

ATTACHMENT H
ESTIMATED BUDGET

5-YEAR BUDGET

(2007-2008 THRU 2011-2012)

FOR

**ACADEMY OF LANGUAGES AND INTERNATIONAL
BUSINESS, INCORPORATED**

MILWAUKEE, WISCONSIN

**5-YEAR BUDGET
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Section 1.0 INTRODUCTION

The 5 Year Budget for the Academy of Languages and International Business, Inc. including an alternate 2007-2008 budget for different enrollment scenarios, shows a positive budget balance in each year. The budget is designed to support the mission of ALIBI taking into consideration the instructional program and delivery methods. The budget was developed by an experienced, licensed school business official and subjected to independent peer review. The budget reflects a realistic fiscal plan that will enable ALIBI to implement and maintain its educational programs.

The budget was designed with a conservative bias. With this bias, per unit revenues were not increased each year. A contingency equal to 2% of budgeted expenditures is included in the initial year and 2% for each subsequent year.

Budgeted revenues will exceed budgeted expenditures in each year, with the first year of operation showing the smallest excess, \$221,971. The revenues in excess of expenditures will increase in years 2, 3 and 4. In year 5 there are still substantial excess revenues, equal to year 4. ALIBI will use excess revenues to solidify its financial condition enabling continued operations even if a future year proves to be lean. Further, the school may conduct fund raising for a building at a future date and will use some excess revenues for that venture.

The budget is based on an initial enrollment of 200 students with an increase of 100 pupils per year to a maximum enrollment of 400. An alternate budget for the initial year has been created to enable planning in the event the initial enrollment is 100 fewer than projected.

Section 2.0 BUDGET DISCUSSION

The budget consists of several pages providing detail and explanation of revenues and expenditures for each of the first five years. In the 2007-2008 and 2008-2009 year revenues and costs are divided between recurring and nonrecurring. Non-recurring revenues are the implementation grants expected from the state and the Technical Assistance and Learning Center (TALC). Nonrecurring expenditures are costs that are eligible to be paid from these implementation grants.

2.1 REVENUES

Revenues consist of state per pupil charter school payments, various federal aids, grants, fund raising, and student fees. The budget purposely reflects conservative revenue estimates including only a small amount for fund raising. Although the school intends to pursue various competitive grant programs, apply for foundation support and engage in fund raising, amounts for these activities, budgeted at less than 1%, demonstrate the school is not dependent on these funding sources. As these funding sources are developed the school will be able to initiate a building program.

A line item for student fees is included in the event circumstances require the imposition of a fee to pay the costs of consumable supplies. No revenues for student fees are included in the 5 Year Budget.

Revenues from federal sources purposely use per pupil amounts that are less than published reimbursement rates. This strategy will help the school to use federal funds only to supplement planned programs.

2.2 EXPENDITURES

The largest expenditure for a school is wages and benefits. Amounts included in the budget are based on current market conditions adjusted for anticipated inflation. Preparers of the budget consulted with other schools, insurance brokers and discussed wages and benefits with prospective staff to arrive at estimated amounts. Staffing levels are prescribed by the instructional program. Generally, the school will maintain a ratio of approximately 22.5 pupils per teacher.

The purchase of textbooks, furniture, equipment, computers and other technology, and library books will be made in the first two years using primarily implementation grant funds.

The school will pursue categorical aid for transportation; however, no amount has been budgeted to help with this cost.

Section 3.0 YEAR ONE-BUDGET ALTERNATIVES

Although the school has a well defined pupil recruitment plan and school organizers have a number of contacts that will help to assure the initial enrollment projection is reached, alternative scenarios for the 2007-2008 school year has been prepared. A scenario with greater than 110 students allows the school to increase the amount of time that the reading specialist and computer teacher would be available. A scenario of less than 110 students creates greater difficulty. Ideally the school requires not less than 4 regular teachers and 1 teacher of students with disabilities and specialists for reading and computers. Therefore, the smallest scenario, 90 pupils, was based on this number of teachers. If fewer than 90 pupils enroll in the first year, additional staff reductions would be necessary.

In order to operate with 100 rather than 200 students the school would reduce its teachers by 4 FTE and reduce teacher's assistants by 2 FTE. These changes would allow for a viable instructional program and enable the school to accept and educate additional students in subsequent years.

ACADEMY OF LANGUAGES AND INTERNATIONAL BUSINESS, INC.
 2007 - 2008
 5 year budget

Year Enrollment	2007 - 2008		2008 - 2009		2009 - 2010		2010 - 2011		2011 - 2012	
	notes	basis	Non-Recurring	Recurring	Non-Recurring	Recurring	Non-Recurring	Recurring	Non-Recurring	Recurring
State charter payment		7,669.00	1,533,800	1,533,800	2,300,700	3,067,600	3,067,600	3,067,600	3,067,600	3,067,600
Food Service		377.38	75,476	75,476	113,214	150,951	150,951	150,951	150,951	150,951
Grants and Aids										
Title I			133,805	133,805	200,708	267,610	267,610	267,610	267,610	267,610
Title II (Teacher and Principal)		101.61	20,321	20,321	30,482	40,643	40,643	40,643	40,643	40,643
Title II D (Technology Development)		6.45	1,290	1,290	1,935	2,580	2,580	2,580	2,580	2,580
Title IV (Safe & Drug Free)		10.04	2,009	2,009	3,013	4,017	4,017	4,017	4,017	4,017
Title VI (Innovative Ed.)		8.02	1,604	1,604	2,406	3,208	3,208	3,208	3,208	3,208
Title XIX		14.02	2,803	2,803	4,205	5,607	5,607	5,607	5,607	5,607
Categorical Total			161,832	161,832	242,748	323,664	323,664	323,664	323,664	323,664
SPED (State)		137.42	27,484	27,484	41,226	54,968	54,968	54,968	54,968	54,968
SPED (Federal)		172.50	34,500	34,500	51,750	69,000	69,000	69,000	69,000	69,000
SPED TOTAL			61,984	61,984	92,976	123,969	123,969	123,969	123,969	123,969
State Grant			150,000	150,000						
TALC Implementation Grant			100,000	100,000						
Other Grants										
Grant and Aids Total			223,816	473,816	335,724	447,633	447,633	447,633	447,633	447,633
TOTAL REVENUE			250,000	2,083,092	2,749,638	3,666,184	3,666,184	3,666,184	3,666,184	3,666,184
EXPENSES										
Instruction, Administration & Support		7,897.65	1,579,531	2,369,296	2,369,296	3,159,061	3,159,061	3,159,061	3,159,061	3,159,061
Contingency		2%	31,591	47,386	47,386	63,181	63,181	63,181	63,181	63,181
TOTAL EXPENSES			1,611,121	2,416,682	2,416,682	3,222,242	3,222,242	3,222,242	3,222,242	3,222,242
Revenue Over (Under) Expenses			221,971	332,956	332,956	443,942	443,942	443,942	443,942	443,942

ACADEMY OF LANGUAGES AND INTERNATIONAL BUSINESS, INC.

2007 - 2008

Budget Alternatives

Enrollment Assumptions

Facility Area Required (square feet)

Students	100	200	300	400
	10,600	14,200	17,800	21,400

Income Assumptions '07-'08

	Per Student				
DPI Per Pupil	\$ 7,669.00	\$ 766,900.00	\$ 1,533,800.00	\$ 2,300,700.00	\$ 3,067,600.00
Title I	\$ 669.03	\$ 66,902.51	\$ 133,805.02	\$ 200,707.53	\$ 267,610.05
Title II (Teacher and Principal)	\$ 101.61	\$ 10,160.64	\$ 20,321.29	\$ 30,481.93	\$ 40,642.58
Title II D (Technology Development)	\$ 6.45	\$ 645.00	\$ 1,290.00	\$ 1,935.00	\$ 2,580.00
Title IV (Safe & Drug Free)	\$ 10.04	\$ 1,004.26	\$ 2,008.52	\$ 3,012.77	\$ 4,017.03
Title VI (Innovative Ed.)	\$ 8.02	\$ 801.88	\$ 1,603.75	\$ 2,405.63	\$ 3,207.50
Title XIX	\$ 14.02	\$ 1,401.69	\$ 2,803.38	\$ 4,205.07	\$ 5,606.77
Categorical Total	\$ 802.71	\$ 80,915.98	\$ 161,831.96	\$ 242,747.94	\$ 323,663.92
SPED (State)	\$ 137.42	\$ 13,742.07	\$ 27,484.14	\$ 41,226.22	\$ 54,968.29
SPED (Federal)	\$ 172.50	\$ 17,250.08	\$ 34,500.15	\$ 51,750.23	\$ 69,000.30
SPED TOTAL	\$ 309.92	\$ 30,992.15	\$ 61,984.30	\$ 92,976.44	\$ 123,968.59
State Grant		\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
TALC Implementation Grant		\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00
Other Grants		\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00
Food Service	\$ 377.38	\$ 37,737.84	\$ 75,475.69	\$ 113,213.53	\$ 150,951.37
Interest Income		\$ -	\$ -	\$ -	\$ -
Total	\$ 11,693.46	\$ 1,169,345.97	\$ 2,085,891.95	\$ 3,002,437.92	\$ 3,918,983.89

Expense Assumptions

Salaries ¹ assumptions	\$5,950	\$595,000	\$805,000	\$ 1,015,000	\$ 1,125,000
Benefits Percentage of Salaries	26.15%	26.15%	26.15%	26.15%	26.15%
Benefits ² assumptions	\$ 1,556	\$ 155,592	\$ 210,507	\$ 265,422	\$ 294,187
Salaries Fully Loaded	\$ 7,506	\$ 750,592	\$ 1,015,507	\$ 1,280,422	\$ 1,419,187
Special Ed (SPED) ⁵ notes	5.0%	5	10	15	20
Consultants					
Materials and Supplies	\$ 150.00	\$ 750.00	\$ 1,500.00	\$ 2,250.00	\$ 3,000.00
Total	\$ 150.00	\$ 750.00	\$ 1,500.00	\$ 2,250.00	\$ 3,000.00
Central Services					
Consultants	1.00	100.40	200.80	301.20	401.61
Library supplies and subscriptions	3.01	301.20	602.41	903.61	1,204.82
Supplies	1.00	100.40	200.80	301.20	401.61
Book/Materials	5.02	502.01	1,004.02	1,506.02	2,008.03
Software	6.02	602.41	1,204.82	1,807.23	2,409.64
Hardware Acquisition/Tech Plan	45.18	4,518.07	9,036.14	13,554.22	18,072.29
Supplies	3.51	351.41	702.81	1,054.22	1,405.62
Renewals	42.17	4,216.87	8,433.73	12,650.60	16,867.47
Pitney Bowes - Postage Machine	3.61	361.45	722.89	1,084.34	1,445.78
Subscriptions	1.58	158.25	316.51	474.76	633.01
Repair and Maintenance	8.03	803.21	1,606.43	2,409.64	3,212.85
Shrinkage	7.53	753.01	1,506.02	2,259.04	3,012.05
Telephone	3.07	307.23	614.46	921.69	1,228.92
Internet	2.21	221.18	442.37	663.55	884.74
Audio Visual Supplies	5.02	502.01	1,004.02	1,506.02	2,008.03
Central Services Total	\$ 137.99	\$ 13,799.12	\$ 27,598.23	\$ 41,397.35	\$ 55,196.47
Lease - copier		\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
Textbooks/Curriculum ⁷ notes					
Consultants	\$ 20.00	2,000.00	4,000.00	6,000.00	8,000.00
Materials and Supplies	10.00	1,000.00	2,000.00	3,000.00	4,000.00
Total	\$ 30.00	\$ 3,000.00	\$ 6,000.00	\$ 9,000.00	\$ 12,000.00
Food Service	\$ 530.00	\$ 53,000.00	\$ 106,000.00	\$ 159,000.00	\$ 212,000.00
Student Transportation ⁸ notes	\$ -	-	-	-	-
Utilities ⁹ notes	\$ 450.00	45,000.00	90,000.00	135,000.00	180,000.00
Facility	\$ 12.00	127,200.00	170,400.00	213,600.00	256,800.00
Purchased Services, building maintenance ¹⁰ notes	\$ 350.00	35,000.00	70,000.00	105,000.00	140,000.00
Taxes - real, personal property ¹¹ notes	\$ 90.00	9,000.00	18,000.00	27,000.00	36,000.00
Insurances		5,000.00	5,000.00	5,000.00	5,000.00
Board Expenses					
Legal					
Chartering fee					
Audit		7,000.00	7,000.00	7,000.00	7,000.00
Bond Trustee Fee					
Title Company Fee					
Short Term interest expense					
Professional Development	\$ 50.00	\$ 5,000.00	\$ 10,000.00	\$ 15,000.00	\$ 20,000.00
Business Services ¹² notes					
Payroll Processing	0.16%	1,200.95	1,624.81	2,048.68	2,270.70
Accounting Services		2,800.00	2,800.00	2,800.00	2,800.00
Total		4,000.95	4,424.81	4,848.68	5,070.70
Repair and Maintenance Reserve Fund					
Other ¹³ notes					
Recruitment - Staff	\$ 5.00	\$ 500.00	\$ 1,000.00	\$ 1,500.00	\$ 2,000.00
Recruitment - Students	\$ 7.50	\$ 750.00	\$ 1,500.00	\$ 2,250.00	\$ 3,000.00
Field Trips	\$ 3.00	\$ 300.00	\$ 600.00	\$ 900.00	\$ 1,200.00
Total		1,550.00	3,100.00	4,650.00	6,200.00
Total Operating Expense	\$ 10,873.43	\$ 1,087,343.50	\$ 1,560,855.34	\$ 2,034,168.50	\$ 2,382,454.64
REVENUE over (under) EXPENSES	820.02	82,002.47	525,036.61	966,269.41	1,536,529.25

ACADEMY OF LANGUAGES AN INTERNATIONAL BUSINESS, INC.

2007-08

PROJECTED CASH FLOW

ESTIMATED CASH FLOW

	Total Budget	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Disbursements													
Salaries Fully Loaded	1,015,507	84,626	84,626	84,626	84,626	84,626	84,626	84,626	84,626	84,626	84,626	84,626	84,626
Special Ed (SPED)													
Consultants													
Materials and Supplies	1,500	125	125	125	125	125	125	125	125	125	125	125	125
Central Services	27,598	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Lease - copier	20,000	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667
Textbooks/Curriculum													
Consultants	4,000	4,000											
Materials and Supplies	2,000	2,000											
Food Service	106,000	8,833	8,833	8,833	8,833	8,833	8,833	8,833	8,833	8,833	8,833	8,833	8,833
Student Transportation													
Utilities	90,000	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Facility	170,400	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200
Purchased Services, building maintenance	70,000	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833
Taxes - real, personal property	25,000	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083
Insurances	18,000	18,000											
Board Expenses	5,000	417	417	417	417	417	417	417	417	417	417	417	417
Legal													
Chartering fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Audit	7,000												7,000
Bond Trustee Fee													
Title Company Fee													
Short Term Interest expense													
Professional Development	10,000	5,000						5,000					
Payroll Processing	1,625	135	135	135	135	135	135	135	135	135	135	135	135
Accounting Services	2,800	233	233	233	233	233	233	233	233	233	233	233	233
Repair and Maintenance Reserve Fund													
Recruitment - Staff	1,000						143	143	143	143	143	143	143
Recruitment - Students	1,500						214	214	214	214	214	214	214
Field Trips	600						100	100	100	100	100	100	100
Total Disbursements	1,579,531	156,953	128,053	127,953	128,053	127,953	128,410	133,310	128,410	128,310	128,410	128,310	135,410
Receipts													
DPI Per Pupil	1,533,800							383,450					
Title I	133,805												
Title II (Teacher and Principal)	20,321					5,080		5,080					44,156
Title II D (Technology Development)	1,290					323		323					
Title IV (Safe & Drug Free)	2,009					502		502					
Title VI (Innovative Ed.)	1,604					401		401					
Title XIX	2,803					701		701					
SPED (State)	27,484					6,871		6,871					
SPED (Federal)	34,500					8,625		8,625					
State Grant	100,000					33,000		33,000					
TALC Implementation Grant	150,000					37,500		37,500					
Other Grants	2,800												
Food Service	75,476	6,290	6,290	6,290	6,290	6,290	6,290	6,290	6,290	6,290	6,290	6,290	2,800
Interest Income													
Total Receipts	2,085,892	148,290	482,742	43,790	6,290	412,242	6,290	412,242	6,290	6,290	6,290	501,892	53,245
Receipts over (under) Disbursements		(8,663)	354,690	(84,163)	(121,763)	284,290	(122,120)	278,933	(122,120)	(122,020)	(122,120)	373,582	(82,164)
Cumulative cash flow		346,027	261,864	140,101	424,391	581,204	459,084	337,064	214,944	588,526	506,361		

ACADEMY OF LANGUAGES AND INTERNATIONAL BUSINESS
Facility Space Needs Analysis
Year 1 (2007-08) through Year 3 (2009-10)
Including Low, Middle, and High Enrollment Scenarios

Space	Room Capacity (# of students or staff)	Room Size (ft ²)	Notes	Year 1 (2007-2008)			Year 2 (2008-2009)			Year 3 (2009-2010)		
				Total Student Enrollment Scenarios (# of Students Shown in Parentheses)								
				Low (80 to 119)	Middle (120 to 175)	High (176 to 225)	Low (120 to 179)	Middle (180 to 263)	High (264 to 336)	Low (160 to 239)	Middle (240 to 350)	High (351 to 400)
				Space Required (ft ²)								
Classrooms												
9th Grade - Section 1	20 to 30	900		900	900	900	900	900	900	900	900	900
9th Grade - Section 2	20 to 30	900		900	900	900	900	900	900	900	900	900
9th Grade - Section 3	20 to 30	900			900	900		900	900		900	900
9th Grade - Section 4	20 to 30	900				900			900			900
10th Grade - Section 1	20 to 30	900		900	900	900	900	900	900	900	900	900
10th Grade - Section 2	20 to 30	900		900	900	900	900	900	900	900	900	900
10th Grade - Section 3	20 to 30	900			900	900		900	900		900	900
10th Grade - Section 4	20 to 30	900				900			900			900
11th Grade - Section 1	20 to 30	900					900	900	900	900	900	900
11th Grade - Section 2	20 to 30	900					900	900	900	900	900	900
11th Grade - Section 3	20 to 30	900						900	900		900	900
11th Grade - Section 4	20 to 30	900							900			900
12th Grade - Section 1	20 to 30	900								900	900	900
12th Grade - Section 2	20 to 30	900								900	900	900
12th Grade - Section 3	20 to 30	900									900	900
12th Grade - Section 4	20 to 30	900										900
Subtotals				3,600	5,400	7,200	5,400	8,100	10,800	7,200	10,800	14,400
Other Teaching Space												
Computer Lab #1	20	800		800	800	800	800	800	800	800	800	800
Computer Lab #2	20	800										800
Library/Media Center #1	40	800		800	800	800	800	800	800	800	800	800
Library/Media Center #2	40	800										800
Science Room #1	20	800		800	800	800	800	800	800	800	800	800
Science Room #2	20	800										800
Music /Art Room #1	20	800		800	800	800	800	800	800	800	800	800
Music /Art Room #2	20	800										800
Subtotals				3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	6,400
Office Space												
Principal's Office	1	250		250	250	250	250	250	250	250	250	250
Asst. Principal's Office	1	125		125	125	125	125	125	125	125	125	125
Business Manager	1	125		125	125	125	125	125	125	125	125	125
Reception/Secretary	2	200		200	200	200	200	200	200	200	200	200
Conference Room	20	300		300	300	300	300	300	300	300	300	300
Staff Office #1	8	400		400	400	400	400	400	400	400	400	400
Staff Office #2	8	400						400	400	400	400	400
Faculty Workroom #1	8	200		200	200	200	200	200	200	200	200	200
Faculty Workroom #2	8	200						200	200	200	200	200
Faculty Toilets	--	100		100	100	100	100	100	100	100	100	100
Subtotals				1,700	1,700	1,700	1,700	2,300	2,300	2,300	2,300	2,300
Other Space												
Cafeteria	150	2,500		2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Kitchen	--	500		500	500	500	500	500	500	500	500	500
Stage/Performance	150	2,500										2,500
Public Restrooms	--	800		800	800	800	800	800	800	800	800	800
Mechanical	--	500		500	500	500	500	500	500	500	500	500
Janitorial	--	50		100	100	100	100	100	100	100	100	100
General Storage Area #1	--	500		500	500	500	500	500	500	500	500	500
General Storage Area #2	--	500										500
Subtotals				4,900	4,900	4,900	4,900	4,900	4,900	4,900	5,400	7,900
Athletic Space												
Gymnasium	400	15,000										15,000
Office/Storage/Lockers	--	1,500										1,500
Subtotals				-	-	-	-	-	-	-	-	16,500
Grand Totals				13,400	15,200	17,000	15,200	18,500	21,200	17,600	21,700	47,500



ATTACHMENT I

**MONTHLY CASH FLOW PROJECTION FOR FIRST YEAR OF
OPERATION AS CHARTER SCHOOL**

ATTACHMENT J

**ACCOUNTING POLICIES AND PROCEDURES
MANUAL**

**ACCOUNTING POLICIES
AND PROCEDURES
MANUAL**

**Academy of Languages and International
Business, Incorporated**

Milwaukee, Wisconsin

Accounting Policies and Procedures Manual

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- Investments
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Overview

Duties related to handling of cash or other negotiable instruments will be segregated between two or more people to the extent possible. When duties cannot be segregated due to limited support staff, appropriate procedures will be established to assure independent reconciliation of account balances, with particular emphasis on cash, investments, receivables and payables.

Generally, books will be maintained on a modified accrual basis. Modified accrual is a cash basis of accounting with specific modifications for recognition of short-term accounts receivable and accounts payable. Specifically, receivables will be recognized, and an invoice issued, when an amount is earned and payment is expected within the fiscal year or 90 days after the end of the fiscal year. Accounts payable will be recognized at the time an obligation is incurred, regardless of the expected payment date.

Interim financial reports will be prepared on the modified accrual basis of accounting on a time schedule established by the Board of Directors, but not less than quarterly. An annual financial report will be prepared in conformance with generally accepted accounting principals using the accrual basis of accounting.

Business management of the Academy of Languages and International Business, Inc. will be performed by a Finance Manager to be recruited by the Board of Directors. The Finance Manager will work directly with the Director and report directly to the Board of Directors, through the President. Day to day financial activities, as described below, will be performed by the Finance Manager.

All incoming mail will be opened by someone other than the Finance Manager.

The following procedures require various approvals by the Director. When the Director is the subject of a payment/approval, approval of the President, or designee, of the Board of Directors is required.

Financial records and source documentation shall be retained for a period of seven years, unless a longer period is required by the internal Revenue Code, Department of Public Instruction, or Charter Agreement with the City of Milwaukee.

A. Banking and Investments

1. The Board of Directors shall approve the bank(s) used by Academy of Languages and International Business, Inc.
2. Banks will be selected based on physical proximity to the school, cost, references, community reputation and other factors deemed appropriate by the Board of Directors.
3. The school shall maintain up-to-date records of individuals with signature authority for financial transactions with the bank.
4. All financial transactions (e.g., deposits, check writing, investments) shall be conducted only through the bank(s) approved by the Board.
5. The Director shall be responsible for implementing procedures and practices to assure the safe keeping of cash and other negotiable financial instruments.
6. All negotiable instruments will be kept in a safe, locked place and out of sight while in the school, and deposited in accounts of the Academy of Languages and International Business, Inc. on a daily basis whenever possible.
7. Temporarily idle cash may be invested in instruments with a due date not greater than 12 months in bank certificates of deposits or demand deposits (e.g., savings account, money market account) of banks approved by the Board or instruments issued or guaranteed by the full faith and credit of the United States of America, unless specifically approved otherwise by the Board of Directors.

B. Books of Original Entry

1. The Academy of Languages and International Business, Inc. will utilize a computerized double entry bookkeeping / accounting system.
2. Revenue and expenditure accounts in the general ledger will correspond to the budget to the extent possible.
3. All financial transactions, including, but not limited to receipts, disbursements, receivables, payables, payroll, and journal entries, will be entered into the double entry system.
4. The Finance Manager will create procedures and processes for capturing financial information and assuring all data is properly entered into the system in a timely manner.
5. The accounting system will allow for segregation of revenues (receipts) and expenditures (disbursements) in such a manner to assure compliance with regulatory requirements and restrictions as well as generally accepted accounting principles.
6. Interim financial statements will be presented to the Board of Directors on a periodic basis, but not less than quarterly.
7. The financial statements will be audited and fiscal policies and controls reviewed annually by an independent auditor selected by the Board of Directors. The Board will require that the audit be conducted in conformance with generally accepted auditing standards.

C. Budgets

1. A budget for each school year will be prepared by the Finance Manager under the direction of the Director.
2. The budget shall include all revenues and expenditures for all programs and activities of the school.
3. The budget shall list expenditures by broad categories specified by the Board of Directors and revenues by primary funding source (e.g., tuition (including charter school aid), fees, food service payments, grants and aids, etc.).
4. Supplemental information for capital items (items costing greater than \$1,000 with an estimated useful life of greater than one year) and budgets for grants and contracts will be included in the annual budget and may be acted upon separately by the Board.
5. The annual budget and changes to the overall budget shall be approved by the Board of Directors.
6. Monthly budget status reports (budget versus actual revenues and expenditures) will be provided to the Director and Treasurer of the Board. The reports will be reviewed by appropriate parties and distributed accordingly.
7. The Director, with approval of the Treasurer, may reallocate expenditures within the budget so long as such reallocation does not violate terms of a grant program or charter school regulations and is consistent with the mission of the school.
8. Modification to total budgeted revenues or expenditures requires approval of the Board of Directors.

D. Accounts Receivable

1. Any amounts that are due from individuals, governments or other agencies will be recorded as an accounts receivable when earned and payment is expected to be received during the fiscal year or within 90 days of the end of the fiscal year.
2. Invoices will be issued for any amount for which payment is not made or expected to be made within 7 days.
3. Accounts receivable will be reconciled not less than every 60 days by the Finance Manager, or trained designee.
4. Any write-off of accounts receivable will be approved by the Board of Directors, such approval to be evidenced in the Board minutes.
5. Loans to employees or members of the Board of Directors shall not be permitted.

E. Receipts

1. All cash or checks received by incoming mail will be recorded in a daily log, a copy of such log to be available to Finance Manager upon request. The log shall include the date, amount and payee.
2. Any checks will be immediately endorsed "For Deposit Only – Academy of Languages and International Business, Inc." upon receipt. Checks received by incoming mail will be endorsed by the individual responsible for opening the mail.
3. A pre-numbered cash receipt will be prepared for all checks and cash received. The cash receipt will list the date of receipt, payee, amount, purpose and account code to which the receipt is to be recorded.
4. Cash receipts will be deposited daily in the official bank of the Academy of Languages and International Business, Inc. unless the amount of receipts for the day is insignificant. Amounts not deposited will be held in a locked cabinet or safe and added to the deposit for the next day. No amount of cash will be left in the school over a weekend or during school breaks (e.g., winter break, spring break, summer).
5. A deposit slip listing the total amount of cash and each check will be prepared in duplicate by the Finance Manager. The Finance Manager shall record the cash receipt numbers represented by the deposit on the duplicate deposit slip. Each deposit slip should represent consecutive cash receipt numbers.
6. Documentation of all cash receipts (e.g., copy of check, letter, transmittal form, etc.) will be stapled to the duplicate deposit slip.
7. All cash receipts will be entered into the computerized accounting system on a daily basis using the proper accounting code.
8. The Finance Manager shall periodically, but not less than twice per year, conduct an internal audit on deposit procedures. The audit will be based on a sample of deposits, cash receipts and proper recording of transactions in the computer system. Material variances, if any, shall be immediately reported to the President.

F. Purchasing

1. Purchases may be made by direct purchase, credit card or purchase order as prescribed herein. A school credit card, in the name of the Director, may be issued with Board approval.
2. Requests for purchases shall be made in writing using a Purchase Requisition form. The person preparing the form shall indicate any special handling, such as the need for a check to accompany the purchase order, if there is a special funding source (e.g., Title I, IDEA, restricted gifts) for the expenditure, and the account code to be charged.

3. All purchases must receive the prior approval of the Director. All purchases greater than \$500 must receive the approval of the Director and Board Treasurer, or designee.
4. Capital items costing greater than \$1,000 not included in the annual budget require approval of the Board.
5. Purchases greater than \$500 may be made with the credit card or by purchase order only.
6. Prior to approving a purchase, the Director shall:
 - a. Determine that the item being requested is necessary for the program and there is not a suitable substitute item already available.
 - b. Determine if funds are available in the budget.
 - c. Determine if the expenditure is permitted in accordance with the source of revenues that will be used to pay for the purchase.
 - d. Assure the proper account code is affixed to the original documentation.
 - e. Determine if bids or quotes should be requested.
7. Bids or quotes are required for any purchase of a single item that cost greater than \$500, any purchase of bulk items when the total cost is greater than \$250, or any capital item. Bids or quotes are encouraged for all purchases.
8. All packing slips, receipts or other paper work related to a purchase shall be signed and dated by the person who accepts delivery of goods and sent to the Director.

G. Disbursements

1. All invoices received by incoming mail will be recorded in a daily log, a copy of which shall be available to the Finance Manager upon request. The log shall list the date, company and dollar amount of invoice.
2. Invoices shall be forwarded to the Director for approval. The Director shall assure the invoice is for an approved purchase and will attach any documentation such as a copy of the purchase requisition and/or delivery slips.
3. Differences in prices or quantities will be investigated prior to approval.
4. The Director will forward approved invoices, with attached documentation, to the Finance Manager for payment.
5. Payment will be made by check or credit card only, except as provided below for petty cash.
6. The Director shall be responsible for all blank checks and will assure they are kept in a locked and secure place.
7. All checks will be pre-numbered and used in sequence.
8. Upon payment, invoices will be stamped "PAID".
9. Checks shall be made payable to a specific vendor / payee. Checks shall NOT be made payable to "cash" or "bearer".

10. Two signatures, as specified by the Board of Directors, shall be required on all checks. Signatures shall NOT be applied to blank checks.
11. A duplicate copy of all checks, attached to the source documents, will be filed alphabetically by vendor name.
12. The Finance Manager shall record all checks in the computer system.
13. Voided checks will be marked "VOID" and the signature portion of the check will be defaced. Void checks will be recorded in the computer system and the original will be filed.
14. In no event will checks be:
 - a. Prepared unless these procedures are followed.
 - b. Prepared without back-up documentation.
 - c. Used in other than sequential order.
 - d. Signed blank.
 - e. Made out to "cash" or "bearer".
 - f. Prepared on oral authorization.
15. The Finance Manager shall periodically, but not less than three times per year, conduct an internal audit on check writing procedures. The audit will be based on a sample of checks written, including examination of source documents and proper recording of transactions in the computer system. Material variances, if any, shall be immediately reported to the President.

H. Petty Cash

1. The school may, upon approval of the President, establish a petty cash fund, including a change box, in an amount not greater than an amount established by the Board of Directors.
2. If established, the petty cash fund shall be maintained by the Finance Manager.
3. Any payment from petty cash shall be evidenced by a written receipt signed by the recipient of the payment, the Director, and the Finance Manager. The written receipt shall include the date, reason for payment, account code to be charged, and amount.
4. The petty cash fund may be replenished any time the total cash available is less than 50% of the total amount approved. The petty cash fund must be closed at the end of the school year and may, with approval of the President, be reopened the following year.

I. Payroll

1. Payrolls shall be every second Friday for a total of 26 per year. Generally employees will receive pay on the first payroll following the completion of a full-pay period (i.e., pay

for pay period that ends on the 2nd Friday of the year will be made to the employee on the pay period that ends on the 4th Friday of the year).

2. Employees will be paid by direct deposit to a bank account of their choice within the Automated Clearing House system.
3. Every employee will be given a contract or letter of employment specifying their wages and benefit eligibility, signed by the Director. Every employee who terminates employment for whatever cause will be requested to submit a letter of resignation - retirement. If the employee does not or cannot submit the resignation - retirement letter, the Director shall send the employee a letter acknowledging the end of the employment relationship. The original of the contract or letter of employment and a copy of the letter of resignation - retirement will be maintained in the employee's personnel file with a copy sent to the Finance Manager.
4. Any change in pay rates, hours, or benefit eligibility shall be effective only if approved in writing by the Director. A copy of such approval will be sent to the Finance Manager.
5. The Director shall assure that any position for which someone is hired is included in the budget approved by the Board.
6. The Director shall assure that wages, hours and conditions of employment are consistent with approved Personnel Handbook provisions.
7. The Finance Manager will be responsible for assuring that each new employee completes a Form W-4, Employee Withholding Certificate, Form 1-9, Employment Eligibility Verification, and appropriate benefit enrollment forms. The Finance Manager will be responsible to assure these forms are filed in the employee's personnel file along with copies of required substantiating documentation (e.g., copies of social security card).
8. The Finance Manager will create a payroll record for new hires and will terminate employees who resign - retire in the computer system. Contracted employees will be set-up to receive their pay in accordance with their contract terms. Hourly employees will be set up to be paid when hours are posted.
9. Hourly employees will be responsible for completing a bi-weekly time record showing hours worked and hours / days of absence. The employee shall sign and date the bi-weekly time record, attesting that the information is true and correct, and submit it to their immediate supervisor.
10. The employee's immediate supervisor shall review each record, and if accurate sign, date and submit to the Finance Manager.
11. The Finance Manager will gather all payroll information and assure proper signatures and approvals.
12. Hourly information will be entered into the computer system.
13. The Finance Manager will run a "trial payroll" and verify that all contracted and hourly payments are accurate.

14. When the "trial payroll" is complete and accurate the Finance Manager will prepare a final report to be reviewed and approved by the Director. A copy of the approved report will be sent to the Finance Manager.
15. There will be no payroll advances.
16. In no event will payroll direct deposits be:
 - a. Prepared unless these procedures are followed.
 - b. Prepared without back-up documentation.
 - c. Prepared on oral authorization.
17. Claims for unemployment will be processed by the Finance Manager after review and approval by the Director.
18. The Finance Manager shall be responsible for timely and accurate submittal of payroll taxes and payment(s) for employee benefits.
19. The Finance Manager will periodically, but not less than monthly, reconcile payroll records with the general ledger and will assure that payroll tax withholdings have been properly transmitted. The reconciliation will be based on contracts / letters of employment, letters of termination and other approved payroll documents. Material variances, if any, shall immediately be reported to the President.
20. The Finance Manager, under the direction of the Director, will assure personally identifiable information is kept in a secure and locked place and that only individuals with a legitimate need to have access to such information is permitted said access.

J. Travel and Expense Reimbursement

1. All travel and other reimbursable expenses incurred by employees must be approved in advance by the Director. Any out of state travel must be approved in advance by the Director and President.
2. Reimbursement for travel and expenses will be based on a properly prepared Expense Reimbursement Claim form signed by the employee and approved by the Director. The maximum reimbursement shall be limited to the amount previously approved.
3. The cost of meals will be reimbursed only when an employee is on travel status. Meal expenses will be reimbursed for breakfast when the employee is on travel status prior to 6:00A, lunch for an employee on travel status between 11:00A and 1:00P and dinner for an employee on travel status after 7:00P. The maximum reimbursement shall be \$7 for breakfast, \$10 for lunch and \$15 for dinner unless a higher reimbursement is approved in advance.
4. Reimbursement for use of a personal vehicle shall be at the rate established by the internal Revenue Service. Reimbursement for mileage shall be for the most direct route from the school to the destination and back. The Finance Manager may adjust mileage reimbursement to the miles reported on MapQuest or similar travel system.

5. Reimbursement for lodging or travel by common carrier shall be based on receipts submitted and attached to the Expense Reimbursement Claim form and is subject to the maximum amount approved in advance.
6. Reimbursement shall be made by separate check prepared in accordance with section G. DISBURSEMENTS or may be added to the employee's payroll direct deposit at the discretion of the Finance Manager.
7. Requests for travel / expense advances must be submitted in writing and approved by the Director and President or Treasurer of the Board.
 - a. If a travel advance is approved a check will be prepared in accordance with section G. DISBURSEMENTS. The check will be drawn against a "travel advance" account in the general ledger.
 - b. Travel advances will be reconciled within 7 business days of the end of the travel.
 - c. If the amount of the travel advance is greater than the actual travel costs, the employee must repay the school the excess amount prior to the end of the month. Failure to pay will result in a deduction from the employee's next regular pay.
 - d. The Finance Manager will prepare the necessary journal entry to reclassify an approved travel advance to the appropriate expenditure accounts.

K. Consultants

1. Written contracts clearly defining work to be performed will be maintained by the Director, or designee, for all consultation and contracted services.
2. Approval of the Board of Directors is required for all consultants.
3. Consultant services will be paid for as work is performed and only upon receipt of an invoice for services.

L. Bank Reconciliation

1. Bank statements will be received directly by the Finance Manager who will prepare a timely reconciliation of the bank balance to the balance shown on the district's books.
2. Paid checks will be examined for signs of fraud or misappropriation,
3. An itemized list of all reconciling items will be retained and made available to the Treasurer upon request.
4. The Finance Manager followup regarding any check outstanding greater than 60 days (30 days for payroll checks). The Finance Manager will make an effort to contact the payee for these outstanding checks.
5. Outstanding checks greater than 6 months may be removed from the records upon approval of the Board of Directors.

6. Material variances, if any, shall be immediately reported to the President.

M. Property

1. The Finance Manager, with assistance from other staff, shall prepare and maintain an accurate inventory of all property (real estate, furniture, fixtures and equipment) with an acquisition cost of \$100 or greater and an estimated useful life of one year or greater.
2. The Finance Manager will assure the purchase of a capital item is recorded on the inventory when received and shall report changes to inventory to the insurance carrier as required by the carrier.
3. A physical inventory shall be made at the beginning of each school year on forms prescribed by the Finance Manager.
4. The Finance Manager will immediately advise the Director of any loss, theft, misuse, damage or destruction of property and file claims with the insurance carrier as appropriate.
5. The property inventory will be maintained in a safe place and will serve as evidence in the event of loss of property for insurance claims.
6. The property inventory will be provided to the school's casualty insurer for purposes of established proper insurance coverage, as required by the carrier.
7. An adequate inventory of supplies, as determined by the Director and Finance Manager, shall be maintained and monitored by the Finance Manager. Replenishment of supplies shall be in accordance with section F. PURCHASING.

N. Leases

1. Legal counsel shall review all lease agreements prior to submission to the Board of Directors for approval.
2. Lease agreements shall be executed and administered by the Director following Board approval.
3. Leases for equipment and facilities will correspond to the school year whenever possible.
4. Copies of all lease agreements will be kept on file by the Finance Manager.
5. Lease agreements shall include a non-appropriation clause, such as "All obligations of Academy of Languages and International Business, Inc. (ALIBI) under this lease shall terminate upon termination of funding to ALIBI from the funding source used under this lease agreement" whenever possible.

O. Risk Management and Insurance

1. Casualty insurance coverage at limits approved by the Board of Directors will be maintained for:
 - a. Worker's compensation.
 - b. Property insurance on all facilities and equipment.
 - c. Auto for owned, if any, and non-owned vehicles, including under and uninsured coverage.
 - d. Boiler and machinery for owned buildings, if any.
 - e. General liability.
 - f. Educator's legal liability.
 - g. Employee benefits liability.
 - h. Other as required by lease agreements, if any.
 - i. Other as required by the charter school contract with the City of Milwaukee, if any.
2. Insurance policies will be maintained by the Finance Manager under the direction of the Director.
3. Insurance policies shall be reviewed by the Director and a member of the Board with knowledge of insurance prior to renewal.
4. Periodic risk assessment will be conducted by the school and plans to reduce exposure to loss will be implemented as approved by the Board of Directors.

P. Grants and Contracts

1. All requests to solicit grants or enter into contracts through federal, state, local or independent agencies are to be approved in advance by the Director.
2. The Director shall consider requirements for local matching funds and sustainability of objectives of a grant in the decision to approval the request. The Director may consult with the Finance Manager on fiscal matters related to the grant application.
3. Final grants and contracts shall be approved by the Board of Directors.
4. The Director, working with the Finance Manager, will:
 - a. Assure documentation necessary to support budgets and financial transactions related to grants and contracts are maintained and properly filed.
 - b. Assure grant and contract revenues are used only as permitted under the terms and conditions of the approval.
 - c. Supervise preparation of claims for reimbursement.

Q. Donations, Gifts and Fundraising

1. Acceptance of gifts, with related restrictions or requirements, will be approved by the Director when such restrictions or requirements is consistent with the mission of the school and does not conflict with regulations or requirements of other funding sources / agencies.
2. A record will be kept of all donations, including the donor's name, amount, date, and any restrictions related to the gift.
3. Donations will be accounted for in conformance with established procedures and as required by generally accepted accounting principals.
4. The Director, working with the Finance Manager, will establish procedures to assure donation and gifts are used as intended by the donor.
5. Fund raising may be approved by the Director when the activity is consistent with the mission of the school and does not conflict with regulations or requirements of other funding sources / agencies.

R. Reporting

1. The Finance Manager will prepare or supervise the preparation of fiscal claims, said claims to be prepared in a timely manner. The food service vendor will have primary responsibility for preparation of claims for food service reimbursements, a copy of such claims to be sent to the Finance Manager.
2. The food service vendor will prepare all reports required for compliance with regulations of the Child Nutrition (school lunch) Programs.
3. The Director will review all claims and reports prior to signing and submitting.
4. The Finance Manager will prepare or supervise the preparation of monthly budget reports, interim financial reports and year end financial statements.
5. The auditor will prepare the annual tax report, Form 990, Return of Organization Exempt from Income Tax, which shall be reviewed and signed by the President.
6. The Finance Manager will advise the school of pending changes in reporting requirements and the fiscal and operational implications of such changes, if any.

S. Pupil Information

Accurate counting and reporting of pupils in conformance with Department of Public Instruction (DPI) regulations is necessary to receive and retain state and federal aid to which the school is entitled. These procedures will help to assure students are counted and reported accurately.

1. Pupils shall be required to provide evidence of residency in the City of Milwaukee. For minor children, pupils will provide evidence of the address of their parent or guardian.

Adult children may provide evidence of their personal address. Acceptable forms of evidence may include a utility bill, driver's license, rent receipt, etc.

2. The school shall secure evidence of age of enrolled pupils, such as a birth certificate.
3. The Finance Manager will maintain a roster of all students in a form prescribed by the Finance Manager, such form to capture all data necessary to meet reporting and audit requirements of DPI. The following pupil data will be maintained by the Finance Manager:
 - ✓ Name and address
 - ✓ Parent / guardian name (and address if different from pupils)
 - ✓ Date of birth
 - ✓ Grade in which enrolled
 - ✓ Date of enrollment
 - ✓ Attendance data
4. The Finance Manager, with assistance from other staff, shall capture pupil attendance data as necessary to prove enrollment for purposes of counting students for state and federal aid. (Attendance for other school purposes may also be maintained in the same system.)
5. The Finance Manager shall prepare and file pupil count reports showing enrollment on the 3rd Friday in September and 2nd Friday in January. If the school is not in session on either of these dates, the Finance Manager will file a request for an alternate count date with the State Superintendent of Public Instruction.
6. The Finance Manager shall cause to be prepared appropriate reports of students with disabilities enrolled in the school as of December 1 of each year.
7. The Finance Manager shall assure that the food service vendor creates and maintains appropriate procedures to protect the identity of pupils eligible for free and reduced lunches.
8. The Finance Manager will assist the school in developing procedures to safeguard protected pupil information.

T. Food Service Program

1. The Finance Manager will assist the Board of Directors and Director in the selection of the food service vendor.
2. The Finance Manager will conduct a periodic audit, as required by the DPI, of food service policies and procedures to assure compliance with state and federal regulations.
3. The food service vendor will collect money for food service sales, maintain books of account, establish procedures for the safeguarding of assets, and assure compliance with all food service regulations.

4. The food service vendor will prepare and file all required reports. A copy of all reports will be provided to the Finance Manager, such reports to be available for review by the Finance Manager or Director upon request.

Reporting to the Charter School Review Committee

The Academy of Languages and International Business, Inc. (ALIBI) will report to the Charter School Review Committee at their request and in the methods they require.



ATTACHMENT K

**PROOF OF BUILDING OWNERSHIP OR TENANT
STATUS**

(not applicable)

ATTACHMENT L

OCCUPANCY PERMIT OR APPLICATION

(not applicable)



ATTACHMENT M

**LETTER FROM BUILDING INSPECTION DEPARTMENT
REGARDING CODE COMPLIANCE**

(not applicable)



ATTACHMENT N

CERTIFICATE OF INSURANCE COVERAGES

(not available – copy of insurance letter is provided)



Total Risk Management Solutions

- Property/Casualty
- Employee Benefits
- Personal Insurance
- Retirement Planning

September 28, 2006

Ms Rose Martin
Academy of Languages and International Business, Inc
11639 River Rd
Mequon, WI 53092

Re: Insurance Coverage

Dear Ms Martin

I have reviewed all information provided and have completed the preliminary underwriting for the Academy of Languages and International Business Inc.

Our review has resulted in us being able to have one or more of our insurance carriers provide the required insurance coverages as outlined by the City of Milwaukee Charter School Review Committee.

All carriers that would provide coverage are currently rated **A X** or better by A.M. Best Company.

Should you require any additional information, please feel free to contact me at my direct number of 262-796-8805

Sincerely,

A handwritten signature in black ink, appearing to read "Michael J Barry".

Michael J Barry
Principle
Security Insurance Services, Inc

ATTACHMENT O
ENGAGEMENT LETTER



KOMISAR BRADY & CO., LLP

CERTIFIED PUBLIC ACCOUNTANTS

633 West Wisconsin Avenue, Suite 900
Milwaukee, Wisconsin 53203-1907

Phone 414/271-3966 • Fax 414/271-3502
E-mail kb&co@komisarbrady.com

August 30, 2006

Ms. Rose M. Martin
THE ACADEMY OF LANGUAGES AND
INTERNATIONAL BUSINESS, INC.
608 S. 26th Street
Sheboygan, WI 53081

We appreciate the opportunity to submit this proposal for services our firm would provide for the proposed High School for The Academy of Languages and International Business, Inc. that will be located in Milwaukee, Wisconsin.

We will apply the agreed-upon procedures which the Common Council of Milwaukee specified, listed in the attached schedule, to evaluate the budget (Attachment H of the charter school application). This engagement is solely to assist in the application approval process. Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached schedule either for the purpose for which this report has been requested or for any other purpose. If, for any reason, we are unable to complete the procedures, we will describe any restrictions on the performance of the procedures in our report, or we will not issue a report as a result of this engagement.

Because the agreed-upon procedures listed in the attached schedule do not constitute an examination, we will not express an opinion on the budget. In addition, we have no obligation to perform any procedures beyond those listed in the attached schedule.

We will submit a report listing the procedures performed and our findings. This report is intended solely for the use of the Common Council of Milwaukee, and should not be used by anyone other than these specified parties. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

At the conclusion of our engagement, we will require a representation letter from management that, among other things, will confirm management's responsibility for the presentation of the budget and items listed on the attached schedule.

We expect to complete our agreed-upon procedures and to issue our report prior to June 20, 2007, or alternative dates as required.

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. The fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you. We estimate the cost of this engagement to be \$2,800. We will bill only for actual fees incurred and will not bill above the quoted amount unless we encounter unexpected problems requiring a change in the scope of our work, which we would immediately discuss with you.

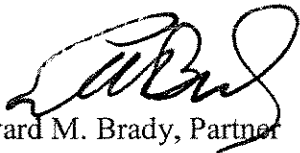
You may request that we perform additional services not addressed in this proposal. If this occurs, we will communicate with you the scope of the additional services and estimated fees. We will also be available to provide ongoing accounting assistance and consulting services on an as-needed basis. This work would be billed at individual hourly rates for accounting and consulting services and depends on the level of the individuals performing the services and approximate the following:

Partner	\$180
Supervision	\$95-\$115
Accounting / tax staff	\$75-\$90

If you have any questions regarding the proposal or need further clarification, please contact me at (414)271-3966. We want to thank you for allowing us the opportunity to submit this proposal.

Sincerely,

KOMISAR BRADY & CO., LLP



Edward M. Brady, Partner

Independent Accountants Report on Agreed-Upon Procedures

The following procedures were developed to assist you with evaluating Attachment H (Budget) in the charter school application. This procedure was established in compliance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specific users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The following summarizes the procedures and conclusions:

Procedures

Review the articles of incorporation and by-laws

Review the organization chart/staffing structure

Review the plans for staff recruitment, retention, training and licensing

Review a letter from the insurance agent that if granted a charter school, the policy limits will be amended to meet the required insurance requirements

Procedures

Review the assumptions and methodology of the revenues included in Attachment H (Budget). Review the assumptions relating to the number of students enrolled for years X through Y. Verify the estimated state revenue per student with the State of Wisconsin. Review the assumptions for the Title I revenue. Review the assumptions for the grants and fundraising.

Review the assumptions and methodology of the expenditures included in Attachment H (Budget). review the assumptions and methodology relating to salaries, fringe benefits, books and supplies, services and contracts and facilities/capital.

Review the facility plans

Conclusions

Nothing unusual noted

The organization structure appears reasonable

It appears that procedures are in place for staff recruitment, retention, training and licensing

It appears that procedures are in place to obtain reasonable insurance coverage

Conclusions

Student enrollment numbers appear and appear attainable. The State of Wisconsin verified state revenue per student. Title I revenue assumptions appear; reasonable. Grants and fundraising revenue assumptions appear reasonable and attainable.

Assumptions and methodology relating to salaries, fringe benefits, books and supplies, services and contracts and facilities/capital appear reasonable and were consistently applied.

It appears that plans are in place to have a facility when the school opens.

SECTION III: CERTIFICATION

Charter schools must abide by the following provisions of state law and the policy of the City of Milwaukee (open records for contractors with city, background checks). Please read the following list carefully. Initial each section of the list to certify that you understand these requirements and that the school will honor them. Please sign and date the certification in the space provided and return this section with your application. (Attachment R)

DBH I certify that the school named in this application will not charge tuition to charter students. (Schools may charge tuition for students not eligible for charter status. Charter schools may accept students under other programs such as the Milwaukee Parental Choice Program. However, schools may not receive tuition payments for the same students from more than one program. Schools may also charge reasonable fees for such items as field trips or extracurricular activities.)

DBH I certify that the school named in this application will abide by statutory eligibility requirements in determining who is a charter student. State statutes provide that students must meet the following tests: the student is a city resident and, in the previous year, the student either 1) enrolled in the Milwaukee Public Schools; 2) attended a private school under section 119.23, the Milwaukee Parental Choice Program; 3) enrolled in four-year-old kindergarten to grade three in a private school not participating in the choice program; 4) not enrolled in school; or 5) enrolled in a charter school. *(Please note that a student who attended pre-school at a level lower than four-year-old kindergarten qualifies as a student who was not enrolled in school.)*

DBH I certify that the school named in this application will administer required state examinations. (State law requires charter schools to administer the state's examinations for fourth, eighth and tenth graders.)

DBH I certify that the school named in this application is or will be nonsectarian.

DBH I certify that the school named in this application will not discriminate in its admission policies or deny participation in any program or activity on the basis of a person's sex, race, religion, national origin, ancestry, pregnancy, marital or parental status, sexual orientation, or physical, mental, emotional or learning disability.

DBH I certify that the school named in this application serves at-risk students or, if it does not now serve at-risk students, will serve at-risk students who apply and meet other admission requirements. (State statutes define at-risk students to include students in grades 5 - 12 who are one or more years behind their age group in the number of high school credits attained, or two or more years behind their age group in basic skills levels, and who are also one or more of the following: dropouts, habitual truants, parents or adjudicated delinquents.)

DBH I certify that the school named in this application will abide by health and safety codes that apply to public schools, including immunization requirements.

DBH I certify that the school named in this application is located in the City of Milwaukee.

DBH I certify that the applicant is not a for-profit entity.

DBH I certify that the school named in this application will abide by city requirements for access to records of a contractor with the city.

DBH I certify that the school named in this application has conducted criminal background checks on current employees and volunteers and will conduct criminal background checks on all new employees, and that the school will assign only those employees and volunteers who, in the judgment of the school have nothing in their background, including but not limited to pending charges or convictions of criminal offenses, which would render them unfit to work or otherwise have contact with the school's students and employees.

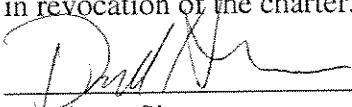
DBH I certify that the school named in this application will submit the annual report required by contract, including an annual financial audit, to the sponsor by the date established in the contract.

DBH I certify that I understand that the award of a charter school contract is contingent upon receipt of an occupancy certificate for school use from the City of Milwaukee Department of Building Inspection.

DBH I certify that the school named in this application will comply with federal regulations that apply to charter schools authorized by the City of Milwaukee, including, but not limited to, the provisions in the *No Child Left Behind Act* that apply to schools in need of improvement (The 2001 passage of the Elementary and Secondary Education Act, also known as *No Child Left Behind*, contains significant sanctions for schools that do not meet its requirements; charter schools are required to comply with its provisions. For guidance from the US Department of Education, please see Charter School Policy Guidance for NCLB.)

DBH I certify that the school named in this application will comply with the requirements of the CSRC regarding tasks required by the academic monitoring and operations monitoring consultants and any additional monitoring requirements that the CSRC develops as needed during the lifetime of the school's contract with the City of Milwaukee.

I hereby certify that I agree to abide by the requirements above and understand that failure to do so may result in revocation of the charter.



Applicant Signature

9/5/06

Date

ACADEMY OF LANGUAGES AND INTERNATIONAL BUSINESS, INC.
 2007 - 2008
 5 year budget

REVENUE	notes	basis	Year Enrollment				
			2007 - 2008	2008 - 2009	2009 - 2010	2010 - 2011	2011 - 2012
State charter payment		7,669.00	1,533,800	2,300,700	3,067,600	3,067,600	3,067,600
Food Service		377.38	75,476	113,214	150,951	150,951	150,951
Grants and Aids							
Title I		669.03	133,805	200,708	267,610	267,610	267,610
Title II (Teacher and Principal)		101.61	20,321	30,482	40,643	40,643	40,643
Title II D (Technology Development)		6.45	1,290	1,935	2,580	2,580	2,580
Title IV (Safe & Drug Free)		10.04	2,009	3,013	4,017	4,017	4,017
Title VI (Innovative Ed.)		8.02	1,604	2,406	3,208	3,208	3,208
Title XIX		14.02	2,803	4,205	5,607	5,607	5,607
Categorical Total			161,832	242,748	323,664	323,664	323,664
SPED (State)		137.42	27,484	41,226	54,968	54,968	54,968
SPED (Federal)		172.50	34,500	51,750	69,000	69,000	69,000
SPED TOTAL			61,984	92,976	123,969	123,969	123,969
State Grant			150,000				
TALC Implementation Grant			100,000				
Other Grants			-				
Grant and Aids Total			223,816	335,724	447,633	447,633	447,633
TOTAL REVENUE			1,833,092	2,749,638	3,666,184	3,666,184	3,666,184
EXPENSES							
Instruction, Administration & Support		7,897.65	1,579,531	2,369,296	3,159,061	3,159,061	3,159,061
Contingency		2%	31,591	47,386	63,181	63,181	63,181
TOTAL EXPENSES			1,611,121	2,416,682	3,222,242	3,222,242	3,222,242
Revenue Over (Under) Expenses			221,971	332,956	443,942	443,942	443,942

ACADEMY OF LANGUAGES AND INTERNATIONAL BUSINESS, INC.
2007 - 2008

PROJECTED CASH FLOW

ESTIMATED CASH FLOW

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Disbursements												
Salaries Fully Loaded	1,015,507	84,626	84,626	84,626	84,626	84,626	84,626	84,626	84,626	84,626	84,626	84,626
Special Ed (SPED)												
Consultants												
Materials and Supplies	1,500	125	125	125	125	125	125	125	125	125	125	125
Central Services	27,598	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Lease - copier	20,000	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667
Textbooks/Curriculum												
Materials and Supplies	4,000	8,833	8,833	8,833	8,833	8,833	8,833	8,833	8,833	8,833	8,833	8,833
Food Service	2,000											
Student Transportation	106,000	8,833	8,833	8,833	8,833	8,833	8,833	8,833	8,833	8,833	8,833	8,833
Utilities	90,000	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Facility	170,400	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200
Purchased Services, building maintenance	70,000	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833
Taxes - real, personal property	25,000	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083
Insurances	18,000											
Board Expenses	5,000	417	417	417	417	417	417	417	417	417	417	417
Legal												
Chartering fee	7,000											7,000
Audit												
Bond Trustee Fee												
Title Company Fee												
Short Term Interest expense	10,000	5,000										
Professional Development	1,625	135	135	135	135	135	135	135	135	135	135	135
Payroll Processing	2,800	233	233	233	233	233	233	233	233	233	233	233
Accounting Services												
Repair and Maintenance Reserve Fund												
Recruitment - Staff	1,000	143	143	143	143	143	143	143	143	143	143	143
Recruitment - Students	1,500											
Field Trips	600	100	100	100	100	100	100	100	100	100	100	100
Total Disbursements	1,579,531	156,953	127,953	128,053	127,953	128,410	133,310	128,410	128,310	128,410	128,310	135,410
Receipts												
DPI Per Pupil	1,533,800	383,450	383,450	383,450	383,450	383,450	383,450	383,450	383,450	383,450	383,450	383,450
Title I	133,805											
Title II (Teacher and Principal)	20,321	5,080	5,080	5,080	5,080	5,080	5,080	5,080	5,080	5,080	5,080	5,080
Title II D (Technology Development)	1,290	323	323	323	323	323	323	323	323	323	323	323
Title IV (Safe & Drug Free)	2,009	502	502	502	502	502	502	502	502	502	502	502
Title VI (Innovative Ed.)	1,604	401	401	401	401	401	401	401	401	401	401	401
Title XIX	2,803	701	701	701	701	701	701	701	701	701	701	701
SPED (State)	27,484	6,871	6,871	6,871	6,871	6,871	6,871	6,871	6,871	6,871	6,871	6,871
SPED (Federal)	34,500	8,625	8,625	8,625	8,625	8,625	8,625	8,625	8,625	8,625	8,625	8,625
State Grant	100,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000
TALC Implementation Grant	150,000	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500
Other Grants	2,800											
Food Service	75,476	6,290	6,290	6,290	6,290	6,290	6,290	6,290	6,290	6,290	6,290	6,290
Interest Income												
Total Receipts	2,085,892	482,742	43,790	6,290	412,242	6,290	412,242	6,290	6,290	6,290	501,892	53,245
Receipts over (under) Disbursements	(8,663)	354,690	(84,163)	(121,763)	284,290	(122,120)	278,933	(122,120)	(122,020)	(122,120)	373,582	(82,164)
Cummulative cash flow	346,027	261,864	140,101	424,391	302,271	581,204	337,064	214,944	589,526	506,361	506,361	506,361

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Out
Costs

ACADEMY OF LANGUAGES AND INTERNATIONAL BUSINESS, INC.
2007 - 2008
Budget Alternatives

Enrollment Assumptions Facility Area Required (square feet)	Students	Budget Alternatives				
		100 10,600	200 14,200	300 17,600	400 21,400	
Income Assumptions '07-'08						
DPI Per Pupil	Per Student	\$ 7,669.00	\$ 766,900.00	\$ 1,533,800.00	\$ 2,300,700.00	\$ 3,067,600.00
Title I	\$ 669.03	\$ 66,902.51	\$ 133,805.02	\$ 200,707.53	\$ 267,610.05	
Title II (Teacher and Principal)	\$ 101.61	\$ 10,160.64	\$ 20,321.29	\$ 30,481.93	\$ 40,642.58	
Title II D (Technology Development)	\$ 6.45	\$ 645.00	\$ 1,290.00	\$ 1,935.00	\$ 2,580.00	
Title IV (Safe & Drug Free)	\$ 10.04	\$ 1,004.26	\$ 2,008.52	\$ 3,012.77	\$ 4,017.03	
Title VI (Innovative Ed.)	\$ 8.02	\$ 801.88	\$ 1,603.75	\$ 2,405.63	\$ 3,207.50	
Title XIX	\$ 14.02	\$ 1,401.69	\$ 2,803.38	\$ 4,205.07	\$ 5,606.77	
Categorical Total	\$ 802.71	\$ 80,915.98	\$ 161,831.96	\$ 242,747.94	\$ 323,663.92	
SPED (State)	\$ 137.42	\$ 13,742.07	\$ 27,484.14	\$ 41,226.22	\$ 54,968.29	
SPED (Federal)	\$ 172.50	\$ 17,250.08	\$ 34,500.15	\$ 51,750.23	\$ 69,000.30	
SPED TOTAL	\$ 309.92	\$ 30,992.15	\$ 61,984.30	\$ 92,976.44	\$ 123,968.59	
State Grant		\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	
TALC Implementation Grant		\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	
Other Grants		\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	
Food Service	\$ 377.38	\$ 37,737.84	\$ 75,475.69	\$ 113,213.53	\$ 150,951.37	
Interest Income		\$ -	\$ -	\$ -	\$ -	
Total	\$ 11,693.46	\$ 1,169,345.97	\$ 2,085,891.95	\$ 3,002,437.92	\$ 3,918,983.89	
Expense Assumptions						
Salaries ¹ assumptions	\$ 5,950	\$ 595,000	\$ 805,000	\$ 1,015,000	\$ 1,125,000	
Benefits Percentage of Salaries	26.15%	26.15%	26.15%	26.15%	26.15%	
Benefits ² assumptions	\$ 1,556	\$ 155,592	\$ 210,507	\$ 265,422	\$ 294,187	
Salaries Fully Loaded	\$ 7,506	\$ 750,592	\$ 1,015,507	\$ 1,280,422	\$ 1,419,187	
Special Ed (SPED) ⁵ notes	5.0%	5	10	15	20	
Consultants						
Materials and Supplies	\$ 150.00	\$ 750.00	\$ 1,500.00	\$ 2,250.00	\$ 3,000.00	
Total	\$ 150.00	\$ 750.00	\$ 1,500.00	\$ 2,250.00	\$ 3,000.00	
Central Services						
Consultants	1.00	100.40	200.80	301.20	401.61	
Library supplies and subscriptions	3.01	301.20	602.41	903.61	1,204.82	
Supplies	1.00	100.40	200.80	301.20	401.61	
Book/Materials	5.02	502.01	1,004.02	1,506.02	2,008.03	
Software	6.02	602.41	1,204.82	1,807.23	2,409.64	
Hardware Acquisition/Tech Plan	45.18	4,518.07	9,036.14	13,554.22	18,072.29	
Supplies	3.51	351.41	702.81	1,054.22	1,405.62	
Renewals	42.17	4,216.87	8,433.73	12,650.60	16,867.47	
Pitney Bowes - Postage Machine	3.61	361.45	722.89	1,084.34	1,445.78	
Subscriptions	1.58	158.25	316.51	474.76	633.01	
Repair and Maintenance	8.03	803.21	1,606.43	2,409.64	3,212.85	
Shrinkage	7.53	753.01	1,506.02	2,259.04	3,012.05	
Telephone	3.07	307.23	614.46	921.69	1,228.92	
Internet	2.21	221.18	442.37	663.55	884.74	
Audio Visual Supplies	5.02	502.01	1,004.02	1,506.02	2,008.03	
Central Services Total	\$ 137.99	\$ 13,799.12	\$ 27,598.23	\$ 41,397.35	\$ 55,196.47	
Lease - copier		\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	
Textbooks/Curriculum ⁷ notes						
Consultants	\$ 20.00	\$ 2,000.00	\$ 4,000.00	\$ 6,000.00	\$ 8,000.00	
Materials and Supplies	10.00	1,000.00	2,000.00	3,000.00	4,000.00	
Total	\$ 30.00	\$ 3,000.00	\$ 6,000.00	\$ 9,000.00	\$ 12,000.00	
Food Service	\$ 530.00	\$ 53,000.00	\$ 106,000.00	\$ 159,000.00	\$ 212,000.00	
Student Transportation ⁸ notes	\$ -	\$ -	\$ -	\$ -	\$ -	
Utilities ⁹ notes	\$ 450.00	\$ 45,000.00	\$ 90,000.00	\$ 135,000.00	\$ 180,000.00	
Facility	\$ 12.00	\$ 127,200.00	\$ 170,400.00	\$ 213,600.00	\$ 256,800.00	
Purchased Services, building maintenance ¹⁰ notes	\$ 350.00	\$ 35,000.00	\$ 70,000.00	\$ 105,000.00	\$ 140,000.00	
Taxes - real, personal property		25,000.00	25,000.00	25,000.00	25,000.00	
Insurances ¹¹ notes	\$ 90.00	\$ 9,000.00	\$ 18,000.00	\$ 27,000.00	\$ 36,000.00	
Board Expenses		5,000.00	5,000.00	5,000.00	5,000.00	
Legal						
Chartering fee		-	-	-	-	
Audit		7,000.00	7,000.00	7,000.00	7,000.00	
Bond Trustee Fee		-	-	-	-	
Title Company Fee		-	-	-	-	
Short Term Interest expense		-	-	-	-	
Professional Development	\$ 50.00	\$ 5,000.00	\$ 10,000.00	\$ 15,000.00	\$ 20,000.00	
Business Services ¹² notes						
Payroll Processing	0.16%	1,200.95	1,624.81	2,048.68	2,270.70	
Accounting Services		2,800.00	2,800.00	2,800.00	2,800.00	
Total		4,000.95	4,424.81	4,848.68	5,070.70	
Repair and Maintenance Reserve Fund						
Other ¹⁵ notes						
Recruitment - Staff	\$ 5.00	\$ 500.00	\$ 1,000.00	\$ 1,500.00	\$ 2,000.00	
Recruitment - Students	\$ 7.50	\$ 750.00	\$ 1,500.00	\$ 2,250.00	\$ 3,000.00	
Field Trips	\$ 3.00	\$ 300.00	\$ 600.00	\$ 900.00	\$ 1,200.00	
Total		1,550.00	3,100.00	4,650.00	6,200.00	
Total Operating Expense	\$ 10,873.43	\$ 1,067,343.50	\$ 1,560,855.34	\$ 2,034,168.50	\$ 2,382,454.64	
REVENUE over (under) EXPENSES	820.02	82,002.47	525,036.61	968,269.41	1,536,529.25	