



## **Indiana Charter School Board Closure Protocol**

*Adopted October 2013  
Revised and Re-adopted March 2018*

### **Introduction**

The Indiana Charter School Board (“ICSB”) is required by law to develop a charter school protocol “to ensure timely notification to parents, orderly transition of students and student records to new schools, and proper disposition of school funds, property, and assets” to enable it to “oversee and work with the closing charter school to ensure a smooth and orderly closure and transition for students and parents...” ICSB’s Closure Protocol is designed to fulfill these statutory obligations and to provide transparency and information to ICSB-authorized schools.

The closure process has three major components: (1) notice; (2) presenting contrary evidence to closure; and (3) winding down of operations. These components are similar for both revocation and nonrenewal, though some components differ slightly. The legal difference between revocation and nonrenewal is a distinction in time. Revocation happens when an authorizer cancels the Charter for cause during the charter term (e.g., in year two). Nonrenewal takes place at the end of the charter term if an authorizer determines that another charter should not be issued.

### **Winding Down of Operations**

Should a school be closed, for whatever reason, the organizer is responsible for ensuring:

- timely notification to parents;
- orderly transition of all charter school records, including student records, as provided in Indiana Code (“IC”) § 20-24-9-4.5;
- orderly transition of students and student records to new schools; and
- proper disposition of school funds, property, and assets, including payment of any and all debts, loans, liabilities (contingent or otherwise) and obligations incurred at any time by the organizer in connection with the operation of the school.

Assets of the charter school must be distributed first to satisfy outstanding payroll obligations for employees of the charter school, then to creditors of the charter school, then to any outstanding debt to the common school fund; and (2) the remaining funds received from the department shall be returned to the department not more than thirty (30) days after the charter school ceases operation. If the assets of the charter school are insufficient to pay all parties, the priority of the distribution of assets may be determined by a court.

Under no circumstances shall ICSB, or its employees, agents, or representatives, or those acting on behalf of the ICSB's employees, agents and representatives, be responsible for such obligations.

*The organizer must cooperate with ICSB and ICSB staff Executive Director to effectuate the orderly closing of the school as set forth in the Closing Checklist attached hereto as Exhibit A.*

Exhibit A

**Closing Checklist**

**I. Overview**

<b>Completion Date</b>	<b>Description of Required Actions</b>	<b>Responsible Party</b>	<b>Status</b>
w/in 48 hours of ICSB's vote to close the charter school	<b>Establish Transition Team, Develop Closure Plan, and Assign Roles</b> Transition team may include ICSB staff, Governing Board member, school leader, faculty representative, CFO, etc.	School Lead ICSB Lead	
w/in 5 business days of ICSB's vote to close the charter school	<b>Assign Transition Team Action Item Responsibilities</b> Develop plan, exchange contact information and assign roles. Agree on a meeting schedule to review progress and interim, written status reports to include: <ol style="list-style-type: none"> <li>1. Reassignment of students.</li> <li>2. Return or distribution of assets.</li> <li>3. Transfer of student records.</li> <li>4. Notification to entities doing business with the school.</li> <li>5. The status of the school's finances.</li> <li>6. Submission of all required reports and data to ICSB and/or state.</li> </ol>	School Lead ICSB Lead	
w/in 60 days of the end of the fiscal year	<b>Submit Final Report</b> Submit a final report to ICSB staff detailing completion of the closure plan.	School Lead	

**II. Notification and Initial Steps**

<b>Completion Date</b>	<b>Description of Required Actions</b>	<b>Responsible Party</b>	<b>Status</b>
<b>Parent Notification and Information Dissemination</b>			
w/in 48 hours of ICSB's vote to close the charter school	Provide a copy of parent contact information to ICSB staff.	School Lead	

<p><b>w/in 48 hours of ICSB’s final vote to close the charter school</b></p>	<p><b>Notify Parents / Guardians of Closure Decision</b>  ICSBS staff and charter staff/board collaborate to ensure that parents/guardians are notified regarding the closure decision, including:</p> <ol style="list-style-type: none"> <li>1. Timeline for transition.</li> <li>2. Assurance that instruction will continue through the end of the school year or the date when instruction will cease.</li> <li>3. Assurance that parents/students will be assisted in the reassignment process.</li> <li>4. FAQ about the charter closure process.</li> <li>5. ICSB and School contact information for parents/guardians with questions.</li> </ol>	<p>ICSB Lead  School Lead</p>	
<p><b>w/in 10 business days of ICSB’s final vote to close the charter school</b></p>	<p><b>Convene Parent Closure Meeting</b>  Plan and convene a parent closure meeting</p> <ol style="list-style-type: none"> <li>1. Make copies of “Closure FAQ” document available.</li> <li>2. Provide overview of ICSB board closure policy and closure decision.</li> <li>3. Provide calendar of important dates for parents.</li> <li>4. Provide specific remaining school vacation days and date for end of classes.</li> <li>5. Present timeline for transitioning students.</li> <li>6. Present timeline for closing down of school operations.</li> <li>7. Provide contact information.</li> </ol>	<p>ICSB Lead</p>	
<p><b>Staff Notification and Information Dissemination</b></p>			
<p><b>w/in 48 hours of ICSB’s vote to close the charter school</b></p>	<p><b>Faculty Contact Information</b>  Provide a copy of faculty contact information to ICSB staff.</p>	<p>School Lead</p>	
<p><b>w/in 10 business days of ICSB’s final vote to close the charter school</b></p>	<p><b>Meet with Charter School Faculty and Staff</b>  Principal, charter board chair, and ICSB staff meet with the faculty and staff to:</p> <ol style="list-style-type: none"> <li>1. Discuss reasons for closure.</li> <li>2. Emphasize importance of maintaining continuity of instruction through the end of the school year.</li> <li>3. Discuss plans for helping students find new schools.</li> <li>4. Identify date when last salary check will be issued, when benefits terminate, and last day of work.</li> </ol>	<p>ICSB Lead</p>	

	5. Describe any assistance to be provided to faculty and staff to find new positions.		
<b>Partner Notification and Information Dissemination</b>			
<b>w/in 24 hours ICSB's vote to close the charter school and ten business days of ICSB's final vote to close the charter school</b>	<b>Notify the Indiana Department of Education</b> Notify the Indiana Department of Education Office of Charter Schools. Within ten days of ICSB's final vote to close the charter school, notify the following departments and agencies: 1. School finance 2. Grants management 3. Federal programs 4. PERF 5. Assessment 6. Data reporting 7. Child nutrition	ICSB Lead	
<b>w/in 24 hours of ICSB's vote to close the charter school</b>	<b>Notify School Districts Materially Impacted</b> Notify districts materially impacted by the closure decision, including: 1. Possible appeals and timeline for final decision. 2. Copy of the letter sent to parents. 3. Copies of letters sent to other stakeholders (e.g., faculty). 4. FAQ about the charter closure process. 5. Information about the plan being developed to ensure an orderly closure process. 6. Authorizing board decision materials (e.g., a resolution to close school, copy of a termination agreement), if available. 7. Contact information for questions.	ICSB Lead	
<b>w/in 10 business days of a key event</b>	<b>Send Additional and Final Notifications</b> Notify parents, staff, the IDOE, and affected school districts in writing after key events.	ICSB Lead	
<b>Media</b>			
<b>w/in 24 hours of ICSB's initial vote to close the charter school</b>	<b>Talking Points</b> Create talking points directed towards parents, faculty, community and press. Focus on communicating plans for orderly transition of students and staff. Distribute to the transition team.	ICSB Lead	

<b>w/in 24 hours of ICSB's vote to close the charter school</b>	<b>Press Release</b> Create and distribute a press release that includes the following: <ol style="list-style-type: none"> <li>1. History of the school;</li> <li>2. Authorizing board closure policies;</li> <li>3. Reason(s) for school closure;</li> <li>4. Outline of support for students, parents, and staff; and</li> <li>5. A press point person for the ICSB and for the school.</li> </ol>	ICSB Lead	
<b>Budget</b>			
<b>w/in 5 business days of ICSB's final vote to close the charter school</b>	<b>Review Budget</b> <ol style="list-style-type: none"> <li>1. Review budget to ensure that sufficient funds exist to operate the school through the end of the school year, if applicable.</li> <li>2. Emphasize the legal requirement to limit expenditures to only those in the approved budget, while delaying approved expenditures that might no longer be necessary until a revised budget is approved.</li> <li>3. Make revisions that take into account closure and associated expenses while prioritizing continuity of instruction.</li> <li>4. Identify acceptable use of reserve funds.</li> </ol>	School Lead	

### III. Finalize School Affairs: Governance and Operations

<b>Completion Date</b>	<b>Description of Required Actions</b>	<b>Responsible Party</b>	<b>Status</b>
<b>Summer School</b>			
<b>TBD</b>	<b>Terminate Summer Instruction Program</b> Take appropriate action to terminate any summer instruction, such as canceling teaching contracts.	School Lead	
<b>Student Records</b>			
<b>TBD</b>	<b>Secure Student Records</b> Ensure all student records are organized, up to date, and maintained in a secure location.	School Lead	
<b>TBD</b>	<b>Transfer Student Records and Testing Material</b> Provide assistance to parents/guardians in locating alternative educational opportunities. Transfer "student records" as provided in IC § 20-24-9-4.5. Contact districts of residence, or schools of choice, for students and provide notification of how (and when) records will be transferred. In addition, the	School lead	

	<p>school must create a master list of all records to be transferred and state their destination.</p> <p>Document the transfer of records to include:</p> <ol style="list-style-type: none"> <li>1. The number of general and special education records transferred.</li> <li>2. Date of transfer.</li> <li>3. Signature and printed name of the charter school representative releasing the records.</li> <li>4. Signature and printed name of the organization who receives the records.</li> </ol>		
<b>Assets and Location</b>			
<b>TBD</b>	<p><b>Maintain Identifiable Location</b></p> <p>Maintain the school’s current location through the winding up of its affairs or relocate its business records and remaining assets to a location with operational telephone service that has voice message capability. In the event the facility is sold or otherwise vacated before concluding the school’s affairs, the school must relocated its business records and remaining assets to a location where a responsive and knowledgeable party is available to assist with closure operations. The school must maintain operational telephone service with voice message capability, and maintain custody of business records until all business and transactions are completed and legal obligations are satisfied. The school must immediately inform ICSB staff if any change in location or contact information occurs.</p>	School Lead	
<b>ongoing</b>	<p><b>Protect School Assets</b></p> <p>Protect the school’s assets and any assets in the school that belong to others against theft, misappropriation and deterioration.</p> <ol style="list-style-type: none"> <li>1. Maintain existing insurance coverage on assets, including facility and vehicles, until the disposal of such assets in accordance with the closure plan.</li> <li>2. Negotiate school facility insurance with entities that may take possession of school facility – lenders, mortgagors, bond holders, etc.</li> <li>3. Obtain or maintain appropriate security services. Action may include moving assets to secure storage after closure or loss of facility.</li> </ol>	School Lead	
<b>TBD</b>	<b>Inventory assets</b>	School Lead	

	<p>Conduct and inventory of school assets, identifying items:</p> <ol style="list-style-type: none"> <li>1. Loaned from other entities.</li> <li>2. Encumbered by the terms of a contingent gift, grant or donation, or a security interest.</li> <li>3. Belonging to the EMO/CMO, if applicable, or other contractors.</li> <li>4. Purchased with federal grants (dispose of such assets in accordance with federal regulations).</li> </ol> <p>Return assets not belonging to school where appropriate documentation exists. Keep records of assets returned.</p>		
<b>Contracts</b>			
<b>Within 10 business days of ICSB's final vote to close the charter school</b>	<p><b>Notify Commercial Lenders / Bond Holders</b></p> <p>Within ten (10) days after the final decision on the charter school closure, and after all appeals have been exhausted, notify banks, bond holders, etc., of the school's closure and a likely date as to when an event of default will occur as well as the projected date of the last payment by the school toward its debt.</p>	School Lead	
<b>TBD</b>	<p><b>Notify Funding Sources / Charitable Partners</b></p> <p>Notify all funding sources, including charitable partners of school closure. Notify state and federal agencies overseeing the school's grants that the school will be closing.</p>	School Lead	
<b>Within 10 business days of ICSB's final vote to close the charter school</b>	<p><b>Notify Educational Service Provider (ESP) and Termination of Contract (if applicable)</b></p> <p>Review the management agreement and take steps needed to terminate the agreement at the end of the school year or when the charter contract expires.</p> <ol style="list-style-type: none"> <li>1. Notify the ESP of termination of education program by the school's board, providing the last day of classes.</li> <li>2. Provide notice of non-renewal/revocation in accordance with the ESP contract.</li> <li>3. The management company should be asked for a final invoice and accounting, including an accounting of any retained school funds and the status of grant funds.</li> <li>4. The school and the management company should agree upon how the company will continue to provide educational services until the last day of instruction.</li> </ol>	School Lead	



	<p>5. The school and the management company agree when other services including business services will end.</p> <p>6. Provide notice that the ESP should remove any property lent to the school after the end of classes; and</p> <p>7. Request a receipt of such property.</p> <p>Provide a copy of this notification to ICSB staff.</p>		
<b>TBD</b>	<p><b>Notify Employees and Benefit Providers</b></p> <p>Formally notify all employees of termination of employment at least 60 days before closure to include date of termination of all benefits in accordance with applicable law and regulations (i.e. COBRA) and eligibility for Indiana Unemployment Insurance pursuant to any regulations of the Indiana Department of Labor. Notify benefit providers of pending termination of all employees, to include:</p> <ol style="list-style-type: none"> <li>1. Medical, dental, vision plans.</li> <li>2. Life insurance.</li> <li>3. Cafeteria plans.</li> <li>4. 403(b), retirement plans.</li> <li>5. PERF</li> </ol> <p>Consult legal counsel as specific rules and regulations may apply to such programs.</p>	School Lead	
<b>TBD</b>	<p><b>List all Creditors and Debtors</b></p> <p>Formulate a list of creditors and debtors and any amounts accrued and unpaid with respect to such creditor or debtor.</p> <ol style="list-style-type: none"> <li>1. This list is not the same as the contractor list, below, but may include contractors.</li> <li>2. Creditors include lenders, mortgage holders, bond holders, equipment suppliers, service providers and secured and unsecured creditors. A UCC search should be performed to identify secured creditors.</li> <li>3. Debtors include persons who owe the school fees or credits, any lessees or sub-lessees of the school, and any person holding property of the school.</li> </ol>	School Lead	
<b>TBD</b>	<p><b>Notification to Creditors</b></p> <p>Solicit from each creditor a final accounting of the school's accrued and unpaid debt. Compare the figures provided with the school's calculation of debt and reconcile.</p>	School Lead	

	<p>Where possible, negotiate a settlement of debts consummated by a settlement agreement reflecting satisfaction and release of the existing obligations.</p> <p>Provide ICSB staff a written summary of this activity.</p>		
<b>TBD</b>	<p><b>Notify Contractors and Terminate Contracts</b>  The school must formulate a list of all contractors with contracts in effect and:</p> <ol style="list-style-type: none"> <li>1. Notify them regarding school closure and cessation of operations;</li> <li>2. Instruct contractors to make arrangements to remove any contractor property from the school by a date certain (copying machines, water coolers, other rented property);</li> <li>3. Retain records of past contracts as proof of full payment;</li> <li>4. Maintain telephone, gas, electric, water, insurance; and</li> <li>5. Terminate contracts for goods and services as of the last date such goods or services will be needed.</li> </ol> <p>Provide ICSB staff written notice of such notification.</p>	School Lead	
<b>TBD</b>	<p><b>Vendors</b>  The school must:</p> <ol style="list-style-type: none"> <li>1. Create a vendor list, including food and transportation vendors; and</li> <li>2. Notify vendors of closure and cancel or non-renew agreements as appropriate.</li> </ol> <p>Provide ICSB staff with a copy of all documents.</p>	School Lead	
<b>Maintain Corporate Records</b>			
<b>TBD</b>	<p><b>Maintain Corporate Records</b>  Maintain all corporate records related to:</p> <ol style="list-style-type: none"> <li>1. Loans, bonds, mortgages and other financing.</li> <li>2. Contracts.</li> <li>3. Leases.</li> <li>4. Assets and asset distribution.</li> <li>5. Grants -- records relating to federal grants must be kept in accordance with 34 CFR 80.42.</li> <li>6. Governance (minutes, bylaws, policies).</li> <li>7. Employees (background checks, personnel files).</li> <li>8. Accounting/audit, taxes and tax status, etc.</li> <li>9. Personnel.</li> </ol>	School Lead	

	10. Employee benefit programs and benefits. 11. Any other items listed in the closure plan.  Determine where records will be stored after dissolution.		
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**IV. Finalize School Affairs: Finance**

<b>Completion Date</b>	<b>Description of Required Actions</b>	<b>Responsible Party</b>	<b>Status</b>
<b>Tax Status</b>			
<b>Throughout closure process</b>	<b>Maintain IRS 501(c)(3) Status</b> Maintain IRS 501(c)(3) status, including: 1. Notify IRS regarding any address change. 2. File required tax returns and reports.	School Lead	
<b>Disposition</b>			
<b>TBD</b>	<b>Disposition of Property</b> Work with IDOE regarding proper procedures for disposition of property purchased with federal funds.	School Lead	
<b>TBD</b>	<b>Disposition of Inventory</b> Establish a disposition plan (e.g., auction), and establish a payment process (e.g., cash, checks, credit cards) for any remaining items. Provide ICSB staff with a copy of all documents.	School Lead	
<b>TBD</b>	<b>Disposition of Real Property (e.g., facility) (if applicable)</b> Determine the steps for disposing of real property.	School Lead	
<b>Determine PERF Obligations</b>			
<b>TBD</b>	<b>Determine PERF Obligations</b> Contact PERF to determine remaining liabilities for employee retirement program.	School Lead	
<b>Federal Grants</b>			
<b>Within 60 days of the end of classes</b>	<b>Close Out All State and Federal Grants</b> Close out state, federal, and other grants. This includes filing any required expenditure reports or receipts and any required program reports, including disposition of grant assets.	School Lead	
<b>Final Steps</b>			
<b>TBD</b>	<b>Itemize Financials</b> Review, prepare and make available the following: 1. Fiscal year-end financial statements. 2. Cash analysis. 3. Bank statements for the year, investments, payables, unused checks, petty cash, bank accounts, and payroll reports including taxes.	School Lead	

	Collect and void all unused checks and destroy all credit and debit cards. Close accounts after transactions have cleared.		
<b>w/in 120 days of the end of classes</b>	<p><b>Prepare Final Financial Statement</b></p> <p>Retain an independent accountant to prepare a final statement of the status of all contracts and other obligations of the school, and all funds owed to the school, showing:</p> <ol style="list-style-type: none"> <li>1. All assets and the value and location thereof.</li> <li>2. Each remaining creditor and amounts owed.</li> <li>3. Statement that all debts have been collected or that good faith efforts have been made to collect same.</li> <li>4. Each remaining debtor and the amounts owed.</li> </ol> <p>Provide a copy of the final statement to ICSB staff.</p>	School Lead	
<b>TBD</b>	<p><b>Complete Final Financial Audit</b></p> <p>Complete a financial audit of the school by a date to be determined by ICSB staff.</p>	School Lead	

**V. Finalize School Affairs: Reporting**

<b>Completion Date</b>	<b>Description of Required Actions</b>	<b>Responsible Party</b>	<b>Status</b>
<b>TBD</b>	<p><b>Prepare End-of-Year Reports</b></p> <p>Prepare and submit all required end-of-year reports to ICSB and IDOE</p>	School Lead	
<b>One week after the end of classes</b>	<p><b>Prepare Final Report Cards and Student Records Notice</b></p> <p>Provide parents / guardians with copies of final report cards and notice of where student records will be sent as well as contact information.</p>	School Lead	

**VI. Dissolution (if applicable)**

<b>Completion Date</b>	<b>Description of Required Actions</b>	<b>Responsible Party</b>	<b>Status</b>
<b>TBD</b>	<p><b>Dissolve the Organizer</b></p> <ol style="list-style-type: none"> <li>1. The charter school board adopts a resolution to dissolve that indicates to whom the assets of the non-profit corporation will be distributed after all creditors have been paid.</li> <li>2. Unless otherwise provided in the bylaws, the members (if any) or board votes on the</li> </ol>	School Lead	

	<p>resolution to dissolve. A non-profit corporation is dissolved upon the effective date of its articles of dissolution.</p>		
<b>TBD</b>	<p><b>Notify the Secretary of State</b>  After the resolution to dissolve is authorized, dissolve the corporation by delivering to the Secretary of State for filing articles of dissolution setting forth:</p> <ol style="list-style-type: none"> <li>1. The name of the non-profit corporation.</li> <li>2. The address of the non-profit corporation’s principal office.</li> <li>3. The date dissolution was authorized.</li> <li>4. If dissolution was authorized by the directors, a statement to that effect.</li> <li>5. If dissolution was approved by the members, a statement of the number of votes cast for the proposal to dissolve.</li> <li>6. Such additional information as the Secretary of State determines is necessary or appropriate.</li> </ol>	School Lead	
<b>TBD</b>	<p><b>Notify Known Claimants</b>  Give written notice of the dissolution to known claimants within ninety (90) days after the effective date of the dissolution.</p>	School Lead	
<b>TBD</b>	<p><b>End Corporate Existence</b>  A dissolved non-profit corporation continues its corporate existence, but may not carry on any activities except as is appropriate to wind up and liquidate its affairs, including:</p> <ol style="list-style-type: none"> <li>1. Collecting its assets.</li> <li>2. Transferring, subject to any contractual or legal requirements, its assets as provided in or authorized by its articles of incorporation or bylaws.</li> <li>3. Discharging or making provision for discharging its liabilities.</li> <li>4. Doing every other act necessary to wind up and liquidate its assets and affairs.</li> </ol>	School Lead	
<b>TBD</b>	<p><b>Notify IRS</b>  Notify the IRS of dissolution of the education corporation and its 501(c)(3) status.</p>	School Lead	