

November 13th, 2021
Quarterly Board Meeting
Montessori School of Englewood

Location: Webex

Present:

Board Members: Quilen Blackwell, Joe Motto, Karen Anderson, Jim Sulzer, Thom Hale, Marcus Robinson, Matt Moeller, Peter Cunningham, Peter Talmers, Gabrielle Sansonetti, Ebonie Townsend

Administration: Rita Nolan, Felicia

Parents: Hannah Blackwell

Roll call and minutes taken by: Quilen Blackwell

I.

II. Call to order/Welcome and Introduction

Thom opened and led the introduction

III. Finance Committee

Presented by Joe Motto

Running a deficit at the moment but we are outperforming the budget by \$23,000

Due to hitting enrollment since we budgeted for 320 and hit 330

Facility spending is doing well

We didn't hit our fundraising goal from last year (lost preschool for all funding)

We had a clean audit with no findings (just for the charter school , the Head Start program will have a separate audit that we expect won't be fully clean)

Joe Motto calls motion to accept the audit report

Marcus Robinson seconded the motion

All board members vote to accept the audit report

We will take a \$30,000 hit from Head Start

Quattro is looking to renegotiate the nature of our relationship and we would like to do the same thing. We are paying them \$15,000 a month and we are overpaying for their services.

Oversight in the past about how much of our pension contribution we have been picking up. Will lead to a 5 figure impact that is not in the budget due to the contribution the school is making that hasn't been recorded in the budget

Thom: We aren't missing payments? Joe: Correct

We have a conservative fundraising number so we should be able to make up any deficit due to pension contribution if we hit pre-COVID fundraising numbers

Health insurance is coming in as a 20 percent increase would lead to an additional \$30,000 in our budget

FY22 Q1 - Budget to Actual

Montessori Network					
Budget to Actual					
For the Three Months Ending 9/30/2021					
	Actual (UR)	Budget (UR)			Budget
Description	YTD	YTD	Variance (\$)	Variance (%)	Annual
Revenue					
Total CPS Funding	939,019	871,538	(67,481)	107.74%	3,486,15
Total Government Funding	174,788	351,598	176,809	49.71%	1,405,39
Total Released from Restriction	18,750	0	(18,750)	0.00%	
Total Donations	40,779	16,575	(24,204)	246.02%	330,00
Total Other Revenue	8,001	2,000	(6,001)	400.02%	8,00
Total Revenue	1,181,337	1,241,711	60,374	95.14%	5,230,541
Expenses					
Total Personnel Costs	1,027,884	1,022,938	(4,946)	100.48%	4,091,75
Total Direct Student Costs	79,910	139,309	59,398	57.36%	557,23
Total Office & Administration	88,795	91,594	2,799	96.94%	366,37
Total Occupancy	6,095	22,279	16,184	27.36%	89,11
Total Other Costs	21,193	31,516	10,323	67.25%	126,05
Total Expenses	1,223,878	1,307,635	83,758	93.59%	5,230,541
NET SURPLUS/ (DEFICIT)	(42,541)	(65,925)	(23,384)	64.53%	0

FY22 Q1 - Budget to Actual Footnotes

September 30, 2021 year to date activity resulted in a 42k deficit, which is 23k better than plan.

Revenue

- Revenue met enrollment projections (330) and is 10 students above budgeted number (320) (Charter) for first semester count. Next count is 10th day of second semester.
- Title (federal monies to supplement existing state funding), ESSER (Elementary and Secondary School Emergency Relief Fund-emergency funds to address the impact of COVID-19), and Head Start Revenue far under budget (176k) due to program design approval timing and delays in billing/vouchering.
- Fundraising currently ahead of plan but is only 12% toward total annual budget (330k unrestricted).

Expenses:

- Personnel currently right at plan. Anticipating increases in health insurance costs- budgeted 3% increase, could see 20% increase.
- Direct Student Costs spending under plan by 60k.
- Occupancy under plan by 16k.

FY22 Q1 - Statement of Financial Position

Description	Sep'2021	Sep'2020
Assets		
Total Bank Accounts	161,992	483,950
Accounts Receivable	66,905	66,285
Pledges Receivable	245,680	321,390
Accrued Revenue	100,000	0
Prepaid Expenses	4,758	15,882
Total Current Assets	579,583	887,516
Total Fixed Assets	43,878	63,826
Total Assets	623,441	951,342
Liabilities & Net Assets		
Liabilities		
Accounts Payable	6,207	58,072
Salary Accrual	1,622	30,230
Pension Accrual	24,845	15,785
Current Portion of Loans	13,510	12,852
Line of Credit	150,000	0
Total Current Liabilities	196,185	116,948
Long-term Liabilities		
SRA PPP Loan	0	458,540
Long Term Liabilities	12,775	30,617
Total Long-term Liabilities	12,775	489,269
Total Liabilities	208,960	606,217
Net Assets		
Unrestricted Net Assets	145,731	18,126
Restricted Net Assets	268,750	327,000
Total Net Assets	414,481	345,126
Total Liabilities & Net Assets	623,441	951,342

FY22 Q1 - Statement of Financial Position

Footnotes

- 100k accrued revenue from Head Start assumed vouchering.
- 150k line of credit was repaid in full in October.
- 13k left on IFF loan payments.
- PPP loan was forgiven in full so no longer recognized as a liability.
- Overall, financial position 325k lower than YTD 2020.

FY21 Audit

- FY21 found no material weaknesses and was an unmodified opinion. (FY20 had a finding)
- FY21 single audit (Head Start- Federal Funds) ongoing
- Motion/Approval of FY21

Audit

Head Start Revenue

- More than 400k in Head Start Revenue still needs to be vouchered/received:

- Approved vouchers from DFSS issue: ~50k - Waiting on DFSS to approve.
- July 2021 - ~60k - Waiting on DFSS to approve.
- Bridge Money for seat reductions (80 to 70) - 23k - Waiting on DFSS to approve.
- August - November Funding - 271k - Waiting on DFSS to approve
- Entered Vouchers - 65k- Waiting on Comptroller's office to release funds.

- Will escalate further if approvals do not happen next week.

FY22 Financial Updates

- Quattro Contract

Negotiations ●

Ongoing Head Start

Issue ● Pension

Budget Issue (CTPF)

- 11.16% Employer Portion
- 9% Employee Portion (TMSOE Picks up 3% ($\frac{1}{3}$ of the 9%))

FY22 Financial Risks/Opportunities

- Revenue:

- Enrollment - Need to maintain/increase

enrollment to meet budget.

- Head Start - 67

- Charter - 323

- Fundraising - Need to ensure meeting of this goal.

- Currently 12% toward 330k (unrestricted) goal.

FY22 Financial Risks/Opportunities

- Expenses

- Personnel- Currently on budget so any additional required positions will be unbudgeted.

- Consulting- Additional costs for Head Start Consultant (helping to reset/restructure Head Start Program)

~45k

- Health Insurance - 20% increase for 6 months ~30k
- Pension

- Employer Portion

- Unbudgeted ● FY21

- ~40k

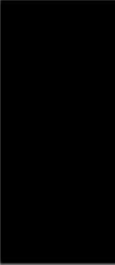
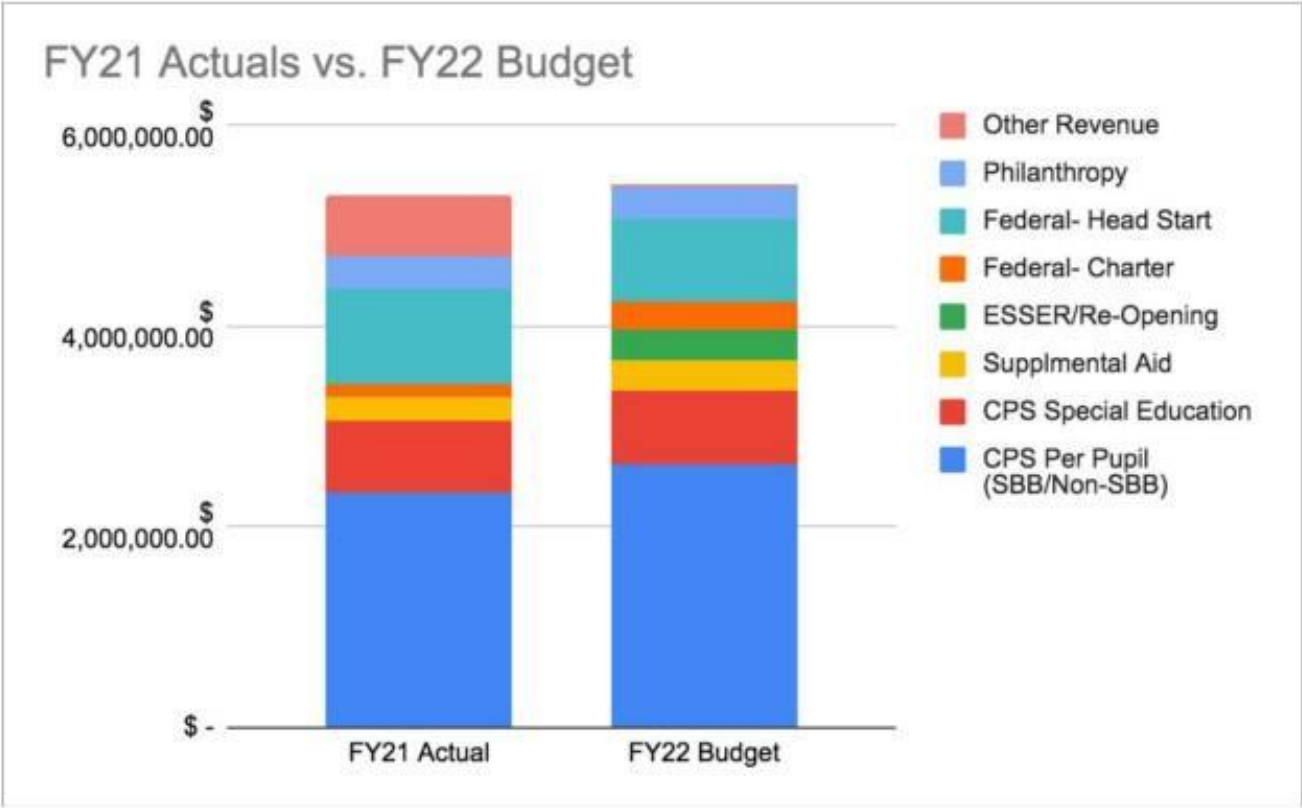
- FY22 ~166k

● Note that there are some expected vacancy savings and 175k contingency.

Appendix Slides



FY21 Actuals vs. FY22 Budget - REVENUE



TOTAL:
\$5,317,006

FY22 Budget: \$5,405

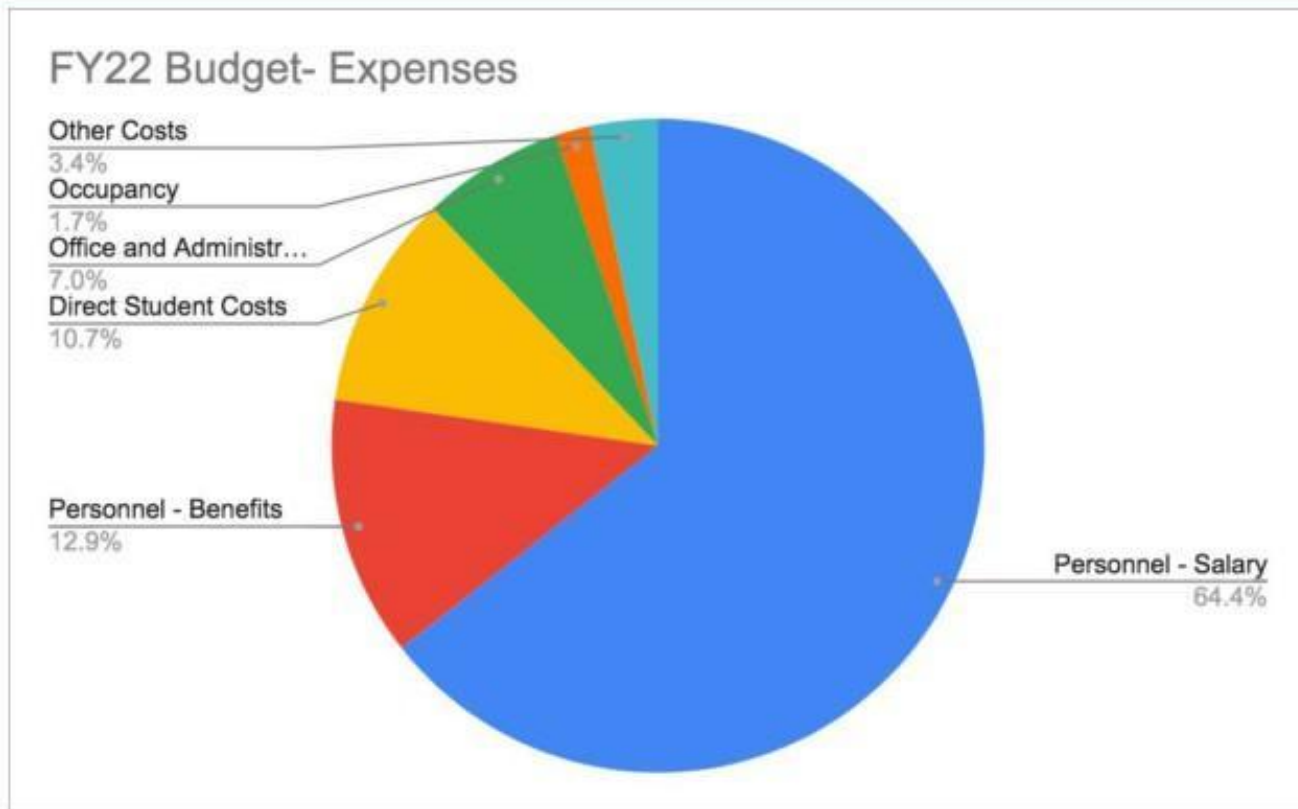
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FY22 Expense Breakdown



III. Development

Presented by Thom Hale

We need to aggressively go after raising money.

Internal goal is \$350,000 but would like to hit \$500,000

Need to strengthen the 3-6 program. Head Start is complicated and we need to start an integrated training program with 3-6 that isn't funded through Head Start

Have a number of donors that we are targeting

Quilen: Books and blooms - partnership with Southside Blooms to sell floral products to the Chicagoland area with 20 percent going to support the school

- Felicia is the bilingual director

Presented on MTSS which targets students who aren't grade level. Overall 17 percent of students are meeting the low risk benchmark. They are low risk to not be on grade level. 83 percent is moderate risk and above to be at risk of not being on grade level.

Rita this is data that is coming back as students are coming back from the pandemic. All grades are at risk of not being at grade level. Overall trend is that we need to meet common core standards but also phonics is our core area that we need to focus on as a school. Rita: thinks the results are better than expected but the key is to see how many students move out of the high risk categories over the course of the year. The entire student body was tested. We took the same hit as other schools during the pandemic which is math and language. In terms of bilingual we screened all students and overall it is doing very well. Pre-K has 6 students and K-8 has 26 bilingual students (32 total).

IV. Strategic Plan - Governance and Board Structure

Presented by Thom Hale

Have a committee led by Quilen looking at how to build the board and reshape it for the opportunities/challenges of the future. Preparing for succession as well as recruiting new board members. Need to recruit more parents to the board. Thom will be in communication to move the strategic plan forward. Rita said that there is an opportunity to build a pipeline with the Head Start parent policy committee. Ebonie will share this opportunity with the parent policy committee meeting in December.

V. Organizational Restructure

Presented by Thom

This is in process and will keep us posted as it develops

VI. Executive Director Report

Presented by Rita Nolan

Raised over \$300,000 so far for the year but most of the money is restricted. In the middle of our charter renewal. Hosted the state of the school meeting and had a good turnout. The enthusiasm was recognized by CPS. The board is scheduled to vote in January and developing a plan to have parents downtown for when they hold their office hours. Have 4 slots available in Head Start and 8 slots available in the charter school but have many more than that on the waitlist. Continuing partnerships. Operations completed the CPS compliance. Have updated the lockdown drills and added to the protocols. Got pricing from different security companies and will take it back to parent policy committee. Advocating for new doors from CPS. Getting pricing for a new camera system in the building. Joe: will CPS pick up the tab on the door? What is the standard on having security guards? Rita: CPS moved away from having armed guards in the school. Doors are expensive (\$15,000) but will need advocating from parents. Parents can help advocating at the aldermanic level. Don't have safe passage yet. Need speed bumps in the street/alleys. Peter Cunningham can connect the school to the organizations who engage the at risk youth who are committing violence. Gabrielle expressed concern on making sure we are lobbying in a way that is in accordance with the law. Had final site visit for training center and it went really well. Likely to be a nationally accredited training center.

**Executive Director
Report November
13th, 2021**

Executive Director

Fundraising

- Board: \$6,437
- Corporate: \$41,300

- Grants: \$48,000
- Individual: \$3,705.43
- In-kind: Trotter Project
 - United Way
 - Donors
 - Choose
 - St. Andrew's Philoptochos Society

● **Total:**

\$99,442.43 Budget

- See report from Treasurer.

Charter Renewal:

- TMSOE hosted their Charter Renewal State of the Schools Meeting for parents actually to engage with CPS' I&I Team. The turnout was successful; 30 families participated. We are in the process of connecting with our parents for the January Chicago Board of Education Meeting, where parents are invited to attend in-person or virtually.

Training Center

MSE had their final visit to the Early Childhood Montessori Training Center. The visit went very, and they said, “we should receive excellent news by Christmas” This will mean that MACTE will accredit the Montessori Network to train teachers from 2.5-12. We will begin work on our adolescent training program this summer.

Enrollment and Attendance

- Preschool-64-- 6 Slots available
- Charter School- 322--8 Slots available-- Have over eight applications
- Total: 386 students
- MSE’s attendance 90%

Partnerships

- Lawyers Lend a Hand continues to tutor our students on Tuesday evenings in-person and virtually.
- The Rush Nurses completed their community assessment of Englewood and have been continuously working with our students regarding health and wellness.
- We are working with Rush to see if MSE can become a vaccination site.

Primary

ERSEA:

-

Disabilities-Head Start:

- 2

Family and Community Engagement:

- Parent Policy Committee Minutes are pending.

Education:

- DFSS has requested that we remove the Kindergartners from the Head Start Classrooms

- We have created a stand-alone Kindergarten classroom

Motions:

- We need the amended version of the Standards of Conduct approved by the Board of Directors.

Kindergarten

- Hired Mr. Cota as the new Kindergarten teacher. Students are transitioning appropriately. Reading explosion began, as children realized that they could now read.

Elementary

- We focus on cosmic education and community, having students complete “big work” that sparks their interest.
- In Upper Elementary, we let students independently complete science experiments and explore the scientific process.
- We are starting to roll out Lexia with fidelity in 1st-6th grade classrooms.

Middle School

- Middle school just completed its first session of electives. The students enjoyed having a morning of alternative educational experiences such as guitar and business. The next session of electives will begin in December.
- Eighth graders completed the High School Assessment for CPS on November 9th. This test will guide CPS high school admissions.

Special Education

- We have several new students undergoing initial evaluations and are working to ensure we have the services lined up for them once they are found eligible.
- We are still looking for an in-house (rather than a contracted) social worker, but the demand currently seems much higher than the supply. In the interim, Stepping Stones is in the process of onboarding a new contracted social worker (we are waiting for ISBE credential approval).
- We have purchased a paraprofessional training program and will be rolling that out in the second quarter. Next year, we plan to roll it out at the start of the school year so paras can begin training during orientation week.

Bilingual/ MTSS/ Assessments

MTSS

- School-wide Tier II interventions have been implemented, and progress monitoring has already started.
- The FastBridge system has been integrated schoolwide as one of the primary data sources for student progress.
- Tier III interventions have been implemented, and progress monitoring has started for those students.
- [Schoolwide Data Reports Fall SY 21/22](#)

Bilingual

- All state-identified ELL students have been screened to determine whether they are eligible for ESL & Bilingual services.
- All ACCESS materials have been ordered for the January administration
- We are currently working on hiring an ESL educator for 4th-8th

Assessments

- The High School Assessment (H.S.A.) went well
- All H.S.A. compliance will be complete by Thursday, November 18th, 2021
- Educators are still having difficulties logging into KIDS
 - We have all the data in paper format, but we are unable to load them into the KIDS assessment website

Operations

Compliance

- TMSOE completed 76 requirements for CPS compliance for the 2021 fiscal year.
- SafeSchools Trainings continue to be offered through the platform. The mandatory training in the fall included mandated reporting, protecting Chicago's Children, and COVID-19 safety.
- Lockdown drills have been updated, and new protocols have been in place to ensure the complete safety of the school.
- COVID-19 Testing continues every Thursday; currently, 65 students and 24 adults are tested weekly.

Building

- First-floor bathroom renovations are complete.
- Both boilers have been inspected by the City and are fully functional

- Currently waiting on quotes for the outdoor pavilion (funded through an individual funder).
- Painting throughout the building will take place over winter break
- CPS has done a complete evaluation of our front doors and is in the capital project.
- MSE In the process of finalizing a plan for a new camera system throughout the building.

Human Resources

- Open Enrollment for health insurance is currently in process and will end on November 19th.
- MSE has one open investigation regarding a staff matter. This investigation is expected to be resolved shortly. Once the investigation is completed, it will be reviewed by the Executive Committee of the board and the Executive Director.

Technology

- The Technology Department successfully applied and received the Federal ECF Grants, which provides \$15,000 for Laptops reserved for In-School Testing activities. We are waiting to vouch for invoices.
- Technology staff is currently performing system-wide functionality tests to determine potential requirements for infrastructure improvements utilizing E-Rate Funds.

ENGLEWOOD
FINANCIAL STATEMENTS
AND INDEPENDENT
AUDITORS' REPORT
JUNE 30, 2021 AND 2020

**THE MONTESSORI NETWORK
D/B/A THE MONTESSORI SCHOOL OF ENGLEWOOD**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Montessori Network
d/b/a The Montessori School of Englewood
6936 South Hermitage Avenue
Chicago, Illinois 60636

We have audited the accompanying financial statements of The Montessori Network d/b/a The Montessori School of Englewood, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Montessori Network d/b/a The Montessori School of Englewood as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the The Montessori Network's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 6, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021, on our consideration of The Montessori Network d/b/a The Montessori School of Englewood's internal control over financial reporting and on our tests of its compliance with certain laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Montessori Network d/b/a The Montessori School of Englewood's internal control over financial reporting and compliance.

PORTE BROWN LLC
Certified Public Accountants



Elk Grove Village, Illinois
October 29, 2021

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 349,996	\$ 844,161
Receivables		
Chicago Public Schools	37,625	18,871
Federal and state grants	203,576	106,039
Pledges	52,700	156,773
Prepaid expenses	<u>5,673</u>	<u>7,489</u>
	<u>649,570</u>	<u>1,133,333</u>
FIXED ASSETS		
Property and equipment	131,808	131,808
Less: Accumulated depreciation	<u>(83,146)</u>	<u>(62,613)</u>
	<u>48,662</u>	<u>69,195</u>
OTHER ASSETS		
Pledges receivable, net of current portion included above	<u>196,398</u>	<u>240,000</u>
TOTAL ASSETS	<u>\$ 894,630</u>	<u>\$ 1,442,528</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Bank loan payable	\$ 200,000	\$ 200,000
Accounts payable and accrued expenses	211,044	235,895
Current portion of note payable	<u>17,902</u>	<u>17,031</u>
	<u>428,946</u>	<u>452,926</u>
OTHER LIABILITIES		
Refundable advance	-	458,592
Note payable, net of current portion included above	<u>12,775</u>	<u>30,677</u>
	<u>12,775</u>	<u>489,269</u>
NET ASSETS		
Without donor restrictions	\$ 181,511	\$ 128,935
With donor restrictions	<u>271,398</u>	<u>371,398</u>
	<u>452,909</u>	<u>500,333</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 894,630</u>	<u>\$ 1,442,528</u>

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

(with summarized information for the year ended June 30, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND SUPPORT				
Chicago Public Schools				
PCTC tuition	\$ 3,049,350	\$ -	\$ 3,049,350	\$ 3,001,089
Supplemental SPED	-	-	-	271,636
Title I, II, and IV funding	177,562	-	177,562	173,579
Other	251,665	-	251,665	-
Contributed goods and services	1,726,435	-	1,726,435	1,143,868
City of Chicago				
Head Start	928,681	-	928,681	636,762
Preschool for All	-	-	-	248,185
Other government funding	458,592	-	458,592	60,630
Grants and contributions	316,402	10,500	326,902	552,580
Miscellaneous income	165,129	-	165,129	27,406
Net assets released from restriction	<u>110,500</u>	<u>(110,500)</u>	<u>-</u>	<u>-</u>
	<u>7,184,316</u>	<u>(100,000)</u>	<u>7,084,316</u>	<u>6,115,735</u>
EXPENSES				
Program services	6,495,311	-	6,495,311	5,214,313
Management and general	582,717	-	582,717	716,968
Fundraising	<u>53,712</u>	<u>-</u>	<u>53,712</u>	<u>49,585</u>
	<u>7,131,740</u>	<u>-</u>	<u>7,131,740</u>	<u>5,980,866</u>
CHANGE IN NET ASSETS	52,576	(100,000)	(47,424)	134,869
NET ASSETS, BEGINNING OF YEAR	<u>128,935</u>	<u>371,398</u>	<u>500,333</u>	<u>365,464</u>
NET ASSETS, END OF YEAR	<u>\$ 181,511</u>	<u>\$ 271,398</u>	<u>\$ 452,909</u>	<u>\$ 500,333</u>

	=	<u>77</u>	<u>77</u>	=	=	<u>77</u>	<u>1,485</u>	
TOTAL FUNCTIONAL EXPENSES	\$	\$	\$	\$	\$	\$	\$	
	<u>1,047,306</u>	<u>5,448,005</u>	<u>6,495,311</u>	<u>582,717</u>	<u>53,712</u>	<u>7,131,740</u>	<u>5,980,866</u>	<u> </u>

The accompanying notes are an integral part of these financial statements

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
OPERATING ACTIVITIES		
Change in net assets:	\$ (47,424)	\$ 134,869
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	20,534	17,912
Changes in:		
Receivables	31,383	(10,147)
Prepaid expenses	1,816	28,324
Accounts payable and accrued expenses	(24,851)	(93,595)
Refundable advance	<u>(458,592)</u>	<u>458,592</u>
Net cash (used) provided by operating activities	<u>(477,134)</u>	<u>535,955</u>
INVESTING ACTIVITIES		
Purchase of fixed assets	<u>-</u>	<u>(41,755)</u>
Net cash provided (used) by investing activities	<u>-</u>	<u>(41,755)</u>
FINANCING ACTIVITIES		
Repayments on note payable	<u>(17,031)</u>	<u>(16,202)</u>
Net cash (used) by financing activities	<u>(17,031)</u>	<u>(16,202)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(494,165)	477,998
BEGINNING CASH AND CASH EQUIVALENTS	<u>844,161</u>	<u>366,163</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 349,996</u>	<u>\$ 844,161</u>
SUPPLEMENTAL INFORMATION TO CASH FLOWS		
Cash paid during the year for:		
Income taxes	\$ -	\$ -
Interest	8,409	16,114

The accompanying notes are an integral part of these financial statements

NOTE A – NATURE OF OPERATIONS

The Montessori Network d/b/a The Montessori School of Englewood (the “School”), located in Chicago, Illinois, was incorporated on June 7, 2010 under the provisions of the General Not-for-Profit Act of the State of Illinois. The School’s mission is to create a learning community where members trust one another to use their heads, hearts, and hands to commit to a life of growth and fulfillment.

During the year ended June 30, 2021, the School served 80 early childhood students and 305 charter students in kindergarten through eighth grade. During the year ended June 30, 2020, the School served 80 early childhood students and 305 charter school students in kindergarten through eighth grade.

The School is supported primarily through tuition payments from Chicago Public Schools, grants from state and federal agencies, various community and corporate foundations and the general public. During the years ended June 30, 2021 and 2020, the School received approximately 73% and 75%, respectively, of its support from tuition from Chicago Public Schools. PCTC tuition payments are calculated by the Illinois State Board of Education (ISBE) as defined by statute and varies year-to-year as the following fluctuate: CPS’ expenditures, expenditure composition, categorical revenue, and student attendance.

The School is subject to a Charter Agreement with the Chicago School Reform Board of Trustees (Chicago Public Schools or CPS) ending on June 30, 2022. In addition, the School has been certified as a charter school by the Illinois State Board of Education.

The School is governed by a Board of Directors that is selected in according to the School’s bylaws.

Under state law, Chicago Public Schools has oversight responsibility to verify that the School complies with the requirements and meets the expectations of a public educational system. The School is expected to satisfy regulations and compliance requirements of Chicago Public Schools.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies is presented to assist in understanding the School’s financial statements. The financial statements and notes are representations of the School’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL STATEMENT PRESENTATION

In accordance with FASB ASC 958-205, "Not-for-Profit Entities Presentation of Financial Statements," the School reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions and providing services less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of donated assets, either temporarily or permanently, until the donor restriction expires, the net assets are restricted.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional allocation. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2020 from which the summarized information was derived.

REVENUE RECOGNITION

The School derives its revenue primarily from grants and contributions. In accordance with FASB ASC 958- 605-25 "Not-for-Profit Entities Revenue Recognition" contributions received, including unconditional promises to give, are recognized as revenues in the period received at their fair market values. Conditional promises to give, whether received or made, are recognized when they become unconditional, that is, when the conditions are substantially met. In addition, FASB ASC 958-605 requires not-for-profit organizations to distinguish between contributions received that increase net assets without donor restrictions and net assets with donor restrictions. It also requires recognition of the expiration of donor-imposed restrictions in the period in which the restrictions expire.

PCTC Tuition, Supplemental SPED, other CPS funding, and other federal revenue (including Title funding, and E-Rate)

The School received a student allocation from Chicago Public Schools as well as other state and local and federal entitlement funding to cover the cost of educational expenses. PCTC tuition is calculated by ISBE as defined by statute, and varies year-to-year as the following fluctuate: CPS' expenditures, expenditure composition, categorical revenue, and student attendance. PCTC tuition includes an allotment for instruction and operations, facility costs (for schools operating in independent facilities), and Special Education. The revenue is recognized ratably over the school year. Federal entitlements such as Title funding are also allocated by CPS and are recognized as revenue as allowable costs are incurred. E-rate revenue is recognized when eligible program expenses are incurred and approved. All of these revenue categories are accounted for as nonexchange transactions as the benefit to the resource provider is incidental to the public benefit received by the charter school students served by the School.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUE RECOGNITION (Continued)

Head Start and Preschool for All Funding

The School received awards from Chicago Department of Family Support and Services to operate its early childhood programs. The revenue is recognized when eligible program expenses are incurred and approved. These awards are accounted for as nonexchange transactions as the benefit to the resource provider is incidental to the public benefit received by the early childhood students served by the School.

PROMISES TO GIVE

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions

Included in pledges receivable are the following unconditional promises to give:

		<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 52,700	156,773	
Receivable in one to five years		<u>196,398</u>	<u>240,000</u>
		<u>\$ 249,098</u>	<u>\$ 396,773</u>

Unconditional promises to give are considered to be fully collectible and, accordingly, no allowance for doubtful accounts has been recorded. See Note F for information regarding the conditional promise to give at June 30, 2020.

NET ASSETS WITHOUT DONOR IMPOSED RESTRICTIONS

Net assets without donor restrictions are those funds presently available for use by or on behalf of the School, including amounts available for general and administrative expenses. These net assets without donor restrictions may also include board-designated amounts.

The School's Executive Committee may from time to time designate funds. These represent funds to be used as capital for special projects, including, but not limited to, engaging outside consultants to provide development services. Additionally, the funds may be used for such purposes as the School's Executive Committee deems necessary to address an emergent and otherwise unfunded programmatic or facilities-related need of the School. There were no board designated amounts at June 30, 2021 and 2020.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DONOR IMPOSED RESTRICTIONS

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions which increases that net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the School reports the support as without donor restrictions.

Net assets with donor restrictions at June 30, 2021 and 2020 consist of the following:

		<u>2021</u>	<u>2020</u>
Time restrictions, some of which may also be subject to purpose restrictions:			
Restricted for use in FY22 and later	<u>\$ 271,398</u>	<u>\$ 371,398</u>	

Net assets released from restriction during the years ended June 30, 2021 and 2020 were as follows:

		<u>2021</u>	<u>2020</u>
Purpose restricted, satisfied by expenditures			
Early education program	\$ -	\$ 50,000	
COVID-19 Comeback		10,000	-
Other		500	-
Expiration of time restrictions		<u>100,000</u>	<u>53,602</u>
		<u>\$ 110,500</u>	<u>\$ 103,602</u>

CONTRIBUTED GOODS AND SERVICES

The School recognizes the fair value of contributed goods and services as revenue. Contributed services are recognized when they a) create or enhance nonfinancial assets or b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CONTRIBUTED GOODS AND SERVICES (Continued)

The School was the recipient of the following contributed goods and services from Chicago Public Schools during the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Rent	\$ 545,280	\$ 545,280
Food service	166,226	207,018
Facilities	518,347	194,496
Interest	5,838	9,710
Retirement fund - unfunded pension liability	<u>490,744</u>	<u>187,364</u>
	<u>\$ 1,726,435</u>	<u>\$ 1,143,868</u>

EXPENSE RECOGNITION AND ALLOCATION

The School allocates its expenses on a functional basis among its various programs and supporting activities. Expenses that can be identified with a specific program or supporting activity are allocated directly according to their natural expenditure classification.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are personnel, which are allocated on the basis of estimates of time and effort; corporate insurance, depreciation, dues and subscriptions, equipment leases, interest, other costs, postage, repairs and maintenance, staff recruitment, and travel, which are allocated based on the personnel allocation percentages.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the School.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The School generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgments contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expense in accordance with standards for accounting for costs of activities that include fundraising.

CASH AND CASH EQUIVALENTS

The School considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

CONCENTRATION OF CREDIT RISK

The School has cash and cash equivalents in excess of federally insured limits of \$250,000 at one banking

institution. These amounts potentially subject the School to credit risk if the banking institution fails.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

RECEIVABLES

Receivables that are expected to be collected within one year are recorded at net realizable value. When applicable, receivables that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The School maintains an allowance for doubtful accounts as needed through a provision for bad debt expense and a credit to the valuation allowance. Management considers the following factors when determining the collectability of specific customer accounts: past transaction history with the customer or vendor, current economic industry trends, and general collection experience. Management considers receivables to be fully collectible and accordingly, no allowance has been recorded.

Grants receivable consist of payments due from various government agencies. The School considers grants receivable to be fully collectible. The grants receivable are valued at management's estimate of the amount that will ultimately be collected.

PREPAID EXPENSES

Prepaid expenses consist of the following:

	<u>2021</u>	<u>2020</u>
Employee benefits	\$ 5,673	\$ 2,592
Corporate insurance	<u>-</u>	<u>4,897</u>
	<u>\$ 5,673</u>	<u>\$ 7,489</u>

FIXED ASSETS

Fixed assets are stated at cost. Depreciation is calculated on a straight-line basis over the estimated lives of the related assets. The School has adopted a policy to capitalize assets using a \$5,000 threshold. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Major classifications of property and equipment and their respective lives are summarized below:

	<u>Lives in Years</u>	<u>2021</u>	<u>2020</u>
Furniture and equipment	5 - 7	\$ 71,793	\$ 71,793
Leasehold improvements	5	<u>60,015</u>	<u>60,015</u>
		<u>\$ 131,808</u>	<u>\$ 131,808</u>

Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains and losses on dispositions of property and equipment are included in income.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAXES

The School is generally exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and similar state statutes. Accordingly, no provision for income tax expense is included in the accompanying financial statements

The School has adopted the provision of ASC Topic 740, Income Taxes, relating to the accounting for uncertainty in income taxes. The School files information tax returns in the U.S. federal jurisdiction. Management is not aware of any uncertain tax positions.

SUBSEQUENT EVENTS

The School has evaluated subsequent events through October 29, 2021, the date which the financial statements were available to be issued.

NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The School considers all expenditures related to its ongoing program activities, as well as the services undertaken to support those activities to be general expenditures. The School regularly monitors liquidity required to meet its operation needs and other contractual commitments. In addition to the financial assets available to meet general expenditures over the next year, the School operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor restricted resources.

The following table show the total financial assets held by the School and the amounts of which could readily be made available within one year of June 30, 2021 and 2020 to meet general expenditures:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 349,996	\$ 844,161
Receivables	<u>490,299</u>	<u>521,683</u>
Total financial assets	840,295	1,365,844
Less those unavailable for general expenditures within one year due to:		
Contractual or donor imposed restrictions	<u>(271,398)</u>	<u>(371,398)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 568,897</u>	<u>\$ 994,446</u>

NOTE D – BANK LOAN PAYABLE

Bank loan payable represents the balance due on an open line of credit with a local bank maturing on January 5, 2022. Interest is payable at the prime rate plus 1.00% (4.25% at June 30, 2021 and 2020),

with a minimum interest rate of 5.00%. The line of credit is collateralized by substantially all assets of the School. The School did not have any additional funds available at June 30, 2021.

NOTE E – NOTE PAYABLE

Note payable consists of an installment loan payable to IFF. The proceeds of the loan were originally used to fund leasehold improvements at 7033 South Honore Street, the school's former location. The loan was collateralized by a mortgage on leasehold improvements but is currently unsecured as the School no longer operates at this location. Management has represented that, by voluntarily terminating its lease, the School is in non-monetary default on the loan. In default, the loan bears interest at 18%, and, at the option of IFF, may become immediately due and payable. Effective, April 1, 2018, the School amended the loan agreement with IFF. Under the new terms, the loan is payable at \$1,591 per month, principal, and interest at 5%, and matures March 2023, but remains in default. The School has made all payments in accordance with the terms for the years ended June 30, 2021 and 2020.

The total debt maturing in years subsequent to June 30, 2021 is as follows:

Year-ending June 30,	
2022	\$ 17,902
2023	<u>12,775</u>
	<u>\$ 30,677</u>

NOTE F – PAYCHECK PROTECTION PROGRAM LOAN

On April 27, 2020, the School was granted a loan from Inland Bank and Trust for \$515,040 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks if the School uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week covered period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months.

The School considers the forgivable loan to represent a conditional promise to give, and as such, will not record contribution revenue until conditions are met. During the years ended June 30, 2021 and 2020, the School had determined that it had met such conditions relative to \$458,592 and \$56,448 of the loan, respectively, and this amount has been recognized as other government funding in the statement of activities. As the remaining funds had unmet conditions at June 30, 2020, the remaining portion was included in the statement of financial position as a refundable advance and will be subsequently recognized as revenue when the conditions are met. The School used the proceeds for purposes consistent with the PPP and the loan was forgiven during the year ended June 30, 2021.

NOTE G – RETIREMENT PLAN

The School participates in the Public-School Teachers' Pension and Retirement Fund of Chicago ("CTPF" or the "Fund"), a defined-benefit plan. Participants of the Fund include all active nonannuitants who are employed by a Fund-covered employer and who hold an Illinois State Teacher Certification Board certification. The State of Illinois appropriates public contributions to Chicago Public Schools who then remits those (employer) contributions to the Fund for the benefit of applicable Chicago schools.

During the years ended June 30, 2021 and 2020, Chicago Public Schools withheld the employer related to pensionable salaries from the tuition that was paid to each school. On a discretionary basis, the School has elected to pay a portion of its employees' required contributions to the Fund. The Fund does not maintain separate actuarial records for the School.

CTPF pension amounts are as follows for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Total pensionable salaries	\$ 965,163	\$ 883,095
Employees' contribution expense paid by employer	28,955	26,493
Pension true-up amount		
Employer's contribution expense (11.16%)	\$ 107,712	\$ 98,553
Less: CPS deduction amount for employer's pension	<u>(66,918)</u>	<u>(91,877)</u>
	<u>\$ 40,794</u>	<u>\$ 6,676</u>

NOTE H – LEASE COMMITMENTS

The School leases a facility from Chicago Public Schools under a rent-free lease through June 30, 2022. The School recognized contributed rent revenue and corresponding rent expense of \$545,280 and \$545,280, for the years ended June 30, 2021 and 2020, respectively.

NOTE I – CONTINGENCIES

The School has received funds from various government agencies in the current year. The disbursement of grant funds requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability to the School. However, management believes that any such disallowed claims or adjustments would not have a material effect on the financial statements or the overall position of the School.

NOTE J – RECENT ACCOUNTING PRONOUNCEMENTS

LEASES

ASU 2016-02, *Leases (Topic 842)* becomes effective on January 1, 2022, for calendar-year non-public entities, but early adoption is permitted at any time. The standard requires lessees to recognize lease assets and lease liabilities on the balance sheet for those leases classified as operating leases under previous GAAP. Generally, all leases will be captured on the balance sheet for lessees at transition, as

there is no grandfathering of existing operating leases. The School is currently evaluating the impact this standard will have on the financial statements when adopted.

NOTE K – SIGNIFICANT EVENT

During the year ended June 30, 2021, an outbreak of a novel strain of coronavirus (COVID-19) has had a significant impact on the world economy. Many industries were required to limit or suspend business operation and implemented travel restrictions. These actions disrupted supply chains and curtailed operations of many companies around the world. There also was significant volatility in financial markets. It is anticipated that these impacts will continue for some time. At this time, management feels the estimates regarding collectability of accounts and pledges receivable and the recorded value of the property and equipment do not need to be adjusted. In addition, management feels that contract estimates do not need to be adjusted as the probability of significant reversal of revenue cannot be estimated at this time. Changes to the overall operating environment may increase operating costs. The long-term effect of these events cannot be estimated at this time.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
The Montessori Network
d/b/a The Montessori School of Englewood
6936 South Hermitage Avenue
Chicago, Illinois 60636

We have audited the financial statements of The Montessori Network d/b/a The Montessori School of Englewood as of and for the year ended June 30, 2021 and our report, which expressed an unqualified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of PCTC tuition and SPED funding, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

PORTE BROWN LLC
Certified Public Accountants

A handwritten signature in black ink that reads "Porte Brown LLC".

Elk Grove Village, Illinois
October 29, 2021

**THE MONTESSORI NETWORK
D/B/A THE MONTESSORI SCHOOL OF
ENGLEWOOD SCHEDULE OF PCTC TUITION
(UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2021**

PCTC tuition revenue	\$ 3,049,350
Other amounts included in PCTC tuition as computed by Chicago Public School	<u>1,014,929</u>
Total PCTC tuition as computed by Chicago Public Schools	<u>\$ 4,064,279</u>

**THE MONTESSORI NETWORK
D/B/A THE MONTESSORI SCHOOL OF
ENGLEWOOD SCHEDULE OF SPED FUNDING
(UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2021**

		FTEs	Total \$
Number of SPED teachers (FTEs) and the total amount 6 spent on SPED teachers (salaries and benefits)	\$ 342,822		
Number of SPED paraprofessionals (FTEs) and the total amount spent on paraprofessionals (salaries and benefits)		6	189,422
Amount spent on related service providers, including the specific amounts spent on the following disciplines:			
Psychologists			33,769
Social workers			49,725
Speech-language pathologists			40,629
Occupational therapists			11,944
Physical therapists			1,822
Certified school nurses (CSNs)			14,800
Registered nurses (RNs) or licensed practical nurses (LPNs)			-
TOTALS		12	\$ 684,933



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
The Montessori Network
d/b/a The Montessori School of Englewood
6936 South Hermitage Avenue
Chicago, Illinois 60636

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Montessori Network d/b/a The Montessori School of Englewood (the "School"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 29, 2021 .

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Montessori Network d/b/a The Montessori School of Englewood's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Montessori Network d/b/a The Montessori School of Englewood's internal control. Accordingly, we do not express an opinion on the effectiveness of The Montessori Network d/b/a The Montessori School of Englewood's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of The Montessori Network d/b/a The Montessori School of Englewood's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

www.portebrown.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Montessori Network d/b/a The Montessori School of Englewood's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PORTE BROWN LLC
Certified Public Accountants

The image shows a handwritten signature in cursive script that reads "Porte Brown LLC" followed by a small superscript "s". A horizontal line is drawn above the signature.



**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH
REQUIREMENTS OF APPLICABLE LAWS AND REGULATIONS PRESCRIBED
BY ADMINISTERING AGENCY**

To the Board of Directors of
The Montessori Network
d/b/a The Montessori School of Englewood
6936 South Hermitage Avenue
Chicago, Illinois 60636

We have examined The Montessori Network d/b/a The Montessori School of Englewood's (the "School") compliance with compliance requirements listed in Attachment A provided by its administering agency, Chicago Public Schools, during the year ended June 30, 2021. Management of the School is responsible for the School's compliance with the specified requirements. Our responsibility is to express an opinion on the School's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the School complied, in all material respects, with the specified requirements reference above. An examination involves performing procedures to obtain evidence about the whether the School complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the School's compliance with specified requirements.

In our opinion, the School complied, in all material respects, with the specified requirements referred to in Attachment A during the year ended June 30, 2021.

This report is intended solely for the information and use of the Board of Directors and management of The Montessori Network d/b/a The Montessori School of Englewood and Chicago Public Schools and is not intended to be, and should not be used by anyone other than the specified parties.

PORTE BROWN LLC
Certified Public Accountants

A handwritten signature in black ink that reads "Porte Brown LLC".

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Chicago Public Schools provided the specified requirements in a memorandum dated May 7, 2021 Charter School Agreement dated July 1, 2017.

Attachment A

- Fingerprint-based Criminal Background Investigations and Checks of the Statewide Sex Offender Database & Statewide Murderer and Violent Offender Against Youth Database (105 ILCS 5/10-21.9 & 105 ILCS 5/34-18.5)
- Illinois School Student Records Act (105 ILCS 10/1 *et seq.*)
- Hazardous Materials Training (105 ILCS 5/10-20.17a)
- Administering Medication (105 ILCS 5/10-22.21b)
- School Safety Drill Act (105 ILCS 128/1 *et seq.*)
- Abused and Neglected Child Reporting Act (325 ILCS 5/1 *et seq.*)
- Eye Protection in School Act (105 ILCS 115/0.01 *et seq.*)
- Toxic Art Supplies in Schools Act (105 ILCS 135/1 *et seq.*)
- Infectious Disease Policies and Rules (105 ILCS 5/10-21.11)
- Physical Fitness Facility Medical Emergency Preparedness Act (210 ILCS 74/1 *et seq.*)
- Open Meetings Act (5 ILCS 120/1 *et seq.*)

- Conformance with the following sections of the Charter School Agreement:
 - Attendance
 - Advisory Council
 - Enrollment
 - Single Audit Act Amendments of 1996
 - Governance and Operation
 - Maintenance of Corporate Status and Good Standing
 - Facility
 - Management and Financial Controls
 - Insurance

VII. Head Start

Presented by Rita

Have to engage in a corrective action plan for Head Start. Have been reported for violating certain conditions (we can address them). Have to put a committee together where we can fund one or two of our classrooms outside of Head Start. Thom: public funding is problematic and we need to develop private sources such as social enterprise and large donations. Head Start is a great way to engage a family at an early age and they are likely to stay the entire time at the school. Motion to accept and approve the teacher conduct form (will submit to be included in the minutes): Marcus put the motion to vote, Joe second: All in favor of the motion. It is approved.

Parent Policy Committee Meeting November 13, 2021

Meeting was called to order at 2:16 p.m.

The following were in attendance:

- | | | |
|----------------|--------------------------|-----------------------------------|
| 1. E. Townsend | 6. H. Blackwell | 11. V. Bowens (ERSEA Staff Admin) |
| 2. M. Clemons | 7. D. Davis | 12. C. Moore (Prog. Consultant) |
| 3. S. Moore | 8. L. Smith | |
| 4. A. Lopez | 9. E. Garcia | |
| 5. C. Johnson | 10. M. Jorman (Director) | |

The meet opened with Monique Jorman thanking the parents for coming to the first PPC meeting of the new school year and formally introducing herself as the newly hired Head Start Director. M. Jorman also introduced C. Moore to the parents and explain her role as the Early Childhood Consultant for TMSOE.

C. Moore presented a high level review of “What is Head Start” to ensure the parents understood the program governance structure and the purpose. A document with the flow of the governance structure was shared with the parents. Once the “what and why” were presented C. Moore reviewed the “how”. She reminded the parent about the Parent board officer roles and responsibilities which were discussed and presented for open nomination at the October parent meeting. C. Moore explained the need to vote the new officers during the meeting therefore, the floor was opened for nominations.

Nominations/Elections

Parents nominated themselves for specific positions with no objections or content. C. Moore instructed the parents to cast their votes using the ballot provided. M. Jorman collected the ballots and the officers were elected as follows: *

LeTasha Smith	President/Chair
Ebonie Townsend	Vice President
Shante Moore	Secretary
Hanna Blackwell	Treasurer
Cassandra Johnson	City Wide Representative
Alma Lopez	Alternate Representative

Once the new PPC board was established C. Moore covered the process and purpose of the parent reimbursements for their active role, work, time, travel, and child care possibly needed while they do the work to “make Head Start work”. Reimbursement forms were collected from each PPC member.

C. Moore explained that because this was the first meeting of the program year, this intro meeting was not the standard format for the committee meeting. Therefore, information was shared on what to expect for the next meeting i.e. review program reports for information and review and approve any policy and or budget changes or amendments.

What’s going on in Head Start

Parents E. Townsend and E. Garcia, opened discussion about the recent health concerns and notifications that have impacted some classrooms and what can be done to improve and ensure we (program and parents) can minimize the spread of some childhood communicable illness. One main request was to ensure the teachers conduct daily health checks of students upon entry into the classroom.

Other items discussed were how to increase the PPC’s communication and the HS Parents’ communication about what is going on in the program.

C. Moore instructed the committee to select the day moving forward the committee will agree to meet. Once they settled on a date C. Moore guided the Chair to call for the vote on the first Friday of each month. The body voted unanimously, motion carried.

L. Smith adjourned the meeting at 3:12 p.m.

**(ballots available for review)*

Montessori School of Englewood

Title: Head Start/Early Head Start Code of Conduct

Performance Standard: 1304.52

Purpose: The purpose of this Code of Conduct is to guide staff, consultants, and parent or community volunteers in performing their duties in Head Start. All persons providing services in the Head Start program use this code to guide their actions when working with children,

parents, other staff members, volunteers, consultants, or community members. **Any person working as a paid staff member, a volunteer, a university intern, or a consultant must read and sign this Code of Conduct before beginning in any position.**

Program Philosophy: as employees, partners, and volunteers of TMSOE Head Start, we believe that:

- Children enrolled in Head Start programs are our greatest asset. Our priority is that children are protected and not harmed in any way.
- Each child's well-being, mental capability and social emotional competency will be protected and promoted at all times.
- Every individual will dedicate themselves to maintaining the highest standards of professionalism, safeguarding confidentiality of all program participants and performing with integrity, commitment and enthusiasm.
- Every individual has the right to maintain their own identity while acquiring the skills that will help them succeed in a diverse society. We recognize that stereotypes and misinformation interfere with communication, growth, and respect. The cultural groups represented in the communities and families of each Head Start class will be acknowledged and appreciated.
- Differences such as disabilities, gender, age, education level, lifestyle, personal values, and ways of thinking must also be considered, understood, and appreciated. All adult family members are invited and welcomed into Head Start classes and program activities.
- Head Start families have the right to expect that personal information about a child or the family held by the program remains secure. We are responsible for maintaining confidentiality and respecting each person's right to privacy. We refrain from disclosure of confidential information and intrusion into family life.

Policies ensure the use of positive, non-punitive methods of guidance and discipline.

Teachers consistently:

1. Demonstrate, model, and practice classroom procedures to reinforce limits for children.
2. Use redirection, positive reinforcement, and consistency in the management of child behavior.
3. Encourage children to put their emotions (positive and/or negative) and ideas into *words*.
4. Use guided practice, modeling and repetition to help children learn to express themselves appropriately
5. Model affection and care by respectful attentiveness, smiles, hugs, and giving the

- child eye contact at their level while calmly speaking to them.
6. Welcome, acknowledge and support all adults in the classroom.

“As an employee, volunteer, or consultant of the TMSOE Head Start program, I certify that while working with the program, I will abide by the TMSOE Head Start Code of Conduct and demonstrate the following”:

1. Commitment to the safety and well-being of all children in my care.

- a. I will not leave a child alone or unattended.
- b. I will not allow disrespectful, degrading, intimidating, psychologically destructive, or physically harmful practices to children.
- c. I will be familiar with the signs of child abuse and neglect and implement program and State procedures for dealing with abuse. (See Child Abuse Policy) i. If I have evidence of abuse or neglect or observe symptoms of abuse or neglect of a Head Start child, I will report to my supervisor first and the appropriate child welfare agency.
- d. I will be aware of and follow program safety and emergency procedures.

2. Respect for the unique identity of each child and family.

- a. I will refrain from stereotyping any child or family based on any reason, including gender, race, ethnicity, culture, religion, or disability.
- b. I will make the Head Start or Early Head Start environment a welcoming place for all children and their families.
- c. I will provide all children equal opportunities to participate in all activities.
- d. I will use books, toys, music, activities, and visual images that reflect diversity and inclusion.

3. Use of Positive Guidance.

- a. I will always use positive methods of child guidance.
- b. I will set clear and reasonable classroom rules and will apply them consistently.
- c. I will involve children in the rule-making process.
- d. I will give children opportunities to ask questions, make decisions, and solve their problems using their own words.
- e. I will not engage in corporal punishment, emotional, physical, or mental abuse, humiliation, or any discipline that involves isolation or denial of a child’s basic needs.
- f. I will not use food as a reward or punishment.
- g. I will participate in training and mentoring to learn and refine appropriate disciplinary techniques.

- h. I will implement this training in the Head Start or Early Head Start environment.

4. Compliance with program confidentiality policies.

- a. As a condition of employment, I agree to keep all information confidential including (electronic records, hard copies, and intellectual properties), even after I leave.
- b. I will respect all confidential information about any Head Start or Early Head Start child, family, or staff member. Staff, family, and child information must be shared only with other paid staff who need to perform their jobs.
- c. I will only share information on any Head Start or Early Head Start child or family with a signed release.
- d. I understand that families have access to their child's Head Start generated records upon request to the classroom teacher or a Head Start Management Team member, as noted in the Confidentiality Policy.
- e. I will not disclose any Head Start child information to anyone without legal authority for that child.

5. Compliance with all applicable laws, standards, policies, and procedures.

- a. No staff member or volunteer shall speak on behalf of Head Start, Early Head Start, or TMSOE unless they have authority given by the Head Start Director or TMSOE Executive Director.
- b. Staff members and volunteers shall protect the integrity of the Head Start and Early Head Start program and TMSOE.
- c. Staff and governing body members shall always conduct their business in a manner that does not conflict with the public interest and dignity of the individual and with respect and commitment for the rights of all clients; children, parents, staff, and communities.
- d. As per TMSOE policy, staff, employees, and volunteers acting on behalf of Head Start are prohibited from accepting any money, fee, commission, credit, gift, gratuity, or compensation of any kind, directly or indirectly, from vendors or suppliers.

CONSEQUENCES OF VIOLATING THE CODE OF CONDUCT:

Employees paid by TMSOE/ Head Start: TMSOE employees violating this Code of Conduct will be subject to disciplinary procedures outlined in the TMSOE Personnel Policies and Procedures, Article 10 – Workplace Rules, and Article 11 – Disciplinary Procedure.

Disciplinary actions for staff can include Termination (dismissal), Discipline (counseling or other employment action), Sanctions (oral or written warning and suspension with or without pay.) and not limited to legal actions.

Volunteers (including Parents, Students, and Consultants): Any Head Start or Early Head Start volunteer, who breaches the Code of Conduct, may be told not to return to the classroom or program.

Revised: (11/2021)

APPROVED
BOD: (11/13/21)

CERTIFICATION

This form must be completed by all staff members, volunteers (including parents), college-respecting students, or consultants working in the Head Start and Early Head Start program.

I _____, holding the position of

_____ * in the TMSOE Head Start or Early Head Start Program located at **6936 S Hermitage, Chicago, IL 60636**, certifies that I have received a copy, read or had explained to me, and that I understand the Head Start/Early Head Start Code of Conduct. I am willing to carry out these responsibilities and understand the consequences of violating these policies.

Sign: _____

Date: _____

Sign: _____
(Witness)

Date: _____

** Staff, Volunteer, College Intern, Consultant, Parent Volunteer*

Head Start Budget Approval

12:13 PM (1
hour ago)

Karen Anderson

to me, Joe, Rita,
Thomas, Matt, Quilen

i approve the FY22 Head Start budget.

Karen Anderson

Sent from my iPhone

12:29 PM (1
hour ago)

e

to Karen, me, Rita,
Thomas, Matt, Quilen

I approve the FY 22 Head Start Budget.

Joe Motto



12:29 PM (1
hour ago)

**Quilen
Blackwell**

to Karen, me, Joe,
Rita, Thomas, Matt

I approve the head start budget

12:34 PM
(1
hour ago)

Thomas Hale

to me, Joe, Rita, Matt,
Karen, Quilen

I approve the FY 22 Head Start Budget.

Thomas Hale

ATTACHMENT C.8

Head Start/Early Head Start

BOARD OF DIRECTORS APPROVAL

Note: This page should have at least the number of signatures that equal the quorum for the given agency. Use another copy if you require more signature lines.

We, the undersigned, have met, discussed, reviewed and approved the full FY 2022(12/1/2021-11/30/2022) Head Start/Early Head Start Grant Application, including Budget and Budget Narrative, Program Narrative and Program Narrative Attachments, and Self-Assessment for The Montessori Network. The number this Board must meet to have quorum is 10 out of 15 total members.

The Board of Directors has approved this grant application/budget on 10/15/2021.

PRINT NAME	SIGNATURE
Thom Hale, Board President	Virtual- Email Approved
Karen Anderson, Vice President	Virtual- Email Approved
Joseph Motto, Treasurer	Virtual- Email Approved
Quilen Blackwell, Secretary	Virtual- Email Approved

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VIII. New Business

Marcus - support the ED in helping her to execute the mission. Thom suggests that this topic can be a part of the ongoing conversation with board governance.

IX. Public Comments

Peter Talmers: What is the cost for security? Rita says the quote is \$24 per hour.

Hannah Blackwell - how will the public funding impact the montessori instruction in the classroom? Rita: younger students will not get the benefit of learning from older students in the classroom. Hope this is temporary.