actual time spent at our standard hourly rates, plus travel and other out-of-pocket costs such as report production, typing, postage, etc. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us, and this letter will continue in effect until canceled by either party.

*Reilly Penner & Benton*  
*LLP*

RESPONSE:

This letter correctly sets forth the understanding of Downtown Montessori Academy, Inc.

Officer Signature: *Kathleen O'Shilly*

Title: *Secretary*

Date: *6-10-98*

***Downtown Montessori Academy***

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**Accounting Policies and  
Procedures Manual**

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# **I. Cash Receipts**

- A. All incoming mail will be opened and sorted by the Principal or, in the absence of the Principal, by the designated staff member.**
- B. All tuition payments will be forwarded to the Principal, or designated staff member, for daily deposit.**
- C. All checks will be restrictively endorsed with the Academy's endorsement stamp by the Principal or designated staff member.**
- D. Any cash payment for tuition requires issuance of a pre-numbered cash receipt to the payer immediately upon receipt of payment. The pre-numbered cash receipt will be completed in triplicate with the original issued to the payer, a copy forwarded to the accountant for posting to the Quick Books general ledger, and a copy maintained in the cash receipt book.**
- E. All cash payments must be deposited intact.**
- F. All payments received by 12:00 noon will be deposited that day. Payments received after 12:00 noon will be deposited the next business day. Check deposits may be mailed or hand delivered to the financial institution. All cash receipts must be hand delivered to the financial institution. Any deposit receipts from the financial institution will be forwarded to the accountant for posting to the Quick Books general ledger.**
- G. Deposit tickets will be prepared in triplicate. The original deposit ticket and the first copy of the deposit ticket will accompany the checks and cash to be deposited in the financial institution. The second copy of the deposit ticket will be forwarded to the accountant for posting to the Quick Books general ledger system.**

# **I. Cash Disbursements**

- A. All original invoices will be forwarded to the Principal for approval. The Principal will verify the accuracy of the invoice and approve the invoice for payment.**
- B. Once approved for payment, the invoice, along with a duplicate copy of the invoice, will be forwarded to the accountant for payment.**
- C. For vendors that require payment when an order is submitted, the Principal will approve the order and forward the original order form, along with a duplicate copy of the order form, to the accountant for payment.**
- D. All computer checks will be pre-numbered and used in sequence. The pre-numbered check stock will be the responsibility of the accountant.**
- E. Checks will be prepared from original vendor invoices or order form.**
- F. Checks will be made payable to specified payees and never to cash or bearer.**
- G. The accountant will generate the three part voucher checks from the Quick Books accounts payable system. Appropriate documentation will be attached to the check voucher and retained on site. Check vouchers will be filed in numerical order.**
- H. The checks will be signed by the individual appointed by the Board but will not be the Principal or the accountant.**
- I. Voided checks will have "VOID" boldly written in ink across the face of the check and the signature portion of the original check will be defaced. The original voided check will be forwarded to the accountant for recording in the general ledger system. The original voided check be retained on site and filed in numerical order with check vouchers.**
- J. In no event will checks be:
  - 1. Prepared unless these procedures are followed.**
  - 2. Prepared unless there is backup documentation.**
  - 3. Used in other than chronological order.**
  - 4. Signed blank.**
  - 5. Made out to cash or bearer.**
  - 6. Prepared on oral authorization.****

### **III. Bank Reconciliation**

- A. Bank statements will be forwarded directly to the accountant who will immediately prepare the bank reconciliation.
- B. Paid checks will be examined for date, name, amount, cancellation and endorsement. Paid checks will be filed on site on a monthly basis.
- C. A full reconciliation report will prepared via Quick Books. The report will itemized all outstanding checks and deposits and will compare the reconciled bank balance to the general ledger balance for that bank account.
- D. The accountant will take appropriate action on any checks outstanding over 90 days.

## **IV. Petty Cash**

- A. The Academy may have a petty cash fund which must be approved by the Board of Trustees. This fund will be the responsibility of the Principal.**
- B. The petty cash fund will be maintained on an imprest cash basis whereby cash and receipts will always equal the approved petty cash amount,**
- C. Petty cash funds will be kept under lock and key at all times and segregated from other cash.**
- D. A request for funds is submitted on a petty cash request form approved from by the staff to the Principal. It is reviewed and approved by the Principal and upon approval, funds are given to the staff by the Principal.**
- E. Both the Principal and staff member sign the petty cash request form stating the amount of petty cash disbursed. This form is placed with the petty cash.**
- F. The staff member will turn in receipts for all purchases made from the petty cash fund. The Principal will complete the petty cash request form with the amount of supporting receipts and amount of excess petty cash returned to the fund.**
- G. A monthly reconciliation of the petty cash fund will be prepared by the Principal and audited by the accountant.**
- H. When expenditures total 75% of the petty cash fund, the Principal will prepare a summary recap and submit the recap and all receipts to the accountant for replenishment of the fund.**
- I. Petty cash fund replenishment checks will be issued to: "Petty Cash Fund, Principal's Name."**
- J. Loans will not be made from petty cash funds.**
- K. Any irregularities in the petty cash fund will be immediately reported in writing to the Board of Trustees.**

## **V. Hiring**

- A. The Board of Trustees hires the Principal.**
- B. Requests for new personnel should be originated only by the Principal.**
- C. The Principal must approve the hiring of all other employees.**
- D. The Principal will be responsible for having all new employees complete the following:**
  - 1. W-4 form - Employee Withholding Certificate. (A copy of the W-4 form will be forward to the accountant for payroll processing.)**
  - 2. Insurance Application forms when applicable.**
  - 3. Employment offer form containing salary and benefit information. (A copy of this letter will be forward to the accountant for payroll processing.)**
  - 4. Employment Eligibility Verification form (I-9).**
- E. The Principal will be responsible for having all employees receive and read the following:**
  - 1. Personnel policies.**
  - 2. Insurance information as applicable.**
- F. All employees will comply with the Academy's personnel policy.**
- G. The Principal will set up a personnel file for each employee which will contain the employment application, resume, I-9 form, criminal history checks, references, and W-4 form.**
- H. Copies of any letters informing employees of status or wage rate changes will be kept in the employees file.**
- I. Written termination notices that properly document reasons for termination, unemployment compensation status, and any administrative actions necessary at the time of termination will be maintained in the personnel files.**
- J. Physical controls will exist over all personnel records that will prevent their loss or use by unauthorized personnel.**

## **/I. Payroll**

- A. All nonexempt employees will be responsible for completing a time card on a daily basis using the automated time clock.**
- B. Completed time card will be collected by the Principal. The Principal will review the time cards for accuracy. The Principal will discuss any irregularities or incomplete time cards with the employee.**
- C. The Principal will produce a payroll summary for each pay period. This payroll summary will contain regular hours, overtime hours, sick hours, vacation hours and in-service hours for each employee.**
- D. The accountant will process payroll at the authorized pay rates and generate the 3 part payroll checks. Payroll checks will be pre-numbered and issued in numerical sequence.**
- E. Payroll check stubs will contain detail of all employee deductions.**
- F. The Principal will review the payroll checks for accuracy.**
- G. Payroll checks will be signed by the individual designated by the Board of Trustees which will be someone other than the Principal or accountant.**
- H. All voided checks will be retained and filed in numerical sequence.**
- I. Employee time records will be maintained in sufficient detail to allow for appropriate allocations of payroll costs.**
- J. Federal payroll taxes will be paid to the bank, who in turn will make payment for the Academy to the Federal Government. These payments will be made in accordance with Federal guidelines.**
- K. State payroll taxes will be paid directly to the State of Wisconsin via the mail. These payments will be made in accordance with the State of Wisconsin guidelines.**
- L. W-2 forms are prepared at year-end by an outside accounting service.**



## **VII. Financial Statements**

- A. The Quick Books accounting system will be backed up monthly and forwarded to an outside accounting firm for preparation of financial statements and appropriate tax forms.**
- B. The backup will be executed upon completion of the bank reconciliation.**
- C. The outside accounting firm will forward the completed financial statements to the Principal for review.**

## **VIII. Accounts Receivable**

- A. The accountant prepares monthly billing based on student schedules submitted by parents and guardians.**
- B. All changes to student schedules will be approved by the Principal and forwarded to the accountant for processing and updating of the student database.**
- C. All billings are based on an average of 4.33 weeks per month.**
- D. All payments are due by the 1<sup>st</sup> of the month and payable by the 10<sup>th</sup> of the month.**
- E. The accountant is responsible for collection of past due accounts.**
- F. A late fee is assessed for nonpayment and late notices are issued for nonpayment by the 10<sup>th</sup> of the month.**
- G. Enrollment be suspended for nonpayment by the 10<sup>th</sup> of the month.**
- H. Nonpayment may result in the past due account being forwarded to an outside collection service.**
- I. The decision to write-off any receivable will be made by the Principal with input from the accountant.**

## **IX. Reporting Requirements**

- A. All necessary governmental reporting will be completed in a timely manner. Copies of all reports with supporting documentation will be maintained on site.
- B. The Principal will review the reports before submission to the necessary authority.
- C. The Principal or designee will sign the reports.