



514 W. Jefferson, Ste. 303
P.O. Box 83720 • Boise, ID 83720-037
208-332-1561 • pcsc@osbe.idaho.gov

10/21/22

Monticello Montessori Charter School
4707 S Sweetwater Way
Ammon, ID 83406

Dear Monticello Montessori Charter School Board of Directors,

It has come to my attention that Monticello Montessori Charter School (MMCS) is facing a significant financial challenge. I am writing to express concern about your school's continued operations. I appreciate your willingness to maintain open communication with our team, as this is a serious matter. This letter serves to document what is known today and to instruct the school's board to take immediate action to correct the issues.

The school's administrator and business manager recently shared that they have uncovered a financial issue. Specifically, excluding fiscal year 2018, payroll taxes appear to have been missed or incorrectly paid since fiscal year 2014. I understand that the total amount due, before penalties, is estimated (by your business manager) to be at least \$150,000.

MMCS amended its fiscal year 2023 budget in September to reflect a lower starting fund balance than anticipated (now \$250,000), as well as lower anticipated revenue due lower enrollment than projected. As the situation currently stands, it does not seem likely that the school has sufficient funding available today to pay its Internal Revenue Service (IRS) debt in a lump sum, and that the school's continued financial viability may be dependent on the IRS's willingness to engage in a payment plan.

In order to generate additional funding, I understand that the school plans to sell a modular classroom, and engage with a cell phone tower company to rent space on school property. Neither of these revenue sources is expected to generate funds for at least six months. I also understand that the school's business manager has been working with the IRS to file delinquent forms, and that, due to the complexity of the issue, a final assessment of payments and penalties from the IRS may not be issued for several months.

I want to acknowledge the hard work it has taken to make the improvements you have made in the last 18 months. The school has come a long way in a short time, and your accomplishments are not small. Unfortunately, if the IRS is not willing to work with MMCS, the severity of this current situation may not be recoverable.

Your cooperation is appreciated as we continue to monitor your school's progress in resolving this matter. We have already received a copy of MMCS's amended budget as well as copies of several letters from the IRS to the school and two reports made from the

business manager to the MMCS board of directors. To assist us in verifying the facts in this matter, please also provide the following documentation:

- A copy of the FY23 Salary Based Apportionment and the Charter Support Unit Calculation Template used to estimate the revenue reflected in the MMCS budget as of the September amendment, so that we may verify the accuracy of your budget.
- A monthly cash flow projection for the fiscal year 2023. This should evidence the revised fund balance at the start of the fiscal year, and show monthly revenue and expenditures through the end of the fiscal year. This will help verify whether the school has a realistic plan to service all fiscal year 2023 financial obligations.
- Any and all written communications between the IRS and the school between 2010 and the date of this letter. Note: Some of this documentation has been shared already, but it is not clear whether we have all the documentation at this time. Please verify that all documentation has been provided.
- Bank statements reflecting payments to the IRS from January 2019-October 2022. Note: Older documentation may be requested later if necessary.
- The current debt service agreement for the modular classroom to be sold.
- A copy of the bounced check from the 2018 attempted payment to the IRS, and any documentation that indicates whether that payment was later successful.
- Copies of the delinquent 941 forms to be submitted to the IRS. Note: if these documents were not signed by the business manager who originally failed to file them, they must now be signed by a current MMCS employee and dated currently. A document provided by MMCS indicates that the school may intend to have a former employee sign and back-date forms. This could be considered falsifying federal documents, and I would encourage you to consult legal counsel.

Please provide any of the following documentation as it becomes available:

- Should the school engage in renting space to a cell tower company, a copy of the contract should be provided to the IPCSC.
- Documentation of the sale of a modular classroom should be provided to the IPCSC within five days of the completion of the sale.
- A copy of all updates provided to the school's board by MMCS employees.
- A copy of the final accounting of payments owed and penalties assessed as issued to MMCS by the IRS within five days of receipt.

Going forward, please ensure that all payments are made on time and please keep us updated as to how and when this situation is to be resolved. Feel free to contact our office with any questions.

Sincerely,

Jenn

Thompson

Jenn Thompson

Director, Idaho Public Charter School Commission

Digitally signed by Jenn
Thompson
Date: 2022.10.21
11:07:11 -06'00'