

centered educational environment states, "Do what I tell you, or here's exactly what I'll do to you." (Kohn 1996)

The traditional view of behavior in regard to education states that a system of rewards and punishments is necessary to gain control of children. This view is based on two assumptions. The first assumption is that children cannot learn without being controlled by an adult and second, "if the teacher isn't in control of the classroom, the most likely result is chaos" (Kohn 1996). Unfortunately, these assumptions foster the idea that adults have to be enforcers or class cops. This approach limits the social and moral development of a child because it assumes that children cannot learn to take responsibly for themselves unless they are punished or rewarded. Even if an educator has a group of students "under control" the likelihood is that when the adult is not with them, the group of students will not behave because they have not developed the skills to do so in other contexts. "If the goal is to create self-discipline in children then having students define the meaning of rules is the best way to help students become thoughtful decision makers." (Kohn, 1996)

Procedure:

- A. Staff are always physically and visually present in the learning environment to provide supervision and guidance to students in their development of socially appropriate patterns of behavior, self-expression, and coping mechanisms. Staff will develop a repertoire of behavioral interventions that promote those skills in their students. Such interventions will include: modeling, positive enforcement, choices, consequences, incentives (if developmentally appropriate), and therapeutic discussions as dictated by the student's developmental level.
- B. Staff responses to inappropriate behavior will include the implementation of natural and logical consequences as dictated by the situation. Alternative behavior choices and their impact will be explored and processed with the student, thereby enabling him/her to make productive decisions.
- C. Staff will develop intrinsic motivation in their students through the use of positive social recognition (praise, positive enforcement, academic achievement).
- D. Staff responses to students' behavior will be individualized to meet the developmental needs of the student and within the context of each unique situation.
- E. In resolving problematic behaviors in the classroom, staff will review situations by considering the context within which the behavior(s) occurred. This includes such contextual components as:
 - 1. The words, actions and reactions of staff in the environment and how these may have contributed to the problem.
 - 2. Explore underlying, unresolved relationship issues and generate strategies for resolution.
 - 3. Identify unmet needs of the student(s) and how these contributed to the problem.
 - 4. Identify skills needing further development and handicapping conditions on manifested behaviors.
- F. When a student engages in unsafe behavior, and as a last resort, physical intervention(s) will be

utilized to ensure the safety of the student, others and property.

1. How Do We Develop a Climate That Fosters Student Achievement?

In 1997, the Individuals with Disabilities Education Act (IDEA) was amended to include a recommendation for implementing Positive Behavioral Interventions and Supports (PBIS) as a form of intervention for behavioral issues that impact learning. PBIS is a systems approach to discipline that examines the four subsystems; school-wide, individual student, classroom, and nonclassroom that comprise the totality of a school. The interaction of these four systems creates a climate for learning. "The goals of school-wide systems are to define, teach, and support appropriate behavior that establishes a culture of competence within schools. When a competent culture is established, the students are more likely to support appropriate behavior and discourage inappropriate behavior by their peers." (Sugai, 1999).

PBIS is a systematic way of implementing school-wide systems of teaching, acknowledging and rewarding appropriate behavior to all students in the school. The procedures to implement a positive behavior support program include:

1. Behavioral expectations are defined in a small number of clearly defined behavioral expectations
2. Behavioral expectations are taught and practiced throughout the school day
3. Appropriate behaviors are acknowledged through various forms: tokens, rewards, praise, recognition
4. Behavioral errors are corrected proactively by providing information on what behavior was unacceptable and how to prevent future situations.

2. How Do We Promote the Social and Moral Development of the Child?

Rationale:

Just as there are physical stages of development for children, there are also stages of social and moral development (Kolberg, 1981). These stages demonstrate how a child should go from selfishness to selflessness. To effectively move the child through these stages in the educational setting, three factors should be considered. First, the development of self-discipline within the student must be in sync with the child's predominant level of moral development. This requires the staff member to not only assess and intervene with the child at the child's current level of moral development, but the staff member must then implement individualized strategies to move the child to higher levels of moral development. The IEP is the mechanism by which a long-termed individualized plan is created to move the student through these levels of moral development. The second factor is that interventions must also be in sync with the child's emotional and cognitive abilities. Lastly, classroom communities must be established. For it is through connection and communication with others that a child has the opportunity to work cooperatively, while developing pro-social behaviors.

Procedures:

In order to determine each student's level of moral development and the best procedure(s) for facilitating continued growth, teams will complete a functional behavior assessment on each student to include:

- A. A functional behavioral assessment and behavior intervention plan will be developed

specific to the targeted behavior impacting student engagement in the learning process

- B. Monthly thematic units to assist in facilitating the development of character education and moral development traits through implementation of daily lessons, social skills training and group therapy.

3. How Can Most Student "Misbehavior" Be Eliminated Through Good Instruction?

Rationale:

One of the most successful interventions in reducing acting out behavior is effective teaching. Therefore, if children are acting out, or "misbehaving", the educator must first look at the quality, technique, and coherence of their instruction. In this view, acting out is not a symptom of illness, but of poor instruction. This approach demands the educator to ask the question, "What do children need?" as opposed to "How do I get them to do what I want?" (Kohn, 1996). Our policy requires educators to transform the traditional teacher centered, lecture driven, and rote deskwork to multi-dimensional, hands-on, active, and cooperative methods of teaching that engage verbal, tactile, visual, and auditory senses. The curriculum is integrated and relates ideas and knowledge across subject areas. By challenging students in an engaged, creative, and meaningful process of learning, the educator channels the student's energies from acting out to involved learner.

Procedure:

- A. Classroom teams will develop and implement daily lesson plans that include a creative, hands-on instructional delivery system.
- B. Development of effective lessons will include:
 - 1. Determining and accessing prior knowledge of the students to begin concept development.
 - 2. Incorporating instructional modifications based on the needs of the students.
 - 3. Developing lesson plans inclusive of an anticipatory set, direct instruction, guided practice, independent practice.
 - 4. Student engagement in creative, hands-on activities.
 - 5. Implementing differentiated learning strategies to address varied student levels of performance within the classroom setting.
 - 6. Assessment of concept attainment.

4. How Do Students Learn Self-Responsibility?

Rationale:

Students learn self-responsibility by being active participants in the problem-solving process. This involves acknowledging responsibility for their own behavior and accepting natural and logical consequences. Students are expected to maintain appropriate behavior, demonstrate effective coping and decision-making skills not only in the classroom, but at home and in the community as well. Opportunities for learning and developing necessary skills and strategies for problem solving are presented in a structured classroom environment. Through this process, students are able to make

informed decisions and appropriate choices. Discipline is regarded as a learning experience that promotes individual growth emotionally, academically and behaviorally.

Procedure:

- A. The team will facilitate the development of a classroom environment by assisting students in developing behavior expectations and goals.
- B. The team will engage students in discussion and exploration of the decision-making process, and provide opportunities for implementation.
- C. PBIS matrix to guide the team in fostering commitment and responsibility.
- D. Teams will conduct Team Primacy meetings to address development of communication and social skills, enhance problem-solving skills, examine the impact of behavior for self and others and apply natural and logical consequences for inappropriate behavior.

5. How Do We Make The Mindset Switch From The Product/Market Perspective To The Journey Perspective?

Rationale:

Educators must examine their own assumptions and transform their own beliefs regarding discipline and how it is used in teaching. Many of today's educational systems are designed with the market mentality.

During the Industrial revolution, the market perspective dominated American views and policies. This perspective focused on the end product and the marketplace. If you produced more of the product, the faster you were rewarded. If you failed to produce or did not produce at the rate and quality expected, the market was unwavering and unsympathetic in its deliberation of punishment and economic sanctioning. It was during the Industrial Revolution that many of our school systems were developed. Learning was seen as a product. Children were given concrete standards and were rewarded for achieving those standards. Consequently, they were punished if they did not meet the standards, i.e., not allowed to participate in sports, clubs, trips, or even in educational areas in which the child excelled. In contrast, the journey mindset focuses on why and how the process works to achieve the end product. The journey mindset does not ignore the end product, but includes both the product and the process. If educators believe that learning is a process, then it is imperative for students to make decisions regarding this process and understand how it applies to them. To achieve this goal an educator must create a classroom where conflict is valued, and seen as an opportunity for learning, because conflict provides teachable moments. For example, "The constructive classroom, is one in which the process matters at least as much as the product. The wrestling with dilemmas, the clash of ideas, and the need to take others' needs into account-these are more meaningful than any list of rules or guidelines that may ultimately result." (Kohn 1996) This new understanding of discipline alters educators' attitudes from control to discovery, moving them from the market mindset to the journey mindset.

Procedure:

- A. Strategies may include:
 - 1. Student role-playing alternative behavior

2. Student making restitution for destructive or hurtful action(s)
 3. Class meeting to explore ways of preventing similar problems in the future
 4. Student Government Association
- B. Classroom teams will teach alternative, appropriate social skills weekly. Students will role-play steps to facilitate incorporating these skills into their behavioral repertoire.
- C. Peer mediation and conflict resolution methods will be taught and implemented regularly with the students.
- 6. Student Expectations:**

Student expectations for behavior are determined by the developmental level of individual students and consist of the following:

- Initiate and complete all assigned classwork in a timely manner, to be determined by the special education teacher, as an active, cooperative participant.
- Follow all directions and demonstrate active listening skills.
- Be respectful of others by displaying effective social skills. Students will not disrupt others, should ask for assistance when needed, and ignore others' inappropriate behavior.
- Students should always maintain safety towards themselves and others.
- Students will acknowledge responsibility for their own behavior, engage in the problem-solving process as needed and accept natural and logical consequences for misbehavior.
- Students will demonstrate expected behaviors as identified on the Positive Behavior Supports and Intervention matrix. Specific behaviors will be identified, taught and reinforced for each location on the matrix (hallway, bathroom, cafeteria, bus).

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Appendix, Section R

Letters of Support



See Forever Foundation and Maya Angelou Schools

February 28, 2014

Mr. Skip McKoy, Board Chair
DC Public Charter School Board
3333 14th Street NW, Suite 210
Washington, DC 20010

Dear Mr. McKoy,

Please accept this letter of unequivocal support for the Children's Guild's application for a school charter in Washington, DC. As you know, there is a significant need for educating children with special needs in the District. Children's Guild is a strong educational provider with a desire and a track record for educating children with disabilities. I am especially enthusiastic about their desire to locate in Ward 7, since there is a critical need for K-8 educational services in this area of the city. Given their success with students in Maryland, we believe Children's Guild would be a strong addition to the DC charter network and that families would appreciate the opportunity to choose the school to educate their young children. I hope you thoughtfully consider their application.

Sincerely,

Heather D. Wathington, Ph.D.
Chief Executive Officer
Maya Angelou Schools & See Forever Foundation



DCASE

District of Columbia
Association for Special Education

A rising tide lifts all boats

March 1, 2014

Mr. Skip McKoy, Board Chair
DC Public Charter School Board
3333 14th Street NW, Suite 210
Washington, DC 20010

Dear Mr. McKoy:

I am writing in support of The Children's Guild's application to receive a school charter in Washington DC. I have known Dr. Ross and his team for many years and can tell you that the programs they operate are among the most highly regarded in the Baltimore-Washington metro region. Currently, I interface with the organization through their involvement as a member of the DC Association for Special Education. The Children's Guild truly embodies DCASE's strategic vision; to fulfill the promise of a quality education for all children. They provide special education services in Maryland to an especially challenging population of students with diverse learning styles and needs, and they also operate two very successful K-8 charter schools. Given their special education programs have served children from Washington DC, Baltimore City and Prince George's County for many years, they are well-acquainted with the challenges of educating youth that reside in urban environments.

In addition, they also are known for providing excellent training and consultation services to schools both locally and nationally. They would quickly become an excellent resource and contributor to the District's charter school community, particularly with regard to its capacity to serve students with special needs. As a member of the DCASE Special Education Training Consortium, The Children's Guild has already provided key professional development for several District charter schools in the areas of classroom management and positive behavioral support.

For these reasons, I believe they would add a great deal to the District's capacity to meet the needs of its special education students. Therefore, I am pleased to recommend The Children's Guild to you without reservation and ask that the Public Charter School Board look favorably on their application.

Sincerely,

Executive Director

2/28/14

To whom it may concern:

I am excited about the prospect of a Children's Guild charter school in DC. We need more positive school in DC, that supports our children's learning experience. My daughter has been attending the guild for the past 3 years. She has been able to make progress with the help and support of her teachers and counselors. Their patience and dedication to my daughter and our family, has allowed her to love learning again. My daughter loves going to school every day. She wakes up extra early to make sure that she doesn't miss her bus. It is The Children's Guild that was able to help my daughter get excited about learning again, to help her see that she could learn, and instill confidence in her, showing her that she has the potential to be successful. I fully support the development of a school run by this organization in Washington D.C.

Phillina Thompson

46 Galveston St. SW
Apt. 302
Washington, DC 20032

2/27/14

To whom it may concern:

I am a parent at The Children's Guild, Marcey Balloon. My child has attended the school for the past six years. I feel that the school has been extremely supportive to both my son and me over the years. Anything that I have needed, both in regards to my sons education and support in the community, the school has been able to help out. My son has been able to find a love of learning; he comes home each day talking about his teachers, counselors and the support staff. As far as my son's education, the school has been 100% on task.

I am excited about the prospect of The Children's Guild having a DC charter school. For this school to spread there idea on how to educate, how to support families and children, and in general create a love of learning in there children, is a dream come true. I fully support The Children's Guild having a charter school in DC.



Marcey Balloon
204 Oklahoma Ave NE
Apt. 1
Washington DC 20002

Appendix, Section S

Grievance Policy

GRIEVANCE PROCEDURE

If attempts to resolve differences between employees are not met with success, it is the employee's responsibility to submit a formal grievance in the following manner:

1) The employee should present the grievance in writing to the Educational Management Organization's Human Resource Department within five business days of the date on which the action occurred.

At this time Human Resources will contact the Principal to inform him/her that a grievance has been filed.

2) The Principal will inform the employee of his/her decision regarding the grievance in writing. Human Resources shall receive a copy of the Principal's decision. Human Resources is available for consultation.

3) If the grievance is still not resolved to the satisfaction of the employee, the employee may, within three business days of the grievance decision by the Principal, appeal the decision in writing to the COO of Schools of the Educational Management Organization. The COO of Schools may meet with any or all parties involved and render a decision. This decision will come to the employee via a written response.

4) If the grievance is still not resolved to the satisfaction of the employee, the employee may, within three business days of the grievance decision by the COO of Schools, appeal the decision to the Planning and Assessment Committee of the Board of Directors, who will administratively review the grievance and make a final decision.

Copies of all grievances, appeals and decisions will be forwarded to the Department of Human Resources by management and placed in the employee's personnel file.

Appendix, Section T

Bylaws

**BYLAWS
OF
THE CHILDREN'S GUILD, LTD.**

(A District of Columbia Nonprofit Corporation)

ARTICLE I. NAME

The name of the corporation shall be The Children's Guild, Ltd. (the "Corporation").

ARTICLE II. DIRECTORS

Section 1. General Powers.

The business and affairs of the Corporation shall be managed under the direction of its Board of Directors (the "Board of Directors" or the "Board") consisting initially of those individuals named in the Articles of Incorporation. In addition to the powers expressly conferred upon them by these Bylaws, the Board of Directors may exercise all the powers of the Corporation. From time to time, the Board of Directors may delegate to officers of the Corporation such powers and duties as it may see fit in addition to those specifically provided in these Bylaws. The Board of Directors is generally responsible for approving the hiring of the principal, having input into the principal's performance review, fundraising, charter advocacy, and community outreach.

Section 2. Composition, Election and Tenure.

The Board shall elect the individuals to serve as directors of the Corporation. At all times, a majority of the directors of the Corporation shall be residents of the District of Columbia.

Directors shall be divided into three classes so that the terms of directors are staggered and approximately one-third of the directors' terms shall expire each year. Each director shall serve for a term of (3) years, provided that terms of initial directors may be abbreviated in order to implement staggered terms. Each director shall serve until a successor shall be appointed and qualify. Directors may be re-elected and serve up to three (3) consecutive terms.

In addition to the foregoing, two directors (the two "Parent Directors") shall be elected by the Board from among a list of candidates compiled and presented to the Board by the Parent Teacher Association (the "PTA"). Each candidate appearing on the list compiled and presented to the Board by the PTA shall be a parent or legal guardian of one or more students currently-enrolled in the public charter school operated

by the Corporation (the "School"). A Parent Director's term will automatically terminate when his or her child is no longer enrolled.

At all times at least two voting directors (the "Guild Directors") shall be directors of the Board of Directors of The Children's Guild, Ltd., provided, however, that the Guild Directors shall not make up a majority of the directors of the Board.

The individual holding the offices of President of the Guild and President of the Corporation shall serve as an ex-officio non-voting member of the Board of Directors. This individual shall be in addition to the Guild Directors.

The Board of Directors shall keep minutes of its meetings and a full account of its transactions as described in Section 8 of this Article of the Corporation's Bylaws. The number of directors may be increased or decreased, but shall never be less than three (3) or greater than fifteen (15). Except where specified otherwise, all references in the Articles of Incorporation and these Bylaws to "directors" shall be deemed to refer collectively to (i) the directors appointed by the Board (ii) the Parent Directors, and (iii) the Guild Directors.

Section 3. Regular Meetings.

The Board of Directors shall hold quarterly meetings, on a date and at a time and place to be determined by the Chairperson or the directors. Other regular meetings shall be held monthly on such dates and at such times as may be designated from time to time by the Chairperson or by the directors.

Section 4. Special Meetings.

Special meetings of the Board of Directors may be called by the Chairperson or by any two directors.

Section 5. Place of Meetings.

The Board of Directors may hold its regular and special meetings at such place within or without the District of Columbia as it may from time to time determine. In the absence of such determination, regular and special meetings of the Board of Directors shall be held at the principal business office of the Corporation.

Section 6. Notice.

Notice of the place, date and time of every regular and special meeting shall be given to each director:

(a) By notice in writing, mailed postage prepaid, not later than the third day before the day set for the meeting and addressed to the director's last known post office address according to the records of the Corporation;

(b) By electronic or telephonic communication or by notice in writing delivered personally or left at the director's residence or usual place of business not later than the second day before the day set for the meeting.

No notice of the time, place or purpose of any meeting need be given to any director who, in writing executed and filed with the records of the meeting either before or after the holding thereof, waives such notice or who attends the meeting.

Section 7. Quorum.

A majority of the Board of Directors shall constitute a quorum for the transaction of business at every meeting. If, at any meeting, there is less than a quorum present, a majority of those present may choose to adjourn the meeting and reschedule the meeting for a different date within 30 days of the original meeting, and no further notice for such reconvened meeting shall be necessary other than by announcement at the adjourned meeting. At any such reconvened meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally called. Except as otherwise provided in the Articles of Incorporation or these Bylaws, the action of a majority of the directors present at a meeting at which a quorum is present shall be the action of the Board of Directors.

Section 8. Minutes.

As soon as practicable after any meeting of the Board of Directors, the Secretary or such other individual as designated by the Board shall prepare and retain written minutes of such meeting. The minutes shall reflect each item that the Board considered; the action taken by the Board on each item; and a list of each vote that was recorded.

Section 9. Vacancies.

The Board shall fill any vacancy occurring among the directors. A vacancy in the position of a Parent Director shall be filled by the Board from among a list of candidates compiled and presented by the PTA. The list shall consist of parents with children currently enrolled at the public charter school operated by the Corporation. A director appointed to fill a vacancy among the directors shall serve for the unexpired term of the predecessor in office.

Section 10. Resignation and Removal.

A director may resign at any time by notifying the Chairperson or Secretary of the Corporation in writing, specifying the effective date of the resignation. If no effective date is specified, the resignation shall take effect at the time tendered. Subject to Article I, Section 2 of these Bylaws, at any meeting of the directors called for the purpose, the directors may, with or without cause, propose to remove any director, by vote of a majority of the other directors. If the Board approves the director's removal, the Board may appoint another in place of the person so removed to serve for the remainder

of the term. A resignation in the position of a Parent Director shall be filled by the Board from among a list of candidates compiled and presented by the PTA. The list shall consist of parents with children currently enrolled at the public charter school operated by the Corporation.

Section 11. Compensation.

Directors shall receive no compensation for their services as such but may, by resolution of the Board of Directors, be allowed reimbursement for their expenses actually and reasonably incurred on behalf of the Corporation.

Section 12. Action without Meeting.

Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if a unanimous consent which sets forth the action is given in writing or by electronic transmission by each director and such is filed in paper or electronic form with the minutes of proceedings of the Board of Directors.

Section 13. Telephone Conference.

Members of the Board of Directors or any committee thereof may participate in a meeting of the Board or such committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meetings can hear each other at the same time. Participation by such means shall constitute presence in person at the meeting.

ARTICLE III. OFFICERS

Section 1. In General.

The officers of the Corporation shall consist of a Chairperson of the Board of Directors (the "Chairperson"); so many Vice-Chairpersons of the Board of Directors ("Vice-Chairpersons") as the Board shall elect, and, if more than one are elected, with one being designated as First Vice-Chairperson; President; one or more Vice-Presidents; Secretary; Treasurer; and such Assistant Secretaries and Assistant Treasurers as the Board shall elect. Any two offices, except those of (1) Chairperson and Vice-Chairperson; (2) President and Vice-President; or (3) President and Treasurer, may be held by the same person, but no officer shall execute, acknowledge, or verify any instrument in more than one capacity when such instrument is required to be executed, acknowledged, or verified by any two or more officers.

With the exception of the President and CEO, all officers of the Corporation shall be appointed by the Board and shall serve for a term of two (2) years and until their successors shall be appointed and qualify. The individual holding the office of the President and CEO of the Educational Management Organization from time to time shall serve as the President and CEO of the Corporation; and such individual shall serve as the President and CEO of the Corporation for so long as he/she shall also hold

the office of President and CEO of the Educational Management Organization. The Chairperson and each Vice-Chairperson shall be chosen from among the directors. Other officers may be, but are not required to be chosen from the directors. The Board of Directors may from time to time appoint such other agents and employees with such powers and duties as the Board may deem proper.

Section 2. Chairperson.

The Chairperson shall preside at all meetings of the Corporation and at all meetings of the Board of Directors and shall be an ex-officio member of all committees of the Board of Directors, except as the Board of Directors shall otherwise designate. The Chairperson shall not be an employee of the Corporation.

Section 3. Vice-Chairperson(s).

In the absence of the Chairperson or in the event of his or her inability or refusal to act, the Vice-Chairperson (or, in the event there be more than one Vice-Chairperson, the Vice-Chairpersons in the order of their election or designated seniority) shall perform the duties of the Chairperson, and when so acting, shall have and may exercise all the powers of the Chairperson. Any Vice-Chairperson shall perform such other duties as from time to time may be assigned by the Chairperson or by the Board of Directors. Each Vice-Chairperson shall be a member of the Board of Directors and shall not be an employee of the Corporation.

Section 4. President.

The President and CEO of the Educational Management Organization hired by the Board of Directors shall be the President and CEO of the Corporation and an ex-officio non-voting member of the Board of Directors. The President and CEO shall have general management and direction of the activities of the Corporation and all powers ordinarily exercised by the President and CEO of a corporation; shall have authority to employ an administrator or other persons at salaries fixed by resolution of the Board of Directors to assist in the general management and direction of the activities of the Corporation; and shall have authority to sign and execute, in the name of the Corporation, all deeds, mortgages, bonds, contracts, or other instruments to be executed on the Corporation's behalf. The President and CEO of the Corporation shall not vote on matters pertaining to contracts or other transactions involving the Educational Management Organization of which he/she is employed.

Section 5. Vice-President(s).

In the absence of the President and CEO or in the event of his or her inability or refusal to act, the Vice-President (or, in the event there be more than one Vice-President, the Vice-Presidents in the order of their election or designated seniority) shall perform the duties of the President and, when so acting, shall have and may exercise

all the powers of the President. Any Vice-President shall perform such other duties as from time to time may be assigned by the Chairperson or by the Board of Directors.

Section 6. Secretary.

The Secretary shall keep minutes of the meetings of the Board of Directors, see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law, be custodian of the corporate records and of the seal of the Corporation, and in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned by the Chairperson or by the Board of Directors.

Section 7. Treasurer.

If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of the duties of the office in such sum and with such surety or sureties as the Board of Directors shall determine, the cost of which shall be borne by the Corporation. The Treasurer shall have charge and custody of all funds and securities of the Corporation, receive and give receipts for monies due to the Corporation, and deposit all such monies in the name of the Corporation in such banks or other depositaries as shall from time to time be selected by the Board of Directors. In general, the Treasurer shall perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned by the Chairperson or by the Board of Directors.

Section 8. Assistant Officers.

Each Assistant Secretary and Assistant Treasurer (if any) shall hold office for such period and shall have such authority and perform such duties as the Board of Directors may prescribe.

Section 9. Compensation.

Officers who are employees of the Corporation may receive reasonable compensation for their services as employees, as determined by resolution of the Board of Directors. Officers who are not employees of the Corporation shall not receive compensation for their services as such. Notwithstanding the above, all officers may, by resolution of the Board of Directors, be allowed reimbursement for their expenses actually and reasonably incurred on behalf of the Corporation.

Section 10. Resignation and Removal.

An officer may resign at any time by notifying the Chairperson or the Secretary in writing, specifying the effective date of the resignation. If no effective date is specified, the resignation shall take effect at the time tendered. The Board shall have the power to remove any officer with or without cause. The Board may authorize any officer to remove subordinate officers.

Section 11. Vacancies.

The Board shall have the power to fill a vacancy occurring in any officership.

ARTICLE IV. COMMITTEES

Section 1. Executive Committee.

The Corporation shall have an Executive Committee, which committee, shall to the extent provided in said resolution, have and exercise the authority of the Board of Directors in the management of the Corporation between meetings of the Board, and shall be considered a committee of the Board of Directors ("Committee of the Board"). The Executive Committee shall also exercise general oversight over the other committees. The Board of Directors, by resolution adopted by a majority of the Directors in office at the time such action is taken, may also create other Committees of the Board which shall exercise such powers of the Board of Directors as delegated in said resolution, provided that neither the Executive Committee nor any other Committee of the Board may be delegated the power to: (1) authorize distributions; (2) fill vacancies on the Board of Directors or any Committee of the Board; (3) adopt, amend, or repeal bylaws, or (4) approve or propose to the Board any action that is required to be taken by members under the District of Columbia Nonprofit Corporation Act (the "Act"). The delegation of authority to the Executive Committee or a Committee of the Board shall not operate to relieve the Board of Directors, or individual Director, of any responsibility imposed upon them by law. The Executive Committee and any Committee of the Board, if formed, must consist exclusively of one (1) or more Directors approved by a majority of the Board of Directors in office when the Director is appointed to such committee. Provisions on the call of meetings, notice of meetings, action without meeting, and waiver of notice of meetings applicable to meetings of the Board of Directors are also applicable to meetings of Committees of the Board. The Executive Committee will be responsible for general governance matters, including nominating and recruiting members of the Board of Directors, evaluating current members of the Board of Directors and evaluating the Board itself.

Section 2. Other Advisory Committees.

Other committees not having and exercising the authority of the Board of Directors in the management of the Corporation ("Advisory Committees") may be designated in these Bylaws or by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. Except as otherwise provided in such resolutions, the President shall appoint the members of such committees, and members of such committees need not be Directors.

Section 3. Finance and Facilities Committee.

The Finance Committee shall be a standing Advisory Committee of the Board of Directors. The committee shall exercise general oversight of the financial operations of the Corporation; review the annual audited financials and other financial documents of the Corporation; and report to the Board of Directors with regard to its findings. The committee shall exercise oversight with regard to the proper maintenance, repair, and replacement of the Corporation's grounds, facilities, buildings, and equipment.

Section 4. Planning and Assessment Committee.

The Planning and Assessment Committee shall be a standing Advisory Committee of the Board of Directors. The committee shall provide guidance and supervision to help ensure that the School is achieving its targeted objectives. The committee will assess academic performance and recommend academic policy changes to the Board of Directors, as needed. The committee will assess the consistency and quality of the School's instructional approach. The committee will monitor the Corporation and the School to ensure that they are compliant with the policies and regulations for operating a public charter school and for meeting the needs of students designated to receive special education. The committee will evaluate any grievances and also evaluate the management company's performance. The committee shall also exercise oversight of all issues related to the School's personnel, including but not limited to staffing needs, performance evaluations, and discipline.

Section 4. Term of Office.

Each member of every committee shall continue in office at the pleasure of the Board of Directors.

Section 5. Committee Chair.

One member of each committee shall be appointed Committee Chair by the Chairperson.

Section 6. Quorum.

Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum, and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

Section 7. Rules.

Each committee may adopt rules for its own governance not inconsistent with the Articles of Incorporation, with these Bylaws, with rules adopted by the Board of Directors, or with any applicable law of the District of Columbia.

ARTICLE V. NOTICE OF NON-DISCRIMINATORY POLICY
AS TO STUDENTS

The Corporation will operate a public charter school in the District of Columbia. The Corporation shall admit students of any race, color, and national and ethnic origin to all of the rights, privileges, programs, and activities generally accorded or made available to students at the school. It will not discriminate on the basis of race, color, or national or ethnic origin in the administration of its educational policies, admissions policies, scholarship and loan programs, and athletic and other school administered programs.

ARTICLE VI. MANDATORY DISSOLUTION

In compliance with the DC School Reform Act § 38-1802.13a, the Corporation shall dissolve if the charter for the school has been revoked, has not been renewed, or has been voluntarily relinquished; and any assets to be distributed pursuant to a plan of distribution under § 29-301.48(3) shall be transferred to the State Education Office of the District of Columbia, to be controlled by the Office of Education Facilities and Partnerships and used solely for educational purposes.

ARTICLE VII. CONTRACTS, CHECKS, DEPOSITS AND GIFTS

Section 1. Contracts.

The Board of Directors may authorize any officer(s) or agent(s) of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or specific.

Section 2. Checks, Drafts, Etc.

All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer(s) or agent(s) of the Corporation, and in such manner, as shall from time to time be determined by resolution of the Board of Directors.

Section 3. Deposits.

All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks or other depositories as the Board of Directors may select.

Section 4. Gifts.

The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest or devise for the general purposes or for any special purpose of the Corporation.

ARTICLE VIII. SUNDRY PROVISIONS

Section 1. Fiscal Year.

The fiscal year of the Corporation shall be the year ending on June 30th unless some other fiscal year be specified by resolution of the Board of Directors.

Section 2. Indemnification.

To the fullest extent permitted by the Act, the Corporation shall indemnify and hold harmless each officer and director of the Corporation against any and all liabilities, costs and expenses (including attorneys' fees and expenses) reasonably incurred by him or her or on his or her behalf in connection with any proceeding to which he or she may be a party by reason of his or her being or having been an officer or director of the Corporation. Such indemnity shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any Bylaw, agreement, or otherwise. Such indemnity shall inure to the benefit of the heirs, executors, or administrators of each officer and director. The Corporation may purchase liability insurance for the indemnity specified above to the fullest extent as determined from time to time by the Board of Directors of the Corporation. If so purchased, as required by the Act, such liability insurance shall provide a minimum limit of coverage of not less than \$200,000 per individual claim and \$500,000 per total claims that arise from the same occurrence, or such other amount as provided by the Act.

Section 3. Books and Records.

The Corporation shall keep correct and complete books and records of account and shall also keep as permanent records: (i) minutes of all meetings of the Board of Directors; (ii) records of all actions taken without a meeting by the Board of Directors or the Board; (iii) records of all actions taken by a Board Committee on behalf of the Corporation. The Corporation also shall keep at its principal office (i) the Corporation's Articles of Incorporation, (ii) these Bylaws, (iii) minutes and other permanent records described above for the last three years; (iv) all official communication in the form of a record to the Board generally within the past three years, including financial statements furnished to the Board in the last three years; (v) a list of the names and business addresses of the Corporation's current Directors and Officers; and (vi) the most recent biennial report filed by the Corporation with the District of Columbia.

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Section 4. Amendments to Bylaws.

These Bylaws may be altered, amended or repealed, and new Bylaws may be adopted by the Board of Directors at any regular meeting or at any special meeting called for that purpose.

Adopted by the Corporation on _____, 2014.

Appendix, Section U

Conflict of Interest Policy

The Children's Guild, Ltd., DC Public Charter School
Policy & Procedure Manual

Title: Conflict of Interest

Policy Number:

Page(s): 5

Initiated By: Andrew Bass, CEO

Approved By:

Effective Date:

Supersedes:

Review Dates:

Attachment: Acknowledgement of Receipt (AD034416),
Disclosure Statement (AD034416)

Policy:

The purpose of this policy is to protect The Children's Guild, Ltd., DC Public Charter School (CGDC) in business transactions or arrangements with parties who may have a conflict of interest and to assure compliance with various state and federal regulations.

Definitions

1. Interested Person

Any director, employee (director level and above), or member of a committee of the organization with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. an ownership or investment interest in which CGDC has a transaction or arrangement,
- b. a compensation arrangement with CGDC or with any entity or individual with which CGDC has a transaction or arrangement, or
- c. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which CGDC is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the CGDC's board of directors decides that a conflict of interest exists.

Procedures

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Executive Committee, preferably the chair.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board meeting while the determination of conflict of interest is discussed and voted upon. The remaining Board members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

- a. an interested person may make a presentation at the Board meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest,
- b. the chairperson of the Board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement. After exercising due diligence, the Board shall determine whether CGDC can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- c. if a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the CGDC's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy

- a. if any board member has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose,
- b. if, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Records of Proceedings

The minutes of the board meeting shall contain:

- a. the names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's decision as to whether a conflict of interest in fact existed,
- b. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Compensation

- a. a voting member of the governing board or committee who receives compensation, directly or indirectly, from CGDC for services is precluded from voting on matters pertaining to that member's compensation,
- b. a voting member of any governing board or committee whose jurisdiction includes

- compensation matters and who receives compensation directly or indirectly, from CGDC for services is precluded from voting on matters pertaining to the compensation of the EMO or any of its employees,
- c. no voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from CGDC, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Annual Statements

Each director, employee (director level and above) and member of a committee of CGDC with governing board delegated powers shall annually sign a statement (see attached Annual Affirmation of Compliance and Disclosure Statement) which affirms such person:

- a. has received a copy of the conflicts of interest policy,
- b. has read and understands the policy,
- c. has agreed to comply with the policy, and
- d. understands the organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Periodic Reviews

The Executive Committee will review compliance with this policy on a semi-annual basis, including a report from the EMO's Chief Financial Officer specifying all activity for the prior six months involving interested persons.

Conflict of Interest Policy
Annual Affirmation of Compliance and Disclosure Statement

I have received and carefully read the Conflict of Interest Policy for The Children's Guild, Ltd., DC Public Charter School and have considered not only the literal expression of the policy, but also its intent. By signing this affirmation of compliance, I hereby affirm and I understand and agree to comply with the Conflict of Interest Policy. I further understand that The Children's Guild, Ltd., DC Public Charter School is a charitable organization and that in order to maintain its federal tax-exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Except as otherwise indicated in the Disclosure Statement and attachments, if any, I hereby state that I do not, to the best of my knowledge, have any actual or potential conflict of interest as defined in the policy.

If any situation should arise in the future which I think may involve me in a conflict of interest, I will promptly and fully disclose the circumstances to the Executive Committee, preferably the chair of the board, of The Children's Guild, Ltd., DC Public Charter School, or to its Chief Executive Officer.

I further certify that the information set forth in the Disclosure Statement and attachments, if any, is true and correct to the best of my knowledge, information, and belief.

Name

Signature

Date

Title

Disclosure Statement

Please complete the questionnaire below indicating any actual or potential conflicts of interest. If you answer "yes" to any of the questions, please provide a written description of the details of the specific action of transaction in the space provided. Attach additional sheets as needed.

A conflict may exist if you directly or indirectly benefit or profit through business, investment or family as a result of a decision made or transaction entered into by CGDC. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

Please indicate, during the past 12 months:

Do you have an ownership or investment interest in any entity with which CGDC has a transaction or arrangement?

_____ No _____ Yes

If yes, please describe:

Do you have a compensation arrangement with CGDC which it has a transaction or arrangement?

_____ No _____ Yes

If yes, please describe:

Do you have a potential ownership or investment interest in, or compensation arrangement with any entity with which CGDC has a transaction or arrangement?

_____ No _____ Yes

If yes, please describe:

Has CGDC offered employment to you or to any of your relatives or business associates other than a person who was already employed by CGDC?

_____ No _____ Yes

If yes, please describe:

Have you or have any of your relatives or business associates been provided with a gift, gratuity, or favor of substantial nature from a person or entity which does business, or seeks to do business, with CGDC?

_____ No _____ Yes

If yes, please describe:

Have you or any of your relatives or business associates, been gratuitously provided use of the facilities, property, or services of CGDC?

_____ No _____ Yes

If yes, please describe:

AD031801b

Appendix, Section V
Audited Financials for Monarch Academy
Baltimore and Glen Burnie

**MONARCH ACADEMY BALTIMORE
CAMPUS, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT.....	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Cash Flows.....	5 - 6
Notes to Financial Statements.....	7 - 14
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>.....	15 - 16

INDEPENDENT AUDITORS' REPORT

Board of Directors
Monarch Academy Baltimore Campus, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Monarch Academy Baltimore Campus, Inc. (MABC), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years 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.

Auditors' 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 from 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 MABC'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 MABC'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.

TIMONIUM

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Timonium, MD 21093
410-828-CPAS (2727) | 410-828-9512 (FAX)

COLUMBIA

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Columbia, MD 21046
410-290-3288 | 410-381-7795 (FAX)

BEL AIR

109 N. Main Street, Suite C
Bel Air, MD 21014
410-838-5717 | 410-838-2579 (FAX)

Board of Directors
Monarch Academy Baltimore Campus, Inc.
Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MABC as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2013, on our consideration of MABC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 MABC's internal control over financial reporting and compliance.

Katz Abosch Windesheim Gershman & Freedman, PA

Timonium, Maryland
November 5, 2013

MONARCH ACADEMY BALTIMORE CAMPUS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
<u>ASSETS</u>		
Cash	\$ 830,477	\$ 191,413
Grants and tuition receivable	17,507	104,451
Prepaid expenses	0	43,883
Deposits	0	20,697
Property and equipment - net	<u>10,845,994</u>	<u>267,676</u>
TOTAL ASSETS	\$ <u>11,693,978</u>	\$ <u>628,120</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 2,128,974	\$ 350,134
Due to related entity	70,555	142,084
Note payable - net	3,661,349	0
Debt	<u>5,059,689</u>	<u>0</u>
TOTAL LIABILITIES	10,920,567	492,218
<u>NET ASSETS</u>		
Unrestricted	<u>773,411</u>	<u>135,902</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>11,693,978</u>	\$ <u>628,120</u>

The Accompanying Notes are an Integral Part of the Financial Statements

MONARCH ACADEMY BALTIMORE CAMPUS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>SUPPORT AND REVENUE</u>		
Program Revenue:		
Tuition	\$ 6,086,304	\$ 3,057,093
Public Support:		
Fundraising and grants	<u>446,517</u>	<u>532,612</u>
 TOTAL SUPPORT AND REVENUE	 <u>6,532,821</u>	 <u>3,589,705</u>
 <u>EXPENSES</u>		
Functional expenses:		
Program:		
Charter School	5,249,335	2,941,410
Management and general	<u>645,977</u>	<u>327,626</u>
 TOTAL EXPENSES	 <u>5,895,312</u>	 <u>3,269,036</u>
 Change in Net Assets	 637,509	 320,669
 Net Assets - Beginning of the Year	 <u>135,902</u>	 <u>(184,767)</u>
 Net Assets - End of the Year	 <u>\$ 773,411</u>	 <u>\$ 135,902</u>

The Accompanying Notes are an Integral Part of the Financial Statements

MONARCH ACADEMY BALTIMORE CAMPUS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 637,509	\$ 320,669
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	264,873	2,028
Contributed property	(191,475)	0
Changes in operating assets and liabilities:		
Grants and tuition receivable	86,944	(81,770)
Prepaid expenses	43,883	(34,250)
Accounts payable and accrued expenses	<u>202,539</u>	<u>342,634</u>
Net Cash Provided by Operating Activities	<u>1,044,273</u>	<u>549,311</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Deposits made	0	(20,697)
Purchases of property and equipment	<u>(333,680)</u>	<u>(263,124)</u>
Net Cash Used in Investing Activities	<u>(333,680)</u>	<u>(283,821)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Net activity in amounts due to related entity	<u>(71,529)</u>	<u>(74,077)</u>
Net Cash Used in Financing Activities	<u>(71,529)</u>	<u>(74,077)</u>
NET CHANGE IN CASH	639,064	191,413
CASH AT THE BEGINNING OF THE YEAR	<u>191,413</u>	<u>0</u>
CASH AT THE END OF THE YEAR	<u>\$ 830,477</u>	<u>\$ 191,413</u>

The Accompanying Notes are an Integral Part of the Financial Statements

	<u>2013</u>	<u>2012</u>
Supplemental Schedule of Noncash Investing and Financing Activities:		
Construction in progress from proceeds of debt	\$ 5,059,689	\$ 0
Acquisition of land and building via issuance of note payable	3,661,349	0
Application of deposit to property and equipment	20,697	0
Construction in progress in accounts payable and accrued expenses	1,576,301	0
Supplemental Disclosures of Cash Flow Information:		
Interest paid, net of capitalized interest of approximately \$36,000 and \$0 for the years ended June 30, 2013 and 2012, respectively	\$ 12,233	\$ 9,855

MONARCH ACADEMY BALTIMORE CAMPUS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

During the fiscal year ended June 30, 2011, Monarch Academy Baltimore Campus, Inc. (MABC) was incorporated as a Maryland non-stock, not-for-profit corporation. MABC was incorporated to operate a public charter school in Baltimore City (City) for students in kindergarten through eighth grade. MABC's first students enrolled in Spring 2011 for the instructional program which commenced in August 2011 for students enrolled in kindergarten through fourth grade.

On November 9, 2010, the Baltimore City Board of School Commissioners granted a charter allowing MABC to operate a charter school in Baltimore City, MD. The Charter defines the City's and MABC's responsibilities in relation to the operation, management and administration of the school. The Charter has an initial term of five years, and MABC may apply for an additional five year term during the last year of the initial five year term. The Charter may be terminated by the City (subject to certain requirements), or by MABC on an annual basis (MABC must provide notice of intent to terminate by March 1 annually). Additionally, the Charter may be terminated by mutual agreement between MABC and the City.

MABC's operations are funded based upon funds allocated to the school by the City in accordance with the Maryland State Department of Education approved funding model.

The employees of the public charter school remain employees of the City, and the expenditures related to salaries and benefits are deducted by the City from the funded amounts provided to MABC quarterly. Additionally, other costs as negotiated, such as transportation costs, are deducted from the funded amounts provided to MABC quarterly. The revenues and the associated salaries, benefits and other costs have been reported within the accompanying financial statements on a gross basis, rather than net, in order to provide a complete picture of the school's operations and costs.

Basis of accounting

The financial statements are prepared on the accrual basis of accounting.

Financial statement presentation

MABC follows the Not-For-Profit Entities Presentation of Financial Statements Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification which requires it to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. As of June 30, 2013 and 2012, there were no permanently or temporarily restricted net assets.

MONARCH ACADEMY BALTIMORE CAMPUS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and tuition receivable

Government and private grants are recognized based on the terms of the specific grant. Grant revenue received in advance of the grant period is recorded as deferred revenue or temporarily restricted support, depending on the nature of the transaction.

Tuition receivable is recorded at the amount MABC expects to receive after year end from Baltimore City related to services provided.

Accounting for contributions

MABC follows the Not-For-Profit Entities Revenue Recognition Topic of the FASB Accounting Standards Codification. Under this topic of the FASB Accounting Standards Codification, MABC recognizes contributions when the donor makes a promise to give to MABC that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions whose restrictions are met in the same reporting period are shown as unrestricted contributions.

Property and equipment

Property and equipment are recorded at cost if purchased and fair value if donated. It is MABC's policy to capitalize expenditures for property and equipment in excess of \$1,000. Expenditures for repairs and maintenance are charged to expense as incurred. The cost of property and equipment is depreciated using the straight-line method over their estimated useful lives.

Income taxes

MABC is exempt from federal and state taxation under Section 501(c)(3) of the Internal Revenue Code, and is classified as other than a private foundation.

MABC's Forms 990, Return of Organization Exempt from Income Tax, for the fiscal years ended June 30, 2013, 2012 and 2011 are subject to examination by the IRS, generally for three years after they were filed.

Use of estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from the estimates that were used.

MONARCH ACADEMY BALTIMORE CAMPUS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional expenses

Expenses are charged directly to program, management and general or fundraising categories based on specific identification, when determinable. A reasonable allocation is made for costs not specifically identifiable. During the years ended June 30, 2013 and 2012, MABC did not expend significant resources related to fundraising.

Subsequent events

MABC has evaluated subsequent events through November 5, 2013, which is the date the financial statements were available to be issued.

NOTE 2: PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Land	\$ 1,098,055	\$ 0
Furniture and equipment	447,178	11,316
Construction in progress	<u>9,567,662</u>	<u>258,388</u>
Total	\$ 11,112,895	269,704
Less: accumulated depreciation	<u>(266,901)</u>	<u>(2,028)</u>
Total property and equipment - net	\$ <u>10,845,994</u>	\$ <u>267,676</u>

Depreciation expense for the years ended June 30, 2013 and 2012 amounted to \$264,873 and \$2,028, respectively.

NOTE 3: DEBT

During the year ended June 30, 2013, MABC entered into a loan agreement to obtain financing necessary for the renovation of property acquired for the purpose of becoming MABC's permanent operational facility. The maximum amount available under the loan agreement is \$8,900,000, and the loan is primarily funded by one financial institution in the amount of \$7,150,000, however, a participating lender is funding the remaining \$1,750,000. The loan requires interest only payments during the construction phase (ending April 2014), with first principal and interest payments to begin in May 2014.

MONARCH ACADEMY BALTIMORE CAMPUS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 3: DEBT (Continued)

The portion of the overall loan funded by the primary financial institution incurs interest during the construction phase at the greater of 5% or the sum of the prime rate plus 2%. At the conclusion of the construction phase, principal payments will commence and the interest rate will be adjusted to a fixed rate which will remain in effect until April 2019, at which time the fixed rate will be modified to a new fixed rate which will remain in effect until the maturity date (April 2024). The loan may be prepaid, however prepayment would require the payment of a fee which is dependent on the timing of the prepayment.

The portion of the overall loan funded by the participating lender incurs interest during the construction phase and through April 2019 at the rate of 4.25%. At that time, the interest rate will be adjusted to a new fixed rate which will remain in effect through the maturity date (April 2024). Principal payments commence in May 2014. The loan may be prepaid, however prepayment would require the payment of a fee which is dependent on the timing of the prepayment.

The loans are subject to certain financial and non-financial covenants, including a debt service coverage ratio (which will be effective upon substantial completion of the renovation project during the fiscal year ended June 30, 2014 and then will be reviewed annually thereafter), and a tangible net worth requirement, which is reviewed annually based upon the consolidated financial statements of the Children's Guild Institute, Inc. (Institute), a related entity (see Note 5).

The loans are collateralized by a first deed of trust related to the improved property, a first priority lien in the rents related to a lease which exists for a portion of the acquired property (see Note 4), and essentially all other MABC assets. Additionally, the loans have been guaranteed by the Institute and the Children's Guild, Inc. (Guild) (see Note 5). However, the guarantees of the Institute and the Guild are subordinated to a different financial institution from which the Institute and the Guild have previously entered into debt agreements or provided other loan guarantees.

MABC has entered into an agreement with the Institute which provides the Institute the option, subject to the approval of the primary financial institution, to purchase the land and property which was improved from the proceeds of the loans described above. The option expires in April 2025.

MONARCH ACADEMY BALTIMORE CAMPUS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 3: DEBT (Continued)

As of June 30, 2013, debt matures as follows (annual amounts below are presented under the assumption that all available loan funds will be borrowed during the construction phase, and reflect what will be repaid beginning in May 2014):

<u>Fiscal year</u>	
2014	\$ 48,828
2015	272,743
2016	286,249
2017	300,425
2018	315,307
2019 and thereafter	<u>7,676,448</u>
Total	\$ <u>8,900,000</u>

Total interest expense, including accrued interest related to the note payable described in Note 4 and interest on the intercompany line of credit described in Note 5, and net of interest which was capitalized during the year ended June 30, 2013, was \$71,103 and \$7,822 for the years ended June 30, 2013 and 2012, respectively.

NOTE 4: ACQUISITION OF PROPERTY AND NOTE PAYABLE

During the year ended June 30, 2013, MABC entered into an agreement with a seller to acquire property to be used as MABC's permanent operational facility beginning in August 2014.

As a part of the agreement, MABC obtained property with an appraised fair value of \$2,827,376, and additionally assumed a lease with an unrelated third party covering a small portion of the acquired property. MABC recorded an additional property value of \$1,025,448 representing the present value of the future expected rental receipts from the lease, assuming an 8% discount rate and a lease term expiring in 2034. As such, the total asset recognized within property and equipment - net on the accompanying 2013 statement of financial position is \$3,852,824.

As consideration for the property, MABC entered into a note payable with the seller, and additionally agreed to remit to the seller the remaining rents under the lease as it existed at the time of the sale.

The contractual balance of the note payable is \$3,045,000 and MABC is required to make quarterly principal and interest payments of \$65,320 beginning in October 2013. The note payable has a fixed interest rate of 8% and a maturity date of September 2047. However, MABC's obligations under the note will cease upon the occurrence of a termination event, as defined in the promissory note. A termination event occurs upon the later of (1) the death of the owner of the note holder, or (2) 144 months after the first payment date (September 30, 2025). MABC may prepay the balance outstanding on the note payable at any time. The note payable is subordinate to the debt described in Note 3. The Institute has guaranteed the note payable, however, the Institute's guarantee is subordinate to a different financial institution to whom the Institute had previously made guarantees.

MONARCH ACADEMY BALTIMORE CAMPUS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 4: ACQUISITION OF PROPERTY AND NOTE PAYABLE (Continued)

MABC has recognized the note payable in the accompanying 2013 statement of financial position at its present value, determined using a discount rate of 8%, and with an expected repayment period of 18.6 years (based on a life expectancy table). The repayment period was determined by a third party in accordance with a request to provide an independent valuation of the note payable as of the date of the purchase and sale agreement. The note payable has been recorded at its present value of \$2,517,549 as of June 30, 2013.

As MABC has committed to remit to the seller the certain rents described above, a liability for the present value of the future payments to the seller has been determined and recorded using a discount rate of 8% and an expected term through 2034. The present value of the anticipated lease payments of \$1,143,800 has been added to the note payable balance. MABC has no obligation to remit any lease payments to the seller if the tenant does not extend the term of the lease or make its rental payments to MABC.

The total of the present value of the note payable and the present value of the lease payment liability is \$3,661,349 as of June 30, 2013.

MABC recorded contribution income within public support on the accompanying 2013 statement of activities in the amount of \$191,475 (representing the excess of the recorded value of the acquired property over the present value of the note payable and the present value of the lease payment liability).

As of June 30, 2013, the note payable matures as follows:

<u>Fiscal year</u>	
2014	\$ 13,527
2015	19,333
2016	20,927
2017	22,651
2018	24,518
2019 and thereafter	<u>2,944,044</u>
Sub-total	3,045,000
Less: discount on note payable	(527,451)
Plus: present value of excess lease payments	<u>1,143,800</u>
Total note payable	<u>\$ 3,661,349</u>

NOTE 5: RELATED PARTY TRANSACTIONS

MABC has entered into transactions and/or agreements with the following related parties as of June 30, 2013 and 2012:

MONARCH ACADEMY BALTIMORE CAMPUS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 5: RELATED PARTY TRANSACTIONS (Continued)

The Children's Guild Institute, Inc. (Institute) was incorporated during the year ended June 30, 2009 as a Maryland non-stock charitable supporting organization. The Institute was incorporated to provide planning and support for the causes of several organizations, including MABC. The Institute controls MABC through a majority voting interest on MABC's board of directors. MABC is included in the annual financial statements of the Institute as a consolidated, wholly-owned subsidiary.

The Children's Guild, Inc. (Guild) was formed in 1953 as a Maryland not-for-profit corporation to provide facilities and opportunities to help educate children and provide individual and family counseling. The Guild primarily serves central Maryland and has several major programs, the most significant of which, as defined by a percentage of revenues, is the Guild's Special Education School program. The Guild has assisted MABC in establishing MABC's program, obtaining funding and performing management and general activities on MABC's behalf.

During the fiscal year ended June 30, 2011, the Guild extended an intercompany line of credit to MABC to provide working capital. Advances under this credit facility bear interest at a fixed rate of 6% and interest payments are due monthly. The intercompany line of credit is due on demand, has maximum available borrowings of \$600,000, and has a stated maturity date of June 30, 2014. The amount due to the Guild as of June 30, 2013 and 2012 relating to the intercompany line of credit was \$70,555 and \$142,084, respectively. For the years ended June 30, 2013 and 2012, interest expense related to this facility was \$12,233 and \$7,822, respectively.

Effective July 1, 2011, MABC entered into a management agreement with the Guild whereby the Guild will provide management and administrative services for MABC. Management fee expense for the years ended June 30, 2013 and 2012 was \$606,804 and \$245,996, respectively.

NOTE 6: OPERATING LEASES

During the years ended June 30, 2013 and 2012, MABC operated its program in facilities under short-term lease arrangements.

In April 2013, MABC acquired property and commenced significant renovations to the acquired property in order to operate its program in a permanent facility beginning in August 2013.

As a condition of acquiring the property discussed above, MABC assumed an existing lease with a third party, whereby MABC receives monthly rental payments. The lease was subsequently amended in July 2013. As amended, the lease has an initial expiration date in June 2014, however, the tenant has multiple renewal options, with each option for an additional 5 years. For the year ended June 30, 2014, MABC will receive approximately \$84,000 in lease payments from the third party.

Rent expense, including amounts charged for rental equipment, for the years ended June 30, 2013 and 2012 was \$114,847 and \$185,887, respectively.

MONARCH ACADEMY BALTIMORE CAMPUS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 7: FAIR VALUE

Fair value measurement accounting literature provides a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (level 1 measurements), the next priority to other direct or indirect observable inputs (level 2 measurements), and the lowest priority to unobservable inputs (level 3 measurements). When available, MABC measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. The fair value of the acquired land and building (See Note 4) was partially determined based upon an appraisal (level 2 measurement). The appraisal primarily used existing data from recent sales of property in the same metropolitan area, adjusted for factors such as financing terms, conditions of sale, market conditions, location, and physical characteristics to determine fair value.

NOTE 8: SUBSEQUENT EVENT

The Institute has initiated a plan to obtain additional debt and refinance substantially all outstanding debt, notes payable, and mortgages payable, including those reported on the accompanying 2013 statement of financial position. The refinance is expected to occur through a tax-exempt bond offering. The plan to obtain additional debt and refinance existing debt is expected to result in changes to property ownership, with the Institute becoming the primary owner of property.

In concurrence with the tax-exempt bond issue, the Institute intends to exercise its option to purchase the land and property currently owned by MABC (per Note 3). Institute anticipates entering into an agreement to lease this facility to MABC.

**INDEPENDENT AUDITORS' 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**

Board of Directors
Monarch Academy Baltimore Campus, Inc.

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 Monarch Academy Baltimore Campus, Inc. (MABC), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 5, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MABC's internal control over financial reporting (internal control) to determine 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 MABC's internal control. Accordingly, we do not express an opinion on the effectiveness of MABC'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MABC'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 determination of financial statement amounts. 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 MABC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MABC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Katz Abosch Windesheim Gushman & Freedman, PA

Timonium, Maryland
November 5, 2013

**THE MONARCH ACADEMY PUBLIC
CHARTER SCHOOL, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

CONTENTS

Page

INDEPENDENT AUDITORS' REPORT.....	1 - 2
--	--------------

FINANCIAL STATEMENTS

Statements of Financial Position.....	3
---------------------------------------	---

Statements of Activities.....	4
-------------------------------	---

Statements of Cash Flows.....	5 - 6
-------------------------------	-------

Notes to Financial Statements.....	7 - 12
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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Monarch Academy Public Charter School, Inc.

We have audited the accompanying financial statements of The Monarch Academy Public Charter School, Inc., which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 MAPCS'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 MAPCS'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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Board of Directors
The Monarch Academy Public Charter School, Inc.
Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Monarch Academy Public Charter School, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Katz Abosch Windesheim Gershman & Freedman, PA

Timonium, Maryland
November 5, 2013

THE MONARCH ACADEMY PUBLIC CHARTER SCHOOL, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
<u>ASSETS</u>		
Cash	\$ 144,303	\$ 889,608
Prepaid expenses and other current assets	58,865	77,007
Deposits and advances	60,500	150,702
Property and equipment - net	<u>3,625,007</u>	<u>2,944,875</u>
TOTAL ASSETS	\$ <u>3,888,675</u>	\$ <u>4,062,192</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 92,658	\$ 152,476
Due to related entity	412,477	796,531
Debt	<u>1,999,978</u>	<u>2,342,854</u>
TOTAL LIABILITIES	2,505,113	3,291,861
<u>NET ASSETS</u>		
Unrestricted	<u>1,383,562</u>	<u>770,331</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>3,888,675</u>	\$ <u>4,062,192</u>

The Accompanying Notes are an Integral Part of the Financial Statements

THE MONARCH ACADEMY PUBLIC CHARTER SCHOOL, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>REVENUE AND SUPPORT</u>		
Program Revenue		
Tuition and other revenue	\$ 8,140,033	\$ 6,072,368
Public Support		
Fundraising and grants	<u>154</u>	<u>41,280</u>
 TOTAL REVENUE AND SUPPORT	 <u>8,140,187</u>	 <u>6,113,648</u>
<u>EXPENSES</u>		
Functional expenses:		
Program:		
Charter School	6,686,875	5,406,263
Management and general	<u>840,081</u>	<u>505,753</u>
 TOTAL EXPENSES	 <u>7,526,956</u>	 <u>5,912,016</u>
 Change in Net Assets	 613,231	 201,632
 Net Assets - Beginning of the Year	 <u>770,331</u>	 <u>568,699</u>
 Net Assets - End of the Year	 <u>\$ 1,383,562</u>	 <u>\$ 770,331</u>

The Accompanying Notes are an Integral Part of the Financial Statements

THE MONARCH ACADEMY PUBLIC CHARTER SCHOOL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 613,231	\$ 201,632
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	242,856	199,096
Changes in operating assets and liabilities:		
Grants and contracts receivable	0	30,270
Prepaid expenses and other current assets	18,142	29,405
Deposits and advances	0	(70,909)
Accounts payable and accrued expenses	(59,818)	44,979
Deferred revenue	<u>0</u>	<u>(30,270)</u>
Net Cash Provided by Operating Activities	<u>814,411</u>	<u>404,203</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of property and equipment	<u>(832,786)</u>	<u>(208,665)</u>
Net Cash Used in Investing Activities	<u>(832,786)</u>	<u>(208,665)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from debt - net of refinance	0	1,071,725
Principal payments on debt	(342,876)	(314,586)
Net repayments and advances to related entity	<u>(384,054)</u>	<u>(216,570)</u>
Net Cash Provided by (Used in) Financing Activities	<u>(726,930)</u>	<u>540,569</u>
NET INCREASE (DECREASE) IN CASH	(745,305)	736,107
CASH AT THE BEGINNING OF THE YEAR	<u>889,608</u>	<u>153,501</u>
CASH AT THE END OF THE YEAR	<u>\$ 144,303</u>	<u>\$ 889,608</u>

The Accompanying Notes are an Integral Part of the Financial Statements

	<u>2013</u>	<u>2012</u>
Supplemental Schedule of Noncash Investing and Financing Activities:		
Repayment of affiliate's note payable to a bank with proceeds from refinance note payable	\$ 0	\$ 435,715
Application of deposit to fixed assets	90,202	0
Leasehold improvements and equipment transferred from affiliate due to assumption of lease and repayment of affiliate note payable, net of depreciation of \$118,277 recorded by affiliate prior to July 1, 2011	0	988,278
Supplemental Disclosures of Cash Flow Information:		
Interest paid	\$ 118,199	\$ 93,138

THE MONARCH ACADEMY PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

During the fiscal year ended June 30, 2008, The Monarch Academy Public Charter School, Inc. (MAPCS) was incorporated as a Maryland non-stock, not-for-profit corporation. MAPCS was incorporated to operate a public charter school in Anne Arundel County (County) for students in kindergarten through eighth grade. MAPCS's first students enrolled in Spring 2009 and the instructional program commenced in August 2009.

MAPCS operates as a public charter school in connection with a Charter School Agreement with the County. The Charter School Agreement defines the County's and MAPCS's responsibilities in relation to the operation, management, and administration of the school. The school's operations are funded based upon a County determined "Per Pupil Expenditure Rate", which is established based upon the number of certified enrolled pupils at the charter school as of September 30th of each year. The employees of the public charter school remain employees of the County, and the expenditures related to salaries and benefits are deducted from the "Per Pupil Expenditure Rate", along with an administration fee withheld by the County, before the net funding proceeds are remitted to MAPCS monthly. The revenues and the associated salaries and benefits and fees have been reported within the accompanying financial statements on a gross basis, rather than net, in order to provide a complete picture of the charter school's operations and costs, and to comply with reporting requirements of the County.

MAPCS has been awarded a contract with the County to operate a contract school. The contract school, to be known as Monarch Global Academy Public Contract School, is expected to enroll its first students during the year ended June 30, 2014, and commence its instructional program in August 2014. It is anticipated that the Children's Guild Institute, Inc. (Institute) will acquire and construct a facility to be leased by the MAPCS for use in its operations. As further described in Note 5, the Institute is a related entity.

Additionally, in July 2013, the County approved a new charter school to be operated by MAPCS beginning in August 2015.

Basis of accounting

The financial statements are prepared on the accrual basis of accounting.

Financial statement presentation

MAPCS follows the Not-For-Profit Entities Presentation of Financial Statements Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. Under this topic of the FASB Accounting Standards Codification, MAPCS is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. During the years ended June 30, 2013 and 2012, there were no temporarily or permanently restricted net assets.

THE MONARCH ACADEMY PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting for contributions

MAPCS follows the Not-For-Profit Entities Revenue Recognition Topic of the FASB Accounting Standards Codification. Under this topic of the FASB Accounting Standards Codification, MAPCS recognizes contributions when the donor makes a promise to give to MAPCS that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions whose restrictions are met in the same reporting period are shown as unrestricted contributions.

Property and equipment and depreciation

Property and equipment are recorded at cost if purchased and fair value if donated. It is MAPCS's policy to capitalize expenditures for property and equipment in excess of \$1,000. Expenditures for repairs and maintenance are charged to expense as incurred. The cost of property and equipment is depreciated using the straight-line method over their estimated useful lives.

Income taxes

MAPCS is exempt from federal and state taxation under Section 501(c)(3) of the Internal Revenue Code, and is classified as other than a private foundation.

MAPCS's Forms 990, Return of Organization Exempt from Income Tax, for the years ended June 30, 2013, 2012 and 2011 are subject to examination by the IRS, generally for three years after they were filed.

Use of estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from the estimates that were used.

Functional expenses

Expenses are charged directly to program, management and general or fundraising categories based on specific identification, when determinable. A reasonable allocation is made for costs not specifically identifiable. MAPCS, during the years ended June 30, 2013 and 2012, did not expend significant resources related to fundraising.

Subsequent events

MAPCS has evaluated subsequent events through November 5, 2013, which is the date the financial statements were available to be issued.

THE MONARCH ACADEMY PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 2: PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Leasehold improvements	\$ 3,463,576	\$ 2,820,578
Furniture and equipment	724,420	428,775
Construction in progress	<u>2,296</u>	<u>203,724</u>
Total	4,190,292	3,453,077
Less: accumulated depreciation	<u>(565,285)</u>	<u>(508,202)</u>
Total property and equipment - net	\$ <u>3,625,007</u>	\$ <u>2,944,875</u>

Depreciation expense for the years ended June 30, 2013 and 2012 amounted to \$242,856 and \$199,096, respectively.

NOTE 3: LINE OF CREDIT

In July 2009, MAPCS obtained a revolving line of credit facility with a bank. Advances under the credit facility bear interest at the greater of the one-month LIBOR rate plus 1.90% or 2.75% (the interest rate floor), and interest payments are due monthly. The maximum amount which may be advanced is \$250,000. Advances are due upon demand and are collateralized by a lien on all deposits of MAPCS held by the bank and other personal property. The Institute and The Children's Guild, Inc. (Guild) guarantee the line of credit. There were no outstanding borrowings on the line as of June 30, 2013 or 2012.

NOTE 4: DEBT

During the year ended June 30, 2012, MAPCS obtained a \$2,400,000 loan with the bank with which they have the credit facility, refinancing \$1,150,000 of debt. A portion of the loan proceeds were used to repay the remaining balance of bank debt related to leasehold improvements originally recorded on the financial statements of the Guild, as MAPCS, in July 2011, assumed the lease related to the improvements and has the benefit of the related improvements. The note bears interest at a fixed rate of 4.61% and matures in April 2019. The loan is being repaid, beginning in May 2012, through 84 monthly installments of principal and interest. The note is secured by a lien on all MAPCS deposits held by the bank and other personal property. The note payable is guaranteed by the Guild and the Institute. MAPCS is required to meet certain covenants in connection with the note payable with the bank, including a cash flow coverage ratio.

THE MONARCH ACADEMY PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 4: DEBT (Continued)

As of June 30, 2013, debt matures as follows:

<u>Fiscal Year</u>	
2014	\$ 342,876
2015	342,876
2016	342,876
2017	342,876
2018	342,876
2019	<u>285,598</u>
Total	\$ <u>1,999,978</u>

Total interest expense, including interest on the intercompany line of credit described in Note 5, was \$118,199 and \$93,138 for the years ended June 30, 2013 and 2012, respectively.

NOTE 5: RELATED PARTY TRANSACTIONS

MAPCS has entered into transactions and/or agreements with the following related parties as of June 30, 2013 and 2012:

The Guild was formed in 1953 as a Maryland not-for-profit corporation to provide facilities and opportunities to help educate children and provide individual and family counseling. The Guild primarily serves central Maryland and has several major programs, the most significant of which, as defined by a percentage of revenues, is the Guild's Special Education School program. The Guild has assisted MAPCS in establishing MAPCS's program, obtaining financing and performing management and general activities on MAPCS's behalf. During the fiscal year ended June 30, 2009, the Guild extended an intercompany line of credit to MAPCS to provide working capital. Advances under this credit facility bear interest at a fixed rate of 6% and interest payments are due monthly. The intercompany line of credit is due on demand and has a stated maturity date of June 30, 2014. The maximum amount that may be advanced under this credit facility at any one time is \$1,000,000. The amount due to the Guild as of June 30, 2013 and 2012 relating to the intercompany line of credit was \$412,477 and \$796,531, respectively. For the years ended June 30, 2013 and 2012, interest expense related to this facility was \$41,764 and \$29,527, respectively.

During the fiscal year ended June 30, 2009, the MAPCS entered into a management agreement with the Guild whereby the Guild will provide management and administrative services for MAPCS. Effective January 1, 2012, the Guild requested, and the MAPCS board approved, an amendment to the agreement increasing the annual management fee to 8% of tuition revenues. Management fee expense for the years ended June 30, 2013 and 2012 totaled \$648,471 and \$317,168, respectively. The agreement automatically renews each year unless properly terminated by either MAPCS or the Guild.

THE MONARCH ACADEMY PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 5: RELATED PARTY TRANSACTIONS (Continued)

Effective July 1, 2011, MAPCS assumed a certain lease obligation of the Guild related to a lease for program space, and MAPCS used this space in its program. Additionally, as previously described, MAPCS used a portion of its refinance loan proceeds to repay the Guild's remaining obligations on a note payable originally entered into by the Guild to finance the leasehold improvements to the space now used by MAPCS. Therefore, effective July 1, 2011, the Guild transferred to MAPCS the net book value of the leasehold improvements and related equipment, and MAPCS depreciates these leasehold improvements and equipment over the remaining useful lives. The net book value of the leasehold improvements and equipment on July 1, 2011 was \$988,278.

The Institute was incorporated during the year ended June 30, 2009 as a Maryland non-stock charitable supporting organization. The Institute was incorporated to provide planning and support for the causes of several organizations, including MAPCS. The Institute controls MAPCS through a majority voting interest on the MAPCS's board of directors. MAPCS will at times contract with the Institute to receive training services.

MAPCS, along with the related entities described above, is considering a restructuring of operational and financial management strategies. It is currently anticipated that the related entities may realign property ownership, as well as any related debt, under the umbrella of the Institute. It is anticipated that during the fiscal year ended June 30, 2014, the Organization may enter into agreements with related entities and required third parties to document this restructuring, however, no formal agreements have been signed as of the date these financial statements were available to be issued.

NOTE 6: OPERATING LEASES

MAPCS entered into a five-year operating lease in March 2009 for space located in Glen Burnie, MD. The space rented is used for the operations of MAPCS. The lease includes four renewal options of five years each. During the year ended June 30, 2012, the lease was amended and the initial expiration date was adjusted to August 2019.

As described previously, effective July 1, 2011, MAPCS assumed a lease obligation of the Guild, which allowed MAPCS to expand its program.

The minimum future rental payments required under non-cancelable operating leases having terms in excess of one year as of June 30, 2013 are as follows:

<u>Fiscal Year Ended:</u>	
2014	\$ 474,700
2015	487,438
2016	341,638
2017	351,536
2018	361,799
2019 and thereafter	<u>434,571</u>
Total	\$ <u>2,451,682</u>

THE MONARCH ACADEMY PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 6: OPERATING LEASES (Continued)

Rent expense, including amounts charged by the landlord for operating expenses and other equipment rentals, for the years ended June 30, 2013 and 2012 was \$586,796 and \$457,733, respectively.

NOTE 7: COMMITMENT

During the fiscal year ended June 30, 2009, MAPCS entered into an agreement with a transportation company for bus services. During the fiscal year ended June 30, 2012, this agreement was renewed and extended through June 2017, with annually escalating rates. MAPCS may terminate the agreement with written notice in situations where the transportation company does not provide sufficient services, as specified in the agreement. For the years ended June 30, 2013 and 2012, the total amount of expense incurred by MAPCS under this agreement totaled \$845,790 and \$681,352, respectively.

Appendix, Section W

Accounting Procedures Manual

The Children's Guild
DC Public Charter School

Accounting
Policies & Procedures

Table of Contents

INTERNAL CONTROL.....	2
FIANCIAL MANAGEMENT AND ACCOUNTING PRACTICES.....	2
Budget.....	2
Cash.....	2
Deposits	3
Petty Cash	3
Disbursements	4
Cash advances to employees for business purchases	4
Credit card usage and vendor accounts	4
Travel and Expense Reimbursement	5
<i>Mileage</i>	6
<i>Rental Cars</i>	6
<i>Lodging</i>	6
<i>Meals</i>	7
<i>Conference Registration Fees</i>	7
<i>Telephone and Postage Expenses</i>	8
<i>Expenses for Passports, Visas, and Travelers Checks</i>	8
<i>Air-Fare Policy</i>	8
Contracts/payment to individuals for services	8
Payroll	8
Bank Reconciliation.....	9
Fixed Assets.....	9
Capitalization	9
Depreciation	9
Disposition	10
Inventory Management	10
Fixed Assets (including equipment).....	10
Materials.....	11
Taxes	11
Loans	11
Insurance	11
Legal and Internal Revenue Service matters	11
PROCESS TO TRACK FINANCIAL TRANSACTIONS	11
Reporting	11
Payroll	12
Disbursements	12
Journal Entries	12
Bank Reconciliation.....	12

The Children's Guild DC Public Charter School Accounting Procedures

All financial transactions must be documented to properly account for all receipts and expenditures, and to fulfill the Children's Guild DC Public Charter School's fiduciary responsibilities to funding agencies. The Children's Guild DC Public Charter School Board of Directors sets policies insuring that the organization's assets are protected and properly accounted for. These policies and procedures apply to all Children's Guild DC Public Charter School employees and extend to employees of the Children's Guild DC Public Charter School's management company where they are acting on the Children's Guild DC Public Charter School's behalf.

The Children's Guild DC Public Charter School will adhere to policies and practices dictated by generally accepted accounting principles (GAAP accounting), State Educational Law, State Regulations, and standards required by the State Financial Reporting Manual.

I. INTERNAL CONTROL

Children's Guild DC Public Charter School has responsibility to design and implement a system of internal control that safeguards its assets, checks the accuracy and reliability of its accounting data, promotes operational efficiency, and encourages adherence to the prescribed managerial policies.

The Board of Directors delegates the authority for developing internal control procedures to the management team of Children's Guild DC Public Charter School. The Board retains the authority to engage an auditing firm to perform an annual financial audit of the organization and to produce audited financial statements. The Board retains the authority to authorize other audits to review activities not included within the scope of a financial audit.

II. FINANCIAL MANAGEMENT AND ACCOUNTING PRACTICES

A. Budget

The budget is prepared annually. The first draft is prepared by the school management team in cooperation with the management company and is based on historical data, a conservative estimate of enrollment, and planned activities for the new year, including growth plans. The completed budget is submitted to the Board of Directors for approval.

B. Cash

For the purpose of this accounting procedure, cash is defined as currency, coin, credit cards, and checks received for any program or purpose at Children's Guild DC Public Charter School, regardless of the source of funding or the collected monies' intended use.

The duties of receipt, recording, and disbursement of cash are segregated for internal control purposes.

Any Children's Guild DC Public Charter School department or activity needing to collect cash for any reason must receive approval from the Administrative School Secretary before collecting any money. The Administrative School Secretary will assure

that appropriate controls are in place, including the segregation of access to cash from the responsibility of recordkeeping.

1. Deposits

Children's Guild DC Public Charter School deposits all revenue and other cash receipts in bank deposit accounts by the end of the day of receipt. No school personnel or activity of the school is to open a bank account without prior written approval from the Chairman of the Board of Directors.

2. Petty Cash

Children's Guild DC Public Charter School maintains an imprest petty cash fund. Cash may only be disbursed according to Petty Cash Disbursement procedures and is not to be disbursed in any other fashion.

The purpose of petty cash is to permit the use of cash for occasional purchases of insignificant amounts when payment by check is impractical. The fund is secured in the Administrative School Secretary's (or his or her designee's) office in a locked box. The person receiving the cash and the person disbursing the cash must sign a petty cash voucher in ink. The person receiving the cash must provide written authorization for reimbursement from the supervisor responsible for the area to which the expenditure will be charged, along with original receipts documenting the expenditure.

In an emergency, petty cash may be advanced, on written approval from the supervisor responsible for the area to which the expenditure will be charged. The person receiving the cash must return original receipts and any change to the Administrative School Secretary's (or his or her designee's) office within three business days of the advance.

The petty cash fund will be reconciled and replenished at least monthly. The Administrative School Secretary must reconcile petty cash and submit it to the Principal, who will authorize reimbursement.

3. Procurement

The procurement cycle begins when a staff member identifies the need for a service/item, finds a quality vendor offering a good price, and obtains approval for purchasing the service/item from the appropriate party. The school's Principal, Facility Coordinator, and Assistant Principal are designated to approve purchases under \$5,000. The Corporation's Treasurer and Chief Executive Officer can approve purchases over \$5,000. Purchases over \$50,000 must be approved by the Board of Trustees. Items approved by the Board as part of the Budget process do not require a second Board approval.

For both single as well as recurring transactions whose total value exceeds \$25,000.00 in the school's fiscal year, the school will conduct the procurement process required by the DC Public Charter School Board.

Certain purchases (such as those per a prior-approved contract, or smaller items for reimbursement under discretionary spending thresholds) do not require prior approval. However, all payment authorizations do require explicit sign off. Often the person initiating the purchase transaction, especially for financially-material transactions, is one of the above-noted authorizers. In this instance, a single signature/authorization for payment authorization/purchase approval is sufficient to document the school's purchase and disbursement intent.

4. Disbursements

Vendors providing goods and services to Children's Guild DC Public Charter School must issue an invoice. The Administrative School Secretary (or his or her designee) is responsible for assuring that the invoice is charged against the proper line item and funding source, and that the invoice is valid.

All invoices and other requests for check disbursements must be original, not photocopies or faxes, to avoid duplicate payment, and must include original documentation verifying the legitimacy of the request, acknowledgement of receipt of the goods or services, and appropriate authorization by the supervisor responsible at the appropriate authority as documented above.

a) Cash advances to employees for business purchases

Petty cash and cash advances are the least favorable option for paying business expenses. Vendor invoices are the most preferred, followed by store accounts, employee reimbursement, and company credit cards, all with advance appropriate authorization.

Children's Guild DC Public Charter School may issue cash advances on occasion to facilitate making purchases that are not easily paid for using the other methods.

b) Credit card usage and vendor accounts

The primary use of credit cards is to purchase goods or services from vendors who will not accept a company check or agree to bill Children's Guild DC Public Charter School.

Vendor accounts facilitate purchasing and billing and may include discounts and other benefits. Children's Guild DC Public Charter School's management team should pursue setting up vendor

The Children's Guild DC Public Charter School
Accounting Procedures

accounts when it identifies vendors whom Children's Guild DC Public Charter School expects to use more than twice a year.

Both the Principal and the Administrative School Secretary must authorize all credit card and vendor accounts.

Most Children's Guild DC Public Charter School credit and store cards are held in the safe in the Administrative School Secretary's office. Staff requests to purchase on credit must be accompanied by a completed expenditure request specifying the purpose of the purchase and the estimated dollar amount. The completed request must include appropriate authorization.

The staff member must sign a credit card log before receiving the card and again when it is returned. Original receipt(s) for purchase(s) must be returned with the card. If the receipt is not returned, the purchaser will be required to pay for the item(s) personally.

Children's Guild DC Public Charter School employees who are assigned a credit card which they will keep in their possession are required to sign an acknowledgment prior to receipt of the card. This acknowledgement indicates that the card will be used solely for purchases for Children's Guild DC Public Charter School.

Gasoline, home improvement store, and grocery store receipts are to be turned in as expenses are incurred.

Employees who maintain all-purpose credit cards (e.g., American Express, Visa) are required to complete an expense report for each month any item is charged to that account and to return the signed expense report, approved by her/his supervisor, together with all receipts and the credit card statement, to the Administrative School Secretary (or his or her designee) within seven (7) days of the statement's receipt by that employee. A receipt is required for every charge.

c) Travel and Expense Reimbursement

It is Children's Guild DC Public Charter School policy to reimburse staff for travel and related expenses incurred while on school business, with advance approval. Employees will not be reimbursed for transportation, lodging, meal expenses, or any other expenses incurred by a spouse, child, or other person not essential to the business mission who accompanies the employee on an official business trip

(1) Mileage

Mileage incurred when using the employee's personal vehicle while on travel status is reimbursable at the designated rate. This rate also applies when traveling to and from the airport or train station or when otherwise incurred while conducting official business. If not using a personal vehicle, employees shall use the mode of public transportation that results in the lowest logical cost and will be reimbursed the actual cost of the transportation.

(2) Rental Cars

Rental cars for employees will be provided while on travel status only when the presentation location/destination is over 20 miles from the airport or train station; and other means of transportation are unavailable, more costly, or impractical. The lowest cost vehicle necessary to achieve the traveler's mission shall be reserved. Upon approval, all car rental reservations shall be made with the goal of achieving the lowest cost possible to Children's Guild DC Public Charter School.

In addition to the cost of the rental, the employee shall be reimbursed for necessary and reasonable expenses incurred for the following items:

- (a) Gasoline, oil, and emergency repairs
- (b) Parking
- (c) Toll charges

(3) Lodging

Employees shall make all lodging reservations through the management company's Director of Organizational Learning. Lodging will be made for the dates necessary for the business trip only. Scheduling of additional nights for personal travel must be made separately by the employee and reserved with a separate means of payment.

Reservations will be made at the least expensive available rate for reasonable accommodations based on single occupancy, unless in cases of double occupancy by two employees.

In cases of double occupancy when one of the occupants is not on business, lodging reimbursement shall be on the basis of the least expensive available rate for reasonable accommodations based on single occupancy. Employees will be responsible for the additional costs incurred.

(4) Meals

Meal allowances for employees while in travel status are reimbursable at the standard rate. When an employee is in travel status involving absence from home overnight, all meals are reimbursable. Reimbursement may not be made for the cost of alcoholic beverages or specialty drinks.

The cost of breakfast is reimbursable when an employee in travel status has to leave home on official business 1 hour or more before the beginning time of the employee's place of business. The cost of dinner is reimbursable when an employee in travel status cannot get home within 2 hours after the employee's normal ending time. In both cases, the hours are in addition to the normal commuting time.

In cases when an employee meets both of the conditions above and is in travel status for the entire day, but not overnight, the employee's lunch also is reimbursable.

Except as provided above, an employee may not be reimbursed for the cost of lunch.

If the registration fee for a conference, convention, seminar, or training meeting includes the cost of meals, Children's Guild DC Public Charter School will pay the full registration fee which includes meals. For this meeting, the employee may not request reimbursement for additional meals.

Meal reimbursement above the standard limit is allowable for employees conducting business in high cost areas designated by the management company's Director of Organizational Learning. Employees shall be reimbursed for actual amounts based on receipts, not to exceed the high-cost-area limit per day for business conducted in the following cities or states:

- (a) New York City (30 mile radius)
- (b) California
- (c) Boston, MA (30 mile radius)

(5) Conference Registration Fees

When a registration fee is charged, participating employees shall register through the management company's Director of Organizational Learning or be reimbursed upon submission of a receipt. Staff will be responsible for any and all late registration fees as well as other charges, including those for lodging or travel reservations, incurred as a direct

result of a late submission of the Training Participation Request Form.

(6) Telephone and Postage Expenses

Telephone and postage expenses incurred in the performance of official duties are allowable.

(7) Expenses for Passports, Visas, and Travelers Checks

If incurred as a result of the performance of the employee's duties, fees for passports, visas, and traveler's checks are reimbursable upon submission of a receipt.

(8) Air-Fare Policy

Employees shall make all airline reservations through the management company's Director of Organizational Learning. Travel plans will be made to utilize the lowest logical fares based on acceptable times, locations, conditions, and travel regulation. The least expensive routing is to be used.

Delays-in-route (not more than 2 hours) that result in materially lower costs are to be used. Travelers may accept/request longer delays at their option.

Promotional plans are not to be used when this results in obtaining less favorable fare rates.

If you the employee make a special request when booking airline flight s, any additional expenses incurred must be paid for by the employee at the time of the booking.

3. Contracts/payment to individuals for services

All payments to individuals for services are processed as payroll except for self-employed contractors. All payments to Children's Guild DC Public Charter School employees for services to Children's Guild DC Public Charter School other than their usual duties must be paid through the payroll system.

Payments to self-employed contractors may be issued only after receiving a completed W-9 Form. The Administrative School Secretary (or his or her designee) is to make sure that such forms are on file before releasing payment.

4. Payroll

The Administrative School Secretary (or his or her designee) maintains personnel records. When an employee is hired, the Administrative School

The Children's Guild DC Public Charter School
Accounting Procedures

Secretary (or his or her designee) provides the new hire with appropriate payroll forms. These forms include, but are not limited to:

- a) Federal Form W-4 Employee's Withholding Allowance Certificate
- b) Federal Form 1-9 Employment Eligibility Verification
- c) State withholding form

Benefits such as health and disability insurance may be deducted from the participating employee's wages. Written authorization from the employee is mandatory for any amount to be withheld from his or her pay other than Federal Income Tax, FICA, Medicare, and State Income Tax.

Time sheets are used to calculate payroll for each pay period. Each employee is responsible for the completeness and accuracy of his or her time sheet. Claiming payment for time not worked constitutes fraud and may result in disciplinary action up to and including termination of employment.

Employees must sign in and out each day. The Administrative School Secretary (or his or her designee) compares completed time sheets to the sign-in data to assure employees are paid accurately.

Children's Guild DC Public Charter School payroll is processed by the school district.

5. Bank Reconciliation

The Principal's designee (other than the Administrative School Secretary) reconciles all bank accounts to the financial records monthly, documenting the reconciliation in writing

C. Fixed Assets

1. Capitalization

All assets costing over \$ 1,000 per unit and having a useful life of more than one year will be capitalized and will be recorded in the fixed asset system at cost. Any asset that does not meet these criteria, such as small tools and equipment, or repairs and maintenance, will be expensed,

The cost basis of furniture and equipment assets will include all charges relating to the purchase, including the purchase price, freight charges, and installation if applicable.

Leasehold improvements are to be capitalized if they relate to the renovation of existing space. Expenditures incurred in connection with maintaining existing space in good working order will be expensed as a repair or routine maintenance.

2. Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets. Leasehold improvements are amortized over the remaining term of the lease or the estimated useful life, whichever shorter.

3. Disposition

Capital assets may be sold or traded in for new equipment. An asset disposition form including description, serial number, and reason for disposition request must be approved by the Principal, after which the organization may advertise the property for sale. Once the sale is complete, the asset disposal form will be submitted to the Administrative School Secretary, who will delete the item from the asset records and see that any gain or loss on the disposition is recorded.

Nonfunctioning or obsolete property with no value will be reported to the Administrative School Secretary on the asset disposition form with a description, serial number, and condition. The Administrative School Secretary will inspect all nonfunctioning or obsolete property before it is removed from the department and discarded. The asset will then be removed from the asset records.

Any asset that is missing or has been stolen will be reported in writing to the Principal immediately, with a copy to the Administrative School Secretary. The description, serial number, and all other information regarding the lost item and its disappearance will be included in the report.

The Administrative School Secretary will determine the proper course of action and will notify the school's insurance carrier and any outside authorities as appropriate, and will follow through with removing the item from asset records if it is not recovered.

D. Inventory Management

1. Fixed Assets (including equipment)

Uniquely numbered inventory tags are affixed to each piece of equipment when Children's Guild DC Public Charter School receives it by the Administrative School Secretary (or his or her designee).

The Administrative School Secretary (or his or her designee) will maintain a detailed listing of each capital asset item along with depreciation records that include the inventory tag number, description, date of acquisition, vendor, cost basis, the source of funds used to purchase the asset, assigned department, depreciation method, asset life, and accumulated depreciation and net book value.

The Administrative School Secretary (or his or her designee) is accountable for all equipment purchased with Children's Guild DC Public Charter School funds and/or placed at Children's Guild DC Public Charter School.

Physical inventories are taken annually to verify the existence and location of each item of equipment, and these inventories are compared to the

detailed fixed assets listing annually. This inventory also identifies surplus or otherwise available equipment, which must be considered before purchasing equipment with sponsored funds. At this time, the adequacy of insurance coverage in force will be assessed.

2. Materials

All materials are expensed at the time of purchase. However, detailed records of books and other materials are maintained. These records include the source of funds used to purchase said materials. Periodic physical inventories are taken to verify the accuracy of the detailed records.

E. Taxes

Children's Guild DC Public Charter School has applied for tax-exempt status under section 501 (c)(3) of the Internal Revenue Code. The organization will also apply for exemption from Maryland Sales and Use Tax.

F. Loans

All borrowing must be approved by the Board of Trustees. Neither the principal, nor the Administrative School Secretary has the authority to borrow funds in the name of Children's Guild DC Public Charter School, nor does any other employee.

Children's Guild DC Public Charter School does not make or guarantee loans to employees, Trustees or elected officers of the Corporation.

G. Insurance

The Administrative School Secretary will review all insurance coverage in force prior to renewal to determine if coverage is adequate. Limits, types of coverage, and deductibles will be considered. The Board Chairman will approve any changes.

Insurance coverage required includes general liability, umbrella coverage, business and personal property, computer equipment, workers compensation (as required by law), personal injury liability, directors and officers liability, educators legal liability, fidelity bond.

H. Legal and Internal Revenue Service matters

It is the policy of the organization that all legal and internal revenue service matters and correspondence, whether verbal or written, shall be directed to the Administrative School Secretary immediately.

III. PROCESS TO TRACK FINANCIAL TRANSACTIONS

A. Reporting

Financial reports comparing budgeted revenue and expenses to actual activity are prepared monthly and presented with explanation of significant variances to the Children's Guild DC Public Charter School management team and to the Finance

The Children's Guild DC Public Charter School
Accounting Procedures

Committee of the Board of Directors at least quarterly and submitted to the school district as required.

Financial records are audited annually by an independent certified public accountant approved by the DC PCSB and a complete set of audited financial statements is produced.

B. Payroll

Payroll is processed by the Educational Management Company. Payroll expense will be recorded per the payroll journal received from the payroll vendor into the Children's Guild DC Public Charter School general ledger.

C. Disbursements

Vendors providing goods and services to Children's Guild DC Public Charter School must issue an invoice. The Administrative School Secretary (or his or her designee) is responsible for assuring that the invoice is charged against the proper line item and funding source, and that the invoice is valid. Disbursements are posted to the automated general ledger system as part of the accounts payable process. The accounts payable and general ledger systems are electronically integrated.

D. Journal Entries

Journal entries are prepared by the Administrative School Secretary (or his or her designee), with the assistance of the management company. All journal entries include sufficient documentation and explanation and are signed by the preparer's supervisor, indicating approval of the entry. Journal entries are posted by the Administrative School Secretary (or his or her designee).

E. Bank Reconciliation

The Principal's designee (other than the Administrative School Secretary) reconciles all bank accounts to the financial records monthly, documenting the reconciliation in writing.

Appendix, Section XYZ
Recruitment & Interview Policy
Personnel Handbook

The Children's Guild, Inc.

PERSONNEL HANDBOOK

The
Children's
Guild



The Children's Guild is an Affiliate of the TranZed Alliance.

February 18, 2014

TABLE OF CONTENTS

INTRODUCTION	1
ABOUT THIS HANDBOOK.....	1
EQUAL EMPLOYMENT POLICY	1
SEXUAL AND OTHER HARASSMENT	1
CONDITIONS OF EMPLOYMENT	2
EMPLOYMENT APPLICATIONS.....	2
CRIMINAL BACKGROUND CHECK.....	2
HEALTH AND MEDICAL REGULATIONS.....	7
LICENSURE / CERTIFICATION VERIFICATION.....	7
CREDIT CARDS, CELLULAR TELEPHONES, and COMPUTERS.....	7
ORIENTATION/TRAINING	7
TRAINING PERIOD	8
EMPLOYEE CATEGORIES	8
Regular Full-Time.....	8
Regular Part-Time.....	8
Temporary Part-Time and Full-Time.....	9
WORKING HOURS.....	9
OVERTIME WORK	9
COMPLETION OF TIME SHEETS.....	9
PAYROLL INFORMATION.....	10
PROBLEM-SOLVING PROCEDURE	10
EMPLOYEE BENEFITS.....	10
HEALTH, VISON, DENTAL, LIFE INSURANCES	10

FLEXIBLE SPENDING ACCOUNTS.....	11
CONTINUATION OR CONVERSION (COBRA)	11
SUPPLEMENTAL INSURANCE.....	11
LIFE INSURANCE.....	11
RETIREMENT PLAN	12
DISABILITY INSURANCE AND LONG TERM CARE INSURANCE	12
CREDIT UNION.....	12
WORKERS' COMPENSATION.....	12
UNEMPLOYMENT COMPENSATION.....	13
DIRECT DEPOSIT	13
EMPLOYEE ASSISTANCE PROGRAM.....	14
TUITION/CONFERENCE SUPPORT	14
TIME OFF FROM WORK.....	14
PAID HOLIDAYS	14
BEREAVEMENT LEAVE.....	14
JURY DUTY	15
PAID TIME OFF.....	15
PAID TIME OFF TABLE	16
ELECTION DAY.....	18
TERMINATION OF EMPLOYMENT.....	18
LEAVE PAYOUTS.....	19
MILITARY LEAVE.....	20
FAMILY MEDICAL LEAVE	20
ELIGIBILITY	20
HEALTH CONDITIONS.....	20

ADVANCE NOTICE	21
EFFECT ON OTHER LEAVE	21
RETURN FROM LEAVE	21
OTHER CONDITIONS.....	21
UNPAID LEAVE OF ABSENCE.....	22
WHAT THE GUILD EXPECTS FROM EMPLOYEES.....	22
ATTENDANCE.....	24
INCLEMENT WEATHER.....	24
SECURITY AND USE OF FACILITIES.....	24
PERSONAL INFORMATION.....	24
PERSONAL PROPERTY	25
PERSONAL APPEARANCE.....	25
PERSONAL USE OF VEHICLE	25
CONFIDENTIAL INFORMATION.....	25
NON-DISCLOSURE/CONFIDENTIALITY.....	25
PERSONNEL FILES.....	26
PROTECTIVE SERVICE CALLS	26
CONFLICT OF INTERESTS & ETHICAL PRACTICE.....	26
DRUG AND SMOKE FREE WORKPLACE.....	27
STANDARDS OF CONDUCT.....	27
PROBLEM-SOLVING.....	29
GRIEVANCE PROCEDURE.....	29
GIFTS.....	30
MEDIA RELATIONS.....	30
REFERENCE PROCEDURES.....	31

THE CHILDREN'S GUILD'S RESPONSIBILITIES	31
RECEIPT FOR COPY OF MANUAL.....	32



Welcome to the Children's Guild

Over 60 years ago, three people had a vision to help pre-school-aged children with emotional problems and challenges. Educator Sadie Ginsberg; pediatrician Dr. Matthew Debusky; and Dr. Leo Kanner, father of child psychology and the discoverer of childhood autism, were indeed pioneers in their day. From six children in a room in Dr. Debusky's office, our founders could never have envisioned The Children's Guild today.

The Children's Guild today is a story of growth and change, guided by TranZed, an organizational philosophy and operation system for child-serving organizations. This is a new approach to educating and re-socializing children and helps The Children's Guild create a flexible, brain-compatible organizational culture that emphasizes the values, skills and beliefs necessary for a successful life. The Children's Guild focuses on transforming the mindset and actions of its teachers, clinicians and staff rather than trying to focus on changing the behavior of its students. Through TranZed, The Children's Guild uses a holistic approach by harnessing its systems, staff, environment, and curriculum to provide an enriched and effective milieu for educating young people. We change children by exposing them to new ideas and new experiences.

Since its founding, The Children's Guild has been an innovator in providing services for children and adolescents with emotional, behavioral and mental disorders. It has grown from a one-room preschool to serving hundreds of children and their families through special education schools, school-based outpatient mental health services, after-school partnerships, treatment foster care, and group living homes called The Academy, as well as charter schools.

The Children's Guild's tradition of leadership in special education and care of the emotionally and behaviorally disturbed child, the autistic child, and the child with multiple disabilities continues today, and The Guild has become a model nationally for making a difference in the lives of children with special needs.

Andrew L. Ross, PhD
President and CEO

PERSONNEL HANDBOOK

INTRODUCTION

ABOUT THIS HANDBOOK

This handbook replaces all prior handbooks, and any other description of practices and benefits of the Children's Guild. Obviously, the Children's Guild cannot explain every Guild policy, rule, or benefit in this handbook. Its provisions are no more than general summaries of the benefits, work rules and policies they address. The Children's Guild may unilaterally amend, supplement, modify, or eliminate one or more of the benefits, work rules or policies described in this handbook, or any other employment benefits, work rules or policies, without prior notice. **All employees are responsible for becoming familiar with Guild policies.**

All Children's Guild policies are on line in read-only format in the Group Shares Directory (S:) under the folder "Everyone" and the subfolder "Policies."

Employment with the Children's Guild is "at-will". Either the employee or the Children's Guild may terminate the employment relationship at any time or for any reason. Moreover, nothing in this handbook or in any policy constitutes an express or implied contract of employment or warranty of benefits. No one has authority to modify this at-will relationship or enter into any employment contract. The only exception is if the Guild President elects to modify the at-will relationship or employment contract.

Any and all questions relating to the interpretation or application of a specific section of this handbook, or any matter not covered by the handbook, should be directed to the employee's supervisor or the Human Resources Office.

OUR EQUAL EMPLOYMENT POLICY

Equal Employment: It is The Children's Guild's policy to recruit, hire, train, transfer and promote individuals, as well as to administer any and all personnel actions, without regard to race, color, sexual orientation, religion, age, gender, national origin, marital status, status as a qualified individual with a disability, or any other category in accordance with applicable law. Employees are expected to follow the guidance and procedures outlined in the policy **Equal Employment Opportunity (EEO) (Policy Number: 02-08-05).**

Most open positions within the agency are internally posted on a regular basis and communicated to all locations. Employees interested in promotion or transfers to other positions are expected to follow the guidance and procedures outlined in the policy **Recruitment and Interview, Policy Number: 02-08-03).**

Harassment: It is the Children's Guild's policy that there shall be no harassment of any employee because of any classification protected by law. Harassment is verbal or physical conduct that denigrates or shows hostility toward an individual because of protected attributes, and that (1) has the purpose or effect of creating an intimidating, hostile or, offensive working

environment as defined by law; or (2) has the purpose or effect of unreasonably interfering with an individual's work performance; or (3) otherwise adversely affects an individual's employment opportunities. Sexual harassment also includes unwelcome sexual advances or other conduct where such conduct is explicitly or implicitly made a condition of employment or where the rejection or submission to such conduct is used as the basis of an employment decision involving the individual. Persons who, as determined by the Children's Guild, have harassed or who are harassing others will be dealt with swiftly and vigorously. Any employee, regardless of position or title, who violates this policy, is subject to disciplinary action up to and including termination.

What To Do If You Believe Discrimination Or Harassment Has Occurred: Any incident or situation that an employee believes involves illegal discrimination or harassment, sexual or otherwise, by any Children's Guild employee or third party on Guild premises over whom the Guild has control, should be brought to the immediate attention of the employee's supervisor, to any higher manager in the chain of command, to any of the Corporate Officers, or to the Human Resources Office.

Any supervisor or manager who becomes aware of any possible harassment should immediately advise the Human Resources Office. Human Resources will handle such matters in a lawful manner to ensure that such conduct does not continue. No person will be adversely affected in employment with The Children's Guild as a result of bringing complaints of harassment. Such incidents or situations will be investigated and corrective action will be determined up to and including termination. Any individual who intentionally makes a false claim of harassment is subject to discipline, up to and including termination.

Employees are expected to follow the guidance and procedures outlined in the policy **Harassment (Policy Number: 02-04-02).**

CONDITIONS OF EMPLOYMENT

EMPLOYMENT APPLICATIONS

We rely upon the accuracy of information contained in the employment application and the accuracy of other information presented throughout the hiring process and employment. Any misrepresentations, falsifications, or material omissions in any of this information may result in exclusion of the individual from further consideration for employment or, if the person has been hired, termination of employment.

CRIMINAL BACKGROUND CHECK

The Children's Guild requires that all individuals employed in the following programs (including any "individual who works on a part-time or temporary basis" [COMAR 12.15.02.02B(13)(b)]) "shall apply for a national and State criminal history records check" (MD Code Family code §5-561 and/or DCMR 29-6228.2):

- child care centers, such as the Before and After School Program;
- public schools, including public charter schools;
- private or nonpublic schools; and
- foster care family homes and group home facilities.

This application for a criminal history records check must be made "on or before the first day of actual employment..." [COMAR 12.15.03.03C(1)].

The cost for the criminal history records check is the responsibility of the employee or contractor, unless a contract specifies otherwise. Employment offers are contingent upon the results of the criminal history background check.

Please review the following guidelines that will preclude you from employment.

➤ For public, charter, nonpublic schools, and child care programs

The Children's Guild may not hire or retain any employee who has been convicted of a crime involving child sexual abuse or a crime of violence [SB111 2006].

Screening the Results of a National Criminal History Records Check: For adoption or placement of a child by a licensed child placement agency under Family Law Article, §5-561(c), Annotated Code of Maryland, or for a private entity, the Central Repository shall screen a covered individual's criminal history records check received from the Federal Bureau of Investigation for the following crimes, attempted crimes, or a criminal offense that is equivalent to them: (A conviction of any of the following will prohibit an individual from employment)

- Abduction;
- Abuse or neglect of an adult;
- Arson;
- Assault;
- Assault with intent to commit a crime;
- Battery;
- Breaking and entering;
- Burglary;
- Carjacking;
- Carrying or wearing a weapon;
- Child abuse;
- Child selling;
- Confinement of an unattended child;
- Contributing to certain conditions of a minor (delinquency, in need of supervision or assistance);
- Cruelty to animals;
- False imprisonment;
- Forgery;
- Hiring, soliciting, engaging, or using a minor for the purpose of manufacturing, distributing, or delivering a controlled dangerous substance;

- Housebreaking;
- Incest;
- Indecent exposure;
- Keeping a disorderly house or maintaining a nuisance;
- Kidnapping;
- Maiming or mayhem;
- Malicious destruction of property;
- Manslaughter or murder;
- Manufacturing, distributing, or dispensing a controlled dangerous substance;
- Criminal nonsupport and desertion of a spouse or minor child;
- Perjury;
- Pornography;
- Possession of or possession with intent to manufacture, distribute, or dispense a controlled dangerous substance;
- Prostitution or pandering;
- Rape;
- Reckless endangerment;
- Religious or ethnic crimes;
- Robbery;
- Sex offenses;
- Sodomy;
- Unlawful entry;
- Unnatural or perverted practices; and
- A weapons or firearms violation of federal or state laws.

➤ Anne Arundel County Public Charter Schools

All employees must adhere to the guidelines specified above as well as the following disqualifiers for employment. Any employee or service provider who is involved in criminal activity or has a negative child abuse/neglect finding is subject to administrative action, including termination from employment or discontinuance of service.

- Screening criteria is analyzed in the following way:

- Conviction of a Felony listed below permanently disqualifies
(*Maryland Education Article, Section 6-113*)

Abduction	Armed Robbery
Arson	Attempted Murder
Accomplice to Murder	Carjacking
Assault in First Degree	Child Abduction
Assault with intent to Murder	Child Abuse/Neglect
Assault with intent to Rape	(<i>Neglect is subject to review</i>)
Assault with intent to rob	Child Pornography
Assault with intent to commit a	Conspiracy to Murder

sexual offense in the first degree	Kidnapping
Assault with intent to commit a	Maiming
sexual offense in the second degree	Manslaughter (except involuntary manslaughter)
Animal Cruelty	
Manufacturing, distributing or dispensing	
A controlled dangerous substance	
Mayhem	
Murder/Homicide	
Rape	
Sex Offenses	
Use of a handgun in the commission of a felony or other crime of violence	

- Registered Sex offender
 - Indicated finding from Child Protective Services
Unsubstantiated findings are subject to review by the Office of Investigations and/or the Office of School Security as appropriate.
 - Probation Before Judgment (PBJ) – Depending on the charge and factors listed above, generally PBJs are disqualifying until the end of the PBJ.
 - STET – Depending on the charge and the factors listed above, generally STETs are disqualifying until the end of the STET (generally three years from the judgment unless documentation of a shorter period is provided by the applicant).
- If the crime is not permanently disqualifying the following factors will be considered to determine employment eligibility:
 - Crime
 - Circumstances related to the offense occurred
 - Age of potential employee at the time of the offense
 - Nexus (connection) of the offense to the position that he/she is applying for:
Example: an individual involved in financial crimes will not be eligible for employment as a financial secretary or any other position that handles money for AACPS.
 - Truthfulness on AACPS Background Check Form
Failure to disclose prior criminal offense may result in disqualification from employment for a period of 12-months.
- For a licensed child placement agency, such as treatment foster care or therapeutic group home
The Children's Guild may not place or employ an employee, a member of the board of directors, or a volunteer with unsupervised access to children who refuses to submit to a criminal background check and Child Protective Services clearance, who has an indicated child abuse or neglect finding; or who has a conviction for any of these crimes:
- Child abuse or neglect, or any crime against children;

- Spousal abuse;
- Rape;
- Sexual assault;
- Homicide; or
- Within 5 years of applying for a job with the program, assault or a drug-related offense. [COMAR 14.31.06.05A(4)(a)-(d)]

For programs requiring a criminal history records check by the District of Columbia, if the criminal history records check states that the employee, a member of the board of directors, or a volunteer has been convicted; has pleaded nolo contendere; is on probation before judgment or had a case put on a stet docket; for any of these offenses;

- Murder, attempted murder, manslaughter, or arson;
- Assault, assault with a dangerous weapon, mayhem, malicious disfigurement, or threats to do bodily harm;
- Burglary;
- Robbery;
- Kidnapping;
- Illegal use or possession of a firearm;
- Sexual offenses, including indecent exposure; promoting, procuring, compelling, soliciting, or engaging in prostitution; corrupting minors (sexual relations with children); molesting; voyeurism; committing sex acts in public; incest; rape; sexual assault; sexual battery; or sexual abuse; but excluding sodomy between consenting adults;
- Child abuse or cruelty to children; or
- Unlawful distribution or possession of or possession with intent to distribute a controlled substance; or has been found not guilty by reason of insanity for any sexual offenses or intra-family offenses, the District of Columbia Department of Human Resources shall make the final determination of suitability for new or continued placement/employment. [DCMR 6-B418] The final suitability determination may be appealed to the Office of Employee Appeals within thirty (30) days of the determination of unsuitability. [DCMR 6-B419.11]

In addition, the District of Columbia requires that the Guild "obtain the written approval of the District of Columbia Municipal Regulations [DCMP] ... prior to employing any person who has been convicted of the following offenses or their equivalents: (a) Fraud; or (b) A drug-related offense" and that the Guild may not employ anyone who "has a conviction for any of the following offenses or their equivalents:

- Child abuse;
- Child neglect;
- Spousal abuse;
- A crime against children, including child pornography; or
- A crime involving violence, including but not limited to, rape, sexual assault, homicide and assault." [DCMR 29-6228.2-4]

HEALTH AND MEDICAL REGULATIONS

The Children's Guild requires that all new employees comply with state and federal health and medical regulations. A drug-screening exam must be completed prior to the first day of employment. Human Resources will coordinate with the new employee prior to beginning work on the first day.

LICENSURE / CERTIFICATION VERIFICATION

An employee is required to submit proof of his/her license or certification upon hire, should his/her new position require such a license or certification. All employment offers are contingent upon proof of these credentials.

An employee may be subject to termination if his/her certification or licensure is revoked or allowed to expire.

CREDIT CARDS, CELLULAR TELEPHONES and COMPUTERS

In order to maintain the highest level of efficiency in the organization, certain employees, depending upon the position, may be required to carry a credit card or cellular telephone.

The uses of these privileges are for Guild-related purposes only. Any employee who, as determined by the Children's Guild, abuses these privileges will be disciplined up to and including termination.

Should an employee lose or misplace any one of these items, he/she will be held financially responsible for its replacement.

Most employees within our agency use computers. The use of the public Internet by company employees is permitted and encouraged where such usage is suitable for business and/or educational purposes and supports the goals and the objective of the Children's Guild, Inc. Employees are expected to follow the guidance and procedures outlined in the policy **Internet/Intranet, Electronic Mail & Network Acceptable Use (Policy Number: 03-07-03)**. All data stored on or in the computer system is the property of the Children's Guild. The computer system may be reviewed or monitored by the Guild without notice to the employee.

ORIENTATION/TRAINING

In keeping with the high standards and expectations in the workplace, the Guild provides a thorough employee orientation/training that is program specific. Orientation sessions are scheduled prior to the beginning of each school year and periodically throughout the course of the year for our day schools. Our Community Based Services provide an initial and on-going training opportunity for staff. Attendance at orientation and staff in-service trainings is

mandatory, unless otherwise indicated. Employees are expected to follow the guidance and procedures outlined in the policy **Staff Training Documentation (Policy Number: 02-07-02)**. The Children's Guild reserves the right to change orientation/in-service training days or times as necessary.

The Pre-Service Training Program (PSTP) is required of all new employees to expose them to the Guild's Culture and to create a mindset consistent with the organization's culture. All new employees must successfully complete PSTP in order to maintain employment at the Guild. Participants will be assessed for organizational fit at the end of the training to determine continued employment. All direct care staff (Day Schools and Group Academy staff) must successfully complete the organization's behavior management program. Other staff may be required to complete as well per the program managers discretion.

TRAINING PERIOD

All new employees will have a performance evaluation to determine whether further employment in a specific position will continue after their probationary period ends. The probationary period for full- time and part- time employees is six months from the date of hire. At any time during this period, the Children's Guild will decide whether to grant the employee regular employee status, extend the training period, or terminate the employment relationship. Successful completion of the probationary period does not alter the at-will relationship between the employee and the Children's Guild.

Annual performance reviews will occur after the initial six month review. Special performance reviews may be conducted at any time at the discretion of the supervisor. It should be borne in mind that while salary compensation is not based on performance, (the Guild does not have a merit based salary scale) performance reviews, both written and verbal, do bear on the continuance of employees' employment at the Guild. Employees are expected to follow the guidance and procedures outlined for Performance Assessment, as described in the **Performance Assessment folder located in the Share Drive.**

EMPLOYEE CATEGORIES

Employees fall within one of the following categories:

- | | |
|--------------------------------|---|
| A. <u>Regular Full-Time</u> | Employees who are regularly scheduled to work full-time (40 hours per week) either as 12-month staff or as 10-month staff, have successfully completed the probationary period and are eligible for all Guild benefits. |
| B. <u>Regular Part-Time --</u> | Employees who are regularly scheduled to work over 1,000 hours per year; have successfully completed their training period; and receive, on a pro rata basis, established by the |

Children's Guild, some of the benefits provided to regular full-time employees.

- C. Temporary PT and FT -- Employees who are employed for a specific project or who are employed as substitute teaching staff. These employees are ineligible for benefits.

WORKING HOURS

The supervisor will advise his/her employees of their regular work schedule, meal periods, and arrangements for personal breaks. Non-exempt employees are required to work 40 hours per week. Those non-exempt employees required to work 8 consecutive hours in a day, are allowed a 30-minute paid lunch break taken on the premises. Employees are expected to be at the job location (dressed in appropriate attire) and ready for work at the time the workday is scheduled to begin. Hourly employees are expected to start their workday not more than five (5) minutes prior to the beginning of the regular workday and end not more than five (5) minutes after the end of the workday, unless the employee is specifically instructed to work overtime by the Children's Guild.

Nothing in this Handbook is a guarantee by the Children's Guild of hours of work per day, per week, per year, or of any specific work schedule.

OVERTIME WORK

Exempt and Non-Exempt Employees -- All employees are classified into "exempt" and "non-exempt" categories for purposes of establishing eligibility for overtime pay under the federal wage and hour laws. Hourly paid employees are classified as "non-exempt." "Exempt" employees are not eligible for overtime pay.

Non-exempt employees will be paid one and one-half times or weighted average of pay if working two (2) rates of pay, their regular rate for all hours physically worked in excess of forty (40) in a work week. The work week is from Sunday AM (morning) to Saturday PM (night). The amount of overtime work, and employees assigned to work such overtime hours, is established by the Children's Guild. Employees are expected to obtain their supervisor's authorization prior to working any overtime hours. There will be no duplication or pyramiding in the computation of overtime and other premium wages. No employee will be paid more than once for the same hours worked.

COMPLETION OF TIME SHEETS

Every employee submits a timesheet via of our electronic system on a pay period basis (pay dates are the 9th and 24th of each month). Therefore time sheets are due on the 15th and last day of each month. No time sheet will be valid without a supervisors' approval. Time sheets should never directly come to payroll.

PAYROLL INFORMATION

All employees receive their paychecks semi-monthly on the 9th and the 24th day of every month for their work through the last day of the previous month and the fifteenth of the current month, respectively, unless that particular day happens to be a holiday or weekend. In such cases, employees will receive their paycheck on the day preceding the holiday or weekend. The Children's Guild will not release a paycheck to anyone other than the employee, except with written authorization. The Guild is required by law to make deductions from paychecks for federal and state withholding taxes, and for social security taxes (FICA).

An employee may voluntarily authorize in writing additional deductions from his/her paycheck for contributions to benefit plans and other items permitted by the Children's Guild. It is the employee's responsibility to be certain that all such deductions are correct.

The last pay to be received by any employee as a result of their termination of employment will be in the form of a check, even if they had previously utilized the direct deposit system.

EMPLOYEE BENEFITS

Regular Full-time employees are eligible to receive full employee benefits only as specified in the written job offer letter. All other employee categories are eligible for partial or pro-rated benefits only as specified in the written offers of employment. Benefits described herein are subject to change or termination at the discretion of the Children's Guild.

The Children's Guild's insurance benefits are discussed in more detail in separate booklets, formal contracts and other plan documents. In the event there is any question or conflict in language or interpretation between those booklets and documents in relation to the provisions of this handbook, the terms of the actual contracts and other plan documents will supersede the summaries in this handbook.

HEALTH, VISION, DENTAL, LIFE INSURANCES

Regular full-time employees and regular part-time employees who normally work 24 or more hours per week may be eligible for The Children's Guild's health, vision and dental programs (dependent on program). A major portion of the premiums for coverage under these insurances are paid by the Children's Guild, with a smaller portion of the premiums absorbed by the employee through payroll deduction. The coverage becomes effective the first day of the month following qualifying employment status. Qualified employees may also purchase additional coverage for spouses or family members for the health, vision and dental plans through authorized payroll deductions.

Open Enrollment is in September each year and benefits go into effect October 1st. Employees may make changes to their benefits throughout the year if they meet the qualifying events listed below:

1. Position change
2. Spouse's benefit change
3. Marriage, Divorce
4. Birth, Death
5. Adoption, Legal Guardianship
6. Termination, New Hire

Employees have 30 days to notify Human Resources and to complete the appropriate forms after the qualifying life event.

FLEXIBLE SPENDING ACCOUNTS (FSA)

The Children's Guild offers employees the ability to establish an account to pay for qualified medical expenses and/or dependent care expenses with pre-tax dollars through payroll deductions after one year of employment and based on federal maximum contributions.

CONTINUATION OR CONVERSION OF HEALTH /DENTAL INSURANCE BENEFITS (COBRA)

When employees resign, are terminated or experience a reduction in hours affecting benefit eligibility, the Children's Guild complies with all COBRA regulations. Contact Human Resources for details.

SUPPLEMENTAL INSURANCE: AFLAC

The Children's Guild has an employee group plan with AFLAC Insurance. We offer enrollment to all employees. The full premium for this insurance is paid for by the employee. Premiums will be paid at each pay period on a pre-taxed basis. Short term disability offered through AFLAC is post taxed. AFLAC issues W-2 for AFLAC payments (for disability).

LIFE INSURANCE

Employees working at least 30 hours per week are enrolled in a life insurance policy through Allstate American Heritage Life Insurance Company at no cost to the employee. At the time of hire the employee must sign the appropriate form and designate a beneficiary. If no beneficiary has been assigned, it will be assigned to the employee's estate.

RETIREMENT PLAN

The Children's Guild provides employees with a Tax Sheltered Annuity Plan (403b) type of retirement savings vehicle. Contact Human Resources for details.

The Plan year is July 1st to June 30th. The enrollment period and process is the first 15 days of each quarter (January, April, June, and October) and open enrollment. New hires enroll upon hire and are required to submit paperwork within the pre-service training week. Withholdings occur with the first check after human resources receives the required forms. Upon termination, one can elect to maintain their retirement account with the Children's Guild, but cannot contribute.

The Children's Guild will match a salaried employee's contribution at 50% up to a 6 % maximum (must work at least 20 hours per week). An employee can not be a non-resident alien or student teacher to be eligible for this benefit. This will occur automatically once an employee performs 1000 hours of service. An employee is not vested until they achieve 3 years of employment.

Hardship loans are available if an employee meets certain criteria and provides supporting documentation. An employee will not be able to contribute to the 403b plan for 6 months after receipt of a requested hardship loan. The loan amount can not be less than \$1000.00 or more than 50% of the vested balance.

403B payments (withdrawals): Employees over 59 ½ can make withdrawals from their account. Employees must withdrawal at the age of 70 ½.

DISABILITY INSURANCE: SHORT AND LONG TERM

The Children's Guild has made provisions for disability insurance to be available to each eligible employee through payroll deduction. Long term disability (LTD) premiums are based on position. Employees at the Director level or above are 100% paid by the Guild. Positions below the Director level will be employee paid at the group rate.

Contact Human Resources for details. Short term disability (STD) provides employees 60% of eligible earnings capped at \$500 a week. Employees can use 100% of leave or STD compensation but not both at the same time. Long term disability pays 60% of earnings with a maximum of \$6000.00 per month after 90 days of a disability. Employees can use 100% of leave or LTD compensation but not both at the same time.

CREDIT UNION

Employees may participate in a credit union through payroll deductions.

WORKERS' COMPENSATION

The Worker's Compensation Law is a no-fault insurance plan which is supervised by the state and one hundred percent (100%) paid for by the Children's Guild. This law was designed to provide you with benefits for any injury which you may suffer in connection

with your employment. Under the provisions of the law, if you are injured while at work, you are eligible to apply for Worker's Compensation. The State Worker's Compensation Act requires that you immediately report any illness or injury occurring on the job to your supervisor. If you fail to report a job-related injury, you may jeopardize your right to collect Worker's Compensation and health benefits.

The Children's Guild complies with all Workers' Compensation guidelines. Employees may be eligible to receive insurance benefits under the Workers' Compensation Commission Law for injuries or accidents sustained while on the job.

Employees who are eligible to receive wages under workers' compensation may not use paid time off (PTO) in lieu of wages from workers' compensation to cover part or all of their time off due to injury. An employee receives 66.67% of their pay under worker's compensation. An employee may use PTO up to the first 3 days given W.C. does not pay until after the 3rd day.

Under this policy employees are not allowed to use a combination of PTO and workers' compensation to maintain their normal rate of pay. Worker's Compensation runs concurrent with FMLA. After 12 weeks, one's position does not need to be held.

Employees who are allowed by their physician to return to work under light duty are not eligible to use PTO in lieu of light duty. Approval to return to duty under light duty is under the sole discretion of the Children's Guild Executive Management Team. Employees returning to work after being absent due to a work-related injury must contact their supervisor when they are able to return to work and must bring a physician note authorizing the return to work and the ability to perform required job duties.

UNEMPLOYMENT COMPENSATION

The Children's Guild contributes under the State Unemployment Compensation Act to insure funds that may provide employees with income in the event that they are laid off and/or unemployed through no fault of their own. You should apply for benefits through your local State Unemployment Office as soon as possible in order to obtain your eligibility under state law.

DIRECT DEPOSIT

All employees will be required to enroll in the Children's Guild direct deposit pay plan. This provides very secure and confidential compensation to our employees, as well as convenience. Employees will be required to complete a "direct deposit authorization form" providing their bank information, account and routing numbers for their payroll deposit. Any changes in bank information must be reported immediately to Human Resources. If employees are not able to obtain a bank account, they will be provided Pay Cards (debit cards that the organization down loads your pay into). The employee is responsible for the cost of any replacement cards. Only employees unable to obtain bank accounts are eligible for the Pay Cards.

Employees will not receive paper copies of their pay stubs. They will be able to log into I-Pay to review.

EMPLOYEE ASSISTANCE PROGRAM

The Children's Guild's Employee Assistance Program (EAP) is a service available to all employees and their household members. The program addresses any personal problems which can affect personal well-being and job performance, including, but not limited to: family/marital difficulties; drug/alcohol abuse and/or addiction; emotional stress; legal and financial problems; personal crisis and job problems. Employees may use this service voluntarily or may be referred by a supervisor in cases where job performance is an issue. To receive additional assistance or information, contact the EAP directly. This strictly confidential service through MH Net is available 24 hours a day, 7 days a week toll-free at 1-800-448-4434 from anywhere in the U.S.A.

TUITION/CONFERENCE SUPPORT

The Children's Guild will provide limited Tuition Support to employees who want to continue their professional education and who plan to remain at the Guild, once approval is granted. A maximum of twelve (12) credit hours of Tuition Support will be approved per fiscal year for the employee. Guild staff members are encouraged to seek out and enroll in college courses that foster the goal of the Agency's Strategic Plan. Funds, designated for Tuition Support, are determined on an annual basis but are limited. Priorities for Tuition Support will go to staff that are pursuing their certification, re-certification or licensure. Other submitted course work will be considered on an individual basis. Employees are expected to follow the procedures outlined in the policy "Tuition Support" (policy Number: 02-02-02).

TIME OFF FROM WORK

PAID HOLIDAYS

All regular full-time and part-time (if a scheduled work day) employees are eligible for holiday pay at their regular base pay for the following holidays: New Year's Day; Martin Luther King's Birthday; Memorial Day; Fourth of July; Labor Day; Thanksgiving Day; and Christmas Day. Residential Staff (direct care) should refer to the time paid off section of this manual given the paid holiday schedule does not apply.

Holiday pay will not be approved unless you work the day before and after a holiday. The exception is if you have prior approval from your supervisor. You are not eligible to receive holiday pay when you are on a leave of absence to include FMLA.

BEREAVEMENT LEAVE

All regular full-time employees are eligible for up to three days bereavement in the event of the death of an immediate family member (child, spouse, parent, parent-in-law, step-parent, sibling, grandparent, and legal guardian). Regular part-time employees will

receive a pro-rated number of bereavement days, based upon total number of hours worked per week. If additional time is needed due to travel outside the local area, the employee may request a reasonable extension of this leave, by using paid time off or leave without pay.

If the death occurs during a period of time when the employee is on leave without pay, the employee will not be eligible for bereavement leave.

JURY DUTY

Time off for jury duty is granted to all regular full-time and part-time employees, in accordance with applicable law. Employees who are absent for jury duty must provide their supervisor with a copy of the subpoena, jury certificate, or court order before leave is granted, and again upon their return to work. Employees must also furnish receipts or other records provided by the court, showing the amount received as juror's fees, travel expenses, or any other compensation provided by the court.

Jury duty pay will be based on the number of hours that normally would be scheduled to work on each day absent. No overtime or holiday wages will be paid. All compensation received from the court, including travel expenses, will be deducted from the base rate and you will receive the difference.

In no event will the employee be entitled to jury duty pay under this policy for more than thirty-five (35) hours within any year unless so required by law.

PAID TIME OFF

Paid time off is granted to full-time employees, and on a pro-rated basis, to part-time employees who elect benefits on a fiscal calendar year basis. Paid time off is not compensation that is earned nor is it compensation for hours worked. Paid time off is granted by the Children's Guild as a benefit to employees based on the employee's date of hire. Rather than offering two separate leave packages e.g., a sick/personal leave package and a vacation package, the Children's Guild offers a single paid time off leave benefit package, combining sick, personal, and vacation.

The Guild strongly urges 12-month employees to consider half of the paid time off accrued as sick/personal leave and 10-month staff to consider all their accrued leave as sick/personal leave since 10-month staff receive paid vacation at Thanksgiving, winter, and spring school recesses. Staff members are encouraged to make prudent use of their paid time off and supervisors will monitor usage so that staff members take timely advantage of paid time off.

Each employee may take leave at such time as is mutually agreed upon with his or her supervisor so long as the employee has accrued adequate leave to cover the requested leave. Leave is not to be considered approved until signed by the supervisor. In cases where the employee does not have adequate leave to cover the leave, the employee may be granted leave without pay. Any remaining generic leave of 10 month staff will be frozen during the summer holiday months. All employees must exhaust their accrued leave prior to taking leave without pay.

Day School staff members must request leave at least 7 days in advance. The number of staff to be granted leave at any given time is determined by the Day School Administration. The specific periods when leave will not be allowed have been determined to be the following: any time that staff is scheduled for the Pre-Service Training Program (PSTP), annual orientation, and all day school in-services. If an employee takes leave and they do not have any accrued, they will not be paid.

The no leave policy for the annual orientation also applies to the following positions: all Information Technology staff and all Operations staff members.

Group Academy staff members must request leave at least 2 weeks in advance. No more than one (1) front end and one (1) back end per shift will be scheduled to be on leave. The no leave policy applies to PSTP and to all in-services. Holiday leave requests will be reviewed by the program administration on a case by case basis and then tracked to insure fair treatment over time.

Employees utilizing paid time off for reason of illness must present a physician's document to their supervisor if away from the workplace for three or more days. These documents must then be forwarded to Human Resources.

Employees are permitted to carry-over a maximum of sixty (60) generic days of leave from year to year. The Guild will pay employees for accumulated but unused paid time off upon termination in accordance with its leave pay out practices, described below. **Employees who are terminated for a breach of employment standards will forfeit any accumulated, but unused, benefits.**

Unless authorized by the supervisor after submitting a letter of resignation, a paid time off authorization will be immediately null and void should an employee resign within 5 business days of the employee's return from generic leave.

Employees on leave (with or without pay) are not entitled to unscheduled leave with pay that may be declared by the Guild, due to extraordinary circumstances, during the employee's leave.

PAID TIME OFF TABLE

LEAVE ACCRUAL FOR FULL-TIME EMPLOYEES

10 Month Staff

0 years to 2 years 11 months from date of hire:	10 days (80hrs)	4.00 hrs per pay
3 years to 6 years 11 months from date of hire:	13 days (104 hrs)	5.20 hrs per pay
7 + years from date of hire:	16 days (128 hrs)	6.40 hrs per pay

All accruals in this group are also paid holidays reflected on calendar in addition to generic leave accrued.

12 Month Staff

0 years to 2 years 11 months from date of hire: 25 days (200 hrs) **8.34 hrs per pay**
3 years to 6 years 11 months from date of hire: 28 days (224 hrs) **9.34 hrs per pay**
7 + years from date of hire: 31 days (248 hrs) **10.34 hrs per pay**

All accruals in this group are paid 7 paid holidays in addition to generic leave accrued.

Guild Academy Staff

0 years to 2 years 11 months from date of hire: 32 days (256 hrs) **10.67 hrs per pay**
3 years to 6 years 11 months from date of hire: 35 days (280 hrs) **11.67 hrs per pay**
7+ years from date of hire: 38 days (304 hrs) **12.67 hrs per pay**

All accruals in this staff group do NOT receive paid holidays

Directors and Executive Management

35 days (248 hrs) **11.67 hrs per pay**

All accruals in this group are paid 7 paid holidays in addition to generic leave accrued.

LEAVE ACCRUAL FOR PART-TIME EMPLOYEES

(10 Month)

Weekly Hours	0 - 2 yrs 11 months Hours per Yr/Accr per Pay	3 yrs-6yrs 11 months Hours per Yr/Accr per Pay	7+ years Hours per Yr/Accr per Pay
20	20.00 / 1.00	24.00 / 1.20	28.00 / 1.40
24	32.00 / 1.60	40.40 / 2.02	48.00 / 2.40
28	44.00 / 2.20	56.00 / 2.80	68.00 / 3.40
30	50.00 / 2.50	64.00 / 3.20	78.00 / 3.90
32	56.00 / 2.80	72.00 / 3.60	88.00 / 4.40
36	68.00 / 3.40	88.00 / 4.40	108.00 / 5.40

(12 Month)

Weekly	0 - 2 yrs 11 months	3 yrs-6yrs 11 months	7+ years
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Hours	Hours per Yr/Accr per Pay	Hours per Yr/Accr per Pay	Hours per Yr/Accr per Pay
20	40.00 / 1.67	48.00 / 2.00	56.00 / 2.34
24	72.00 / 3.00	83.20 / 3.47	94.40 / 3.94
28	104.00 / 4.34	118.40 / 4.94	132.80 / 5.54
30	120.00 / 5.00	136.00 / 5.67	152.00 / 6.34
32	136.00 / 5.67	153.60 / 6.40	171.20 / 7.14
36	168.00 / 7.00	188.80 / 7.87	209.60 / 8.74

Note: When a work schedule differs from the hours above, the accrual amount will be rounded to the closest hour on the schedule above or rounded down if the work schedule is equidistant from hours on the schedule above.

ELECTION DAY

We encourage you to exercise your voting privileges in local, state and national elections. With the polls open for long periods, you are encouraged to vote before or after regular working hours. If it should be necessary, exempt employees may take up to two (2) hours to leave from work to vote in a governmental election. You will be expected to notify your supervisor at least one week in advance. Non-exempt employees will not be paid for such time but may use generic leave, if available.

TERMINATION OF EMPLOYMENT

Every organization must plan its future personnel needs if it is to operate efficiently. Should an employee decide to leave the Children's Guild, the employee is expected to notify his/her supervisor in writing at least two (2) weeks in advance for non-management staff. Six (6) weeks notice for School Administrators, Director and Executive level managers is required in advance of the final day of work or until a replacement is secured.

Notice is considered to be proper when a full period of notice is given that covers the complete specified notice period in an active work status. Any notice given over a holiday or school break, or that includes any period of absence due to time paid off, must be extended in the amount of that holiday, break or paid time off to assure that the specified notice required is given.

Improper notice will result in the employee forfeiting any accumulated, but unused, benefits. Irrespective of length of service, employees who are terminated for a breach of employment standards will forfeit any accumulated, but unused, paid time off.

On the employee's last day of work, the employee must return all property charged to the employee such as laptop computers, cellular phones and other equipment, books, keys, credit cards, and identification badge and other items. Employees will be required to pay for the full replacement value from their final paycheck for items not returned. In the event the final paycheck does not pay the balance in full, full restitution is required within 2 weeks of the final paycheck.

Before an employee departs, the employee's supervisor or the Human Resources Office may conduct an exit interview with him/her, advising the employee on such matters as insurance and final status. The supervisor or Human Resources representative will welcome the employee's frank opinion during the interview on how the Guild can improve the services it provides.

LEAVE PAYOUTS

Because paid time off (PTO) means vacation, personal and sick leave, staff members who resign or terminate (properly) are paid according to the procedure below. Upon proper termination of employment, employees with at least three (3) years of service, based on actual date of hire, receive payment for 50% percent of their accumulated but unused PTO days up to the cap and based upon the following years of service. In other words, if you have accrued 30 days at the end of employment you can not assume that you will be paid for 30 days, because half of that leave was intended for sick leave which is not payable, and the other half (15 days) is limited by the cap based on your years of services as shown on the table below.

Leave Payouts per Years of Service	Cap:
0 yrs. To 2yrs 11 mos	0 days
3 yrs. To 4 yrs 11 mos	2.5 days
5 yrs to 6yrs 11 mos	5 days
7 yrs to 10 yrs 11 mos	7.5 days
11 yrs to 15 yrs 11 mos	10 days
16 yrs to 20 yrs 11 mos	12.5 days
21yrs to 24 yrs 11 mos	15 days
25 yrs. +	30 days

MILITARY LEAVE

Military leave is granted by the Children's Guild in accordance with applicable law. One is allowed to PTO until it has been exhausted and will be reinstated in the same or similar position at the same rate of pay.

FAMILY MEDICAL LEAVE

ELIGIBILITY

To be eligible for Family Medical Leave, an employee must have been employed by the Children's Guild working for at least 12 months, whether consecutive or intermittent and worked at least 1,250 hours during the 12-month period preceding the leave.

Eligible staff is entitled to a total of 12 weeks leave under the FMLA during a 12-month period for one or more of the following reasons:

- A. The birth or adoption of a child of the employee or placement of a child with the employee for foster care.**
- B. To care for the spouse, son, daughter, or parent of the employee, if the family member has a serious health condition.**
- C. A serious health condition that makes the employee unable to perform their assigned job duties.**
- D. The existence of a "qualifying exigency" arising out of the fact that your spouse, son, daughter or parent is on (or has been notified of an impending call to) "covered active duty" in the Armed Forces.**

Temporary or part-time employees working less than 1,250 hours per year are not eligible for Family Medical Leave.

HEALTH CONDITIONS

A serious health condition is defined as an illness, injury, impairment, physical or mental condition that involves inpatient care and/or continuing medical treatment.

A serious health condition must be certified through a qualified health care provider. The Children's Guild may require and pay for a second or third opinion from qualified health providers in accordance with applicable law.

ADVANCE NOTICE

Thirty days advance notice is required when the Family or Medical leave is foreseeable. In addition, when foreseeable leave is for planned medical treatment, a reasonable effort must be made to schedule the treatment so as not to unduly disrupt the Children's Guild's operations.

EFFECT ON OTHER LEAVE

Employees will be required to use unused paid leave to cover all or a portion of your absence. Once the employee's paid leave benefits are exhausted, the remainder of the leave will be in an unpaid status.

- ii. Employees will not accrue additional service or benefits (leave days) while on leave. This includes holiday pay. Retirement contributions are not made during unpaid leave. An employee does not have the option to use or not to use FMLA. By law, an employer can record as FMLA without employee notification if the employer believes leave is used for FMLA purposes. If one's position is identified as a key position in organization (must effect 30 % of organization), an employee can be terminated. An employee can also be placed on probation while on FMLA.

RETURN FROM LEAVE

Employees returning from medical leave will provide a physician's certification, where applicable, that they are able to resume work. Ten-month direct care staff working directly with students must have a release note returning them to full duty with no restrictions, unless otherwise approved by Executive Management.

Upon expiration of the medical or family leave, employees covered under the Family Medical Leave Act (FMLA) will return either to their former position or an equivalent position with equivalent benefits, pay, and conditions of employment. However, the Children's Guild cannot guarantee job restoration to the former or an equivalent position for employees who are among the highest paid 10% of Guild staff if the employee's absence will cause substantial and grievous injury to the Children's Guild's operations.

OTHER CONDITIONS

Health insurance benefits will be continued during the leave under the same conditions applicable to active employees. Employees will remit their portion of insurance premiums monthly. The Children's Guild may elect to recover any health insurance premiums it pays if the employee fails to return to work after the leave for a reason other than (1) the continuation, recurrence, or onset of a serious health condition that would entitle the employee to leave, or (2) other circumstances beyond the employee's control.

Medical/family leave may be taken on an intermittent or part-time basis when it is medically necessary to care for a seriously ill family member or because the employee is seriously ill and unable to work. The Children's Guild will require an employee on leave to periodically report to his/her supervisor of his/her status and intention to return to work.

Family leave may not be initiated after the twelve-month period following the birth, adoption, or placement of a foster child.

The Children's Guild reaffirms that it is committed to full compliance with the law and that FMLA leave law governs in case of conflict with other leave policies. The Children's Guild reserves any and all rights and privileges granted to employers under the laws mandating Family Medical Leave, even if not expressly set forth in this policy.

UNPAID LEAVE OF ABSENCE

Employees may desire to take extended time off from work for reasons not covered by other leave policies. Such leave may be granted at the Children's Guild's discretion. Employees who want to take an unpaid leave of absence are expected to present a written request to their supervisor, who will forward it to the Director responsible for that division for consideration.

Taking other employment or initiating your own business will not be considered as a personal reason. If you accept any employment or initiate your own business while on leave of absence you will be considered to have voluntarily resigned from employment with the Children's Guild as of the day on which you began your leave of absence.

Employees who are granted a leave of absence will have their seniority preserved, but they will not earn any length of service (seniority) credit or receive any benefit days while on leave. Being granted a leave of absence does not assure the employee the right to return to work for the Children's Guild, or to return to the job held before leaving. Employees who choose to decline an offer of reinstatement to a position offered by the Children's Guild at the end of the leave of absence will be deemed to have voluntarily resigned.

WHAT THE GUILD EXPECTS FROM EMPLOYEES

The Children's Guild has the expectation that its employees will portray a specific group of normative characteristics and workplace expectations. These will be an integral part of all written performance reviews.

Normative Employee Characteristics:

Assertiveness	Flexibility	Ownership
Child-focused	Initiative	Self-confidence
Commitment/Dedication	Integrity	Sense of Humor
Creativity	Mental Health Awareness	Team Oriented
Empathy	Mentoring	Professionalism

Workplace Expectations:

Norms, Not Rules:	Understand the situation and act in context.
Spinning Plates:	Often we must manage a myriad of tasks with insufficient time and resources.
Brinkmanship:	We come to know our true potential when we are pushed to the brink of the impossible.
Change is Constant:	We work in a dynamic environment that calls for constant re-evaluation of decisions and assumptions.
Decide. Then Re-Decide!:	Don't stick to the old decisions when you have new information.
Own It:	When you're looking for a problem, start with yourself.
Be True to Your School:	Talk the talk and walk the walk. Model the values you espouse.
Be a Master Teacher and a Master Learner :	Teach by example and always be open to grow personally and professionally.
Count Using Mission Math:	Those who move the project toward its mission will be recognized.
Don't Sign It Until the Quality Is In It:	Do it over until it is right!
Work is Fun:	Working where our talents lie brings joy and enriches life.
There is No Growth Without Pain:	Accomplishments are attained through struggle and self-discipline.
1 + 1 = 3:	In problem-solving, the sum is greater than the parts.
Go For It (Ready, Fire, Aim):	Assess the risk, begin to act, and then make the adjustments along the way.
Say No with Compassion:	Develop the courage to deliver a difficult message with respect and compassion... and then do it.

Make the Covert Overt:

When there are unstated issues between individuals and groups, bring them to the surface for discussion.

ATTENDANCE

The Children's Guild's success depends on its efficient operation. It is necessary for employees to be at their job location ready to start work at the scheduled time and continue working until the scheduled hours of work are completed. It is the employee's obligation to notify his/her supervisor, as far as possible in advance of the scheduled workday, whenever he/she will be late or absent, and to advise the supervisor when he/she expects to return to work. E-mailing and texting is not considered notification.

Employees who are not able to reach their supervisor should leave a message with the contact person for their supervisor. The message should include a telephone number where the employee can be reached. If the employee is physically unable to make a personal call, he/she is expected to have someone else call.

INCLEMENT WEATHER

In the case of inclement weather, disaster, or other emergencies, which create a hazardous situation, the Children's Guild will communicate alternative schedules to employees, students, and parents/guardians to ensure the safety of all students, employees, and visitors. Employees are expected to follow the procedures outlined in the policy **Closings/Late Openings/Early Dismissal" (Policy Number: 04-12-01)**

It is important to note that 10-month day school hourly staff are not paid in these cases, but will be allowed to take paid time off, if available to the employee, to enable them to be paid for these unscheduled closings.

SECURITY AND USE OF FACILITIES

The Children's Guild's facilities contain valuable machinery, equipment, furnishings, merchandise, and other property. It is important, in order to protect the jobs of everyone employed by the Children's Guild, that all employees pay close attention to the security of the facilities as well as all other property of the Children's Guild. Employees should notify their supervisor immediately if they see any suspicious or illegal activity of any kind, including the presence of strangers on Guild premises. Employees should also notify their supervisor immediately if they notice any theft no matter the value of the stolen item(s).

PERSONAL INFORMATION

It is the employee's responsibility to notify the Children's Guild's Human Resources department promptly of any change in address, telephone number, marital status, and number of dependents, beneficiary designation, which would affect the employee's benefits or the ability to contact the employee quickly in an emergency.

PERSONAL PROPERTY

The Guild does not reimburse staff for personal property damage caused by students e.g. broken glasses, damaged clothing, and vehicle damage. You may, however, work with the student, the family or other guardian to take formal or informal steps to obtain reimbursement.

PERSONAL APPEARANCE

All Children's Guild employees will dress professionally and appropriately, to provide a positive role model for our students and an appropriate professional image in the community.

The personal appearance standards required of Guild employees are based on three basic principles:

1. Promoting and modeling how important our students and colleagues are
2. Providing for the safety of students and staff
3. Fostering economic opportunity through appearance and manners

Employees are expected to abide by the Policy **"Appearance for Day School Staff" (Policy Number 02-01-01)** or **"Appearance for TGH Staff" (Policy Number 02-01-02)**.

PERSONAL USE OF VEHICLE

Staff attending off-site meetings or traveling on Guild business may use their personal vehicle as their means of transportation. Guild staff in personal vehicles when necessary may transport guild students and/or family members, and when more appropriate transportation is unavailable. Wear and tear on personal vehicles is reimbursable at the prevailing Guild per-mile rate. All employees whom transport students must provide a valid drivers license at the time of employment.

Employees are expected to abide by the **"Vehicle Use and Transportation" (Policy Number 04-14-01)**.

CONFIDENTIAL INFORMATION

NON-DISCLOSURE/CONFIDENTIALITY

Any information concerning the business of the Children's Guild, its clients, sub-contractors, dealers, employees or other personnel, is confidential and restricted. Your employment with the Children's Guild assumes an obligation to maintain confidentiality while you are employed with us as well as once you leave the organization. We value our staff, students' and families and all information obtained should remain confidential. Any violation of confidentiality seriously injures the organizations reputation and effectiveness.

Personnel information includes personal salary information about oneself and/or other staff members. This information is specifically forbidden from being discussed with other staff members.

No one is permitted to remove or make copies of any Children's Guild records, reports, or documents without prior management approval. Employees who improperly use or disclose confidential information will be subject to disciplinary action, including termination of employment and legal action, even if they do not actually benefit from the disclosed information.

Employees may not reveal any such information except under the direction of their supervisor or with his/her approval. Employees are expected to abide by the Policy **"Confidentiality" (Policy Number 03-03-01)**.

PERSONNEL FILES

Employee personnel files include the following: job application, job description, resume, education, background clearances, benefits, withholding forms, training records, salary history, records of disciplinary action and documents related to employee performance reviews and any other government documents relating to payroll.

Personnel files are the property of the Children's Guild and access to the information is restricted. Management personnel who have a legitimate reason to review the file are allowed to do so. Medical information is excluded.

Employees who wish to review their own file should contact their supervisor or Human Resources. With reasonable advanced notice, the employee may review his/her personnel file in the administrative office and in the presence of a human resource representative.

PROTECTIVE SERVICE CALLS

In order to comply with child abuse and neglect laws, all suspected cases of child abuse or neglect must be reported to the local Department of Social Services (DSS) or appropriate law enforcement agency. Please refer to the Guild's Abuse/Neglect Policy for further information. Report any and all concerns, suspicions, or incidence to of child abuse/neglect to your supervisor and to the Director of the program. Employees are expected to abide by the Policy **"Child Abuse and Neglect Issues" (Policy Number 03-11-04)**.

CONFLICT OF INTEREST and ETHICAL PRACTICE

The Children's Guild, Inc. conflict of interest and Ethical practice policy were designed to ensure that high standards of ethical conduct are adhered to in governance and operation of the Corporation. These existing policies assure that the board, personnel and/or consultants are not in a position of conflict of interest or the appearance of conflict

of interest and do not use their relationship with the organization for personal gain. Furthermore, we wish to adhere to the conflict of interest standards established by the Corporation's existing By-laws, which prohibit conflict of interest. Employees are expected to abide by the Policy **"Conflict of Interest" (Policy Number 03-18-01)** and by the Policy **"Ethical Practice" (Policy Number 03-11-03)**.

DRUG AND SMOKE FREE WORKPLACE- pending seeking legal counsel

Policy:

The use of dangerous substances is not permitted in the workplace. Alcohol use during the work day by employees is not permitted unless it is within the context of approved business under sanctioned functions such as certain fund raisers or special events of celebration. Smoking (to include smokeless tobacco) is not permitted in the Children's Guild facilities, vehicles, on its grounds or within a one block radius of the borders of its facilities during the work day for all employees. All direct care staff working in the Non-public schools and the group homes are expected to provide supervision at all times to students. Therefore those employees who work in these programs should not leave the premises during the scheduled work day unless authorized by their supervisor. Direct care staff is defined as youth life educators and supervisors, fidelity coaches, teachers, teaching assistants, related service staff, and IEP Aides. The expectation is that direct care staff will be supervising students at all times to include meal times.

Rationale:

The Children's Guild provides a drug, smoke and alcohol-free workplace in order to ensure a safe, and healthy and productive work environment for all employees. It is essential that our employees model good health for children. The Children's Guild is all about messages and the use of drugs, alcohol, and smoking in the workplace conveys a message of unhealthy living

Employees are expected to abide by the Policy **"Drug and Smoke Free Workplace" (Policy Number 02-04-01)**.

STANDARDS OF CONDUCT

Whenever groups of people work together, there must be standards of conduct for common guidance and efficiency. Discipline may vary depending on, among other things, the gravity of the infraction, the circumstances under which it occurred, the employee's duties, and overall work record, including any prior misconduct. In order of severity, discipline can take one of the following forms: counseling; oral or written warning or reprimand; probation (no more than one incidence of probation is allowed); suspension (with or without pay); suspension subject to discharge; or discharge. The Children's Guild has no obligation to use any one or more of these forms of discipline prior to discharging an employee.

Original documentation must be forwarded to the Human Resources office for filing to the staff member's personnel file. Supervisors may keep copies for their local files.

There are certain major offenses, which may result in an immediate penalty of probation, or suspension subject to discharge, or discharge, without any prior counseling. In other words, if an employee commits a major offense, all or any part of the Guild's progressive counseling procedure may be omitted, at the Guild's discretion. In order to avoid such severe consequences, employees should follow appropriate practical guidelines and avoid major offenses such as, but not limited to the following:

LEVEL ONE

1. Failure or refusal to carry out orders or instructions including following agency personnel policy and procedure;
2. Unsatisfactory work performance;
3. Failure to fulfill the responsibilities of the job to an extent that might or does cause injury to a person or damage to or loss of product, machinery, equipment, facilities, or other property of the Children's Guild;
4. Insubordinate behavior;
5. Violation of a safety, fire prevention, health, or security rule, policy or practice, failure to report a work-related injury to your supervisor in a timely manner;
6. False, fraudulent, misleading or harmful statement, action or omission involving another employee, a client, the Children's Guild or relations with the Children's Guild; or any action disloyal to the Children's Guild;
7. False, fraudulent, misleading or harmful statement, action or omission related to an employment application or any other information provided to or requested by the Children's Guild, whether oral or written; or refusal or failure to provide such information in a timely manner;
8. The use of profane or abusive language;
9. Falsification of hours worked or other records and/or omission on information requests.

LEVEL TWO

1. Unauthorized use of, removal of, theft of or damage to the property of the Children's Guild, an employee, an independent contractor, or a client;
2. Threatened or actual physical violence;
3. Carrying any weapon while on the Children's Guild business, job site, premises or property without authorization from the Children's Guild;

4. Violation of any of the provisions of the Children's Guild's Drug and Smoke Free Workplace Policy;
5. Organized gambling, disorderly, or immoral conduct while on the Children's Guild premises, job site or while conducting any business on behalf of the Children's Guild in the community;
6. Attempting to conduct any outside business while on the Children's Guild's premises or business;
7. Garnishments beyond the type and number protected by law;
8. Chronic, habitual, or excessive lateness or absenteeism;
9. Harassment of another employee of sexual nature or otherwise, including but not limited to verbal or physical conduct, or unwelcome advances with regard to or on the basis of race, color, religion, sexual orientation, creed, age, sex, national origin, marital status, disability, or other classification protected by applicable law;
10. An arrest, criminal complaint, summons to answer a criminal charge, statement of charges, indictment, criminal information or any other criminal charge or conviction of an employee, depending on the particular circumstances and the offense charged, including but not limited to the Children's Guild's judgment as to the potential risk to safety or health of children, employees, the security of the Children's Guild premises and property, and/or the Children's Guild's reputation.

PROBLEM-SOLVING PROCEDURE

The Guild's problem-solving philosophy strongly encourages immediate attention to problems, concerns and suggestions that arise. It is the employee's responsibility to keep his/her supervisor informed of such issues; conversely, it is the supervisor's responsibility to be aware of and proactive about problems and concerns. If an employee believes that his/her issue, concern or problem is not being addressed adequately, the next level of management should be consulted in accordance with the organizations grievance procedures.

GRIEVANCE PROCEDURE

If attempts to resolve differences between employees are not met with success, it is the employee's responsibility to submit a formal grievance in the following manner:

- 1) The employee should present the grievance in writing to the Educational Management Organization's Human Resource Department within five business days of the date on which the action occurred.

At this time Human Resources will contact the Principal to inform him/her that a grievance has been filed.

2) The Principal will inform the employee of his/her decision regarding the grievance in writing. Human Resources shall receive a copy of the Principal's decision. Human Resources is available for consultation.

3) If the grievance is still not resolved to the satisfaction of the employee, the employee may, within three business days of the grievance decision by the Principal, appeal the decision in writing to the COO of Schools of the Educational Management Organization. The COO of Schools may meet with any or all parties involved and render a decision. This decision will come to the employee via a written response.

4) If the grievance is still not resolved to the satisfaction of the employee, the employee may, within three business days of the grievance decision by the COO of Schools, appeal the decision to the Planning and Assessment Committee of the Board of Directors, who will administratively review the grievance and make a final decision.

Copies of all grievances, appeals and decisions will be forwarded to the Department of Human Resources by management and placed in the employee's personnel file.

GIFTS

Advance approval from a member of the executive management team is required before an employee may accept or solicit a gift from a customer, supplier or vendor representative. If approved, the gift should go to the common good of the organization. This is based on the organization's key value of servant leadership. Employees are not permitted to give gifts to customers or suppliers except for certain promotional items printed with the Children's Guild logo.

MEDIA RELATIONS

The President and CEO of the Children's Guild, Inc. is the spokesperson for the agency but may designate others to speak on the agency's behalf.

Media contacts and media products (press releases, newspaper articles, etc.) will be archived by the executive assistant to the President and CEO. **A duplicate file will be maintained by the Public Relations Consultant.**

Emergencies and Media Relations

In the event of an emergency involving the Children's Guild, the President and CEO of The Guild must be notified by the senior person on the scene.

The spokesperson will be the President and CEO of the Children's Guild or his/her designee. In the event that the president and CEO are unable to carry out this duty, please refer to the procedures outlined in Policy # 04-13-05 – Delegation of Administrative Responsibility.

REFERENCE PROCEDURES

The Children's Guild will issue a reference through the Human Resources Department. Employees are not permitted to write a professional reference for a former or existing employee.

THE CHILDREN'S GUILD'S RESPONSIBILITIES

Notwithstanding any other provision of this Handbook, all managerial and administrative functions and authorities entrusted to and conferred upon employers inherently, expressly, and by law, are retained and vested exclusively with the management of the Children's Guild.

S/Everyone/Policies/Personnel Handbook



RECEIPT FOR COPY OF MANUAL

(Please Print)

Name

I have received a copy of The Children's Guild's Personnel Handbook and understand my responsibility to familiarize myself with its provisions. All policies can be obtained on the organization's group shares drive. I also understand that my employment is at will, and that nothing in this Manual in any way creates an expressed or implied contract of employment or warranty of any benefit.

I understand that the policies, rules and benefits described are subject to change at the sole discretion of The Children's Guild. The policies in this manual are to be considered as guidelines. The Children's Guild may change, delete, suspend, or discontinue any part or parts of the policies in this manual at any time without prior notice. Any such action shall apply to existing as well as future employees. I understand that this manual replaces (supersedes) all other manuals for The Children's Guild.

Date

Employee Signature

Employee's Social Security Number

The Children's Guild, Inc.
Policy & Procedure Manual

Title: Recruitment and Interview

Policy Number: 62-68-03

Page(s): 5

Initiated By: John Moore

Dir, Human Resources

Approved By: Executive Management

Effective Date: 3/18/99

Supersedes:

Reviewed By: Terry Manning

Attachment:

VP, Organizational Learning/HR

"Steps to Ensuring Criminal

Review Dates: 5/00, 1/04, 8/06, 9/07, 3/08,

Records Check Prior to Employment"

11/09, 8/10, 7/11, 9/11, 12/12

Policy:

To provide equal employment opportunity to all qualified applicants for employment without regard to race, color, religion, national origin, sex, age, veteran status or disability.

Rationale:

To ensure a systematic and efficient hiring process in compliance with Federal regulations regarding Affirmative Action, the Equal Employment Opportunity Commission (EEOC), and the Americans with Disabilities Act (ADA). To facilitate staff promotion. To identify, and end unlawful activities that may have an adverse impact on members of protected groups.

Definitions:

Job Posting Application: An application for employment, completed by an existing employee, in order to apply for a posted position.

Job Posting: Internal mechanism to inform all current employees of an available position, giving them the opportunity to apply.

Enhancement Workforce Staff Members: Agency hired temporary worker with no benefits

Contractual Employment: Temporary employment through a placement agency or a self employed person.

Procedures:

OPEN POSITIONS

1. The hiring/contractual process begins with the completion of the Hiring Request Approval Form (HR 5).

2. If this is a newly created position, the hiring supervisor will create a Job Description of the job functions and requirements, which will accompany the Hiring Request Approval Form.
3. Human Resources will post internally and/or place an advertisement (if applicable) in various advertising media, trade journals, Internet websites and other community resources.

INTERVIEWING

1. The applicant will complete the agency job application at the time of the interview.
2. The job description for the position will be given to the applicant at the time of the interview.
3. Brief interview notes will be made during the initial and *all* following interviews (i.e., second or third interviews).
4. To ensure compliance, the hiring supervisor should have a selection of interview questions to be used for all applicants.

Questions that are discriminatory, and that are not job related may be unlawful and must be avoided. Reference to the Labor and Employment Law Update, Pre-employment Inquiries, will identify permissible inquiries.

The organization's policies and practices related to staff to student boundaries, including those related to physical contact and communications, will be addressed given we are a child serving organization.

5. Final candidates have the opportunity to speak with currently employed personnel regarding the scope and demands of the position.

SELECTION PROCESS

1. The hiring supervisor will check a minimum of three business or professional references. One personal reference is permitted as a substitute for any one of the required business references.
2. The hiring supervisor must ensure that the candidate meets all local, state or national standards for certification, licensing, etc. and holds a current valid license or certificate, if applicable.
3. Upon selection of a candidate, Human Resources is notified to make a salary offer. Once

the candidate verbally agrees to the salary offer, Human Resources will generate an offer letter and send to the candidate.

4. Prior to the first day of employment, the hiring supervisor will contact Human Resources to set up New Hire Orientation and to complete a criminal background record check. (See Attachment "Steps to Ensuring Criminal Records Check Prior to Employment")

INTERNAL JOB POSTING AND TRANSFER PROCESS

1. When applicable, Human Resources will place a Job Posting at all campus locations.

Open positions will usually remain posted for ten (10) working days. The internal candidate must apply within this timeframe.

2. The internal candidate will submit the Job Posting Application (HR 1) to Human Resources. Human Resources will forward all applications to the hiring supervisor.
3. The hiring supervisor will review the application.

The hiring supervisor will make the final decision and will notify the current supervisor of the intent to hire the employee.

The hiring supervisor will, transfer all job posting applications back to Human Resources.

4. Once the final decision is made, the best-qualified candidate will be notified by Human Resources
5. Human Resources or a chosen designee will notify all other internal candidates of the decision.
6. After the notification process is complete, Human Resources will announce the decision.

APPLICANT FLOW LOGS

Application Flow Logs must be generated for EEO tracking purposes for each vacant position.

1. When the interview process is completed, the hiring supervisor will forward the completed candidate's application, resume, interview notes, references and all other documents used to select the final candidate to Human Resources.
2. An Applicant Flow Log will be completed by the Corporate recruiter for each position (clinician, teacher, etc.) For each applicant, ethnicity, gender, interview status, etc., must be tracked.

ENHANCEMENT WORKFORCE STAFF MEMBERS

The Enhancement Workforce Staff Members are employees who have agreed to work in The Children's Guild *temporary* staffing pool.

1. Supervisors in need of temporary staffing should contact Human Resources who will recruit candidates for this pool. A Hiring Request Approval Form will be used to request temporary staffing.
2. The interviewing process will follow the procedures as outlined in the above section entitled, **"INTERVIEWING"**.
3. Once the candidate has been selected, Human Resources will notify them of their decision and set-up New Hire Orientation. Temporary staff members are required to sign a Letter of Agreement, which replaces an offer letter. Candidates selected to work in Residential Services will be required to have a physical examination, Tuberculosis (TB) test and drug screen. Candidates selected to work in the Day School program will only need a drug screen.
4. Human Resources in collaboration with the hiring supervisor will complete the Enhancement Workforce Personnel Action Form.
5. The temporary staff member may be hired as a regular full time or part time employee in the event of an opening, if qualified and their work performance meets Agency expectations.

The hiring supervisor must complete the Hiring Request Approval Form and follow the procedures outlined in the Hiring Request and Approval Policy (#02-08-01).

Attachment

The Children's Guild, Inc.

Steps to Ensuring Criminal Records Check Prior to Employment

As specified in Family Law Article, Title 5, Part VI, Annotated Code of Maryland, on or before the first day of employment an employee in a school shall apply to the Department of Public Safety and Correctional Services Department for a Federal and State of MD criminal history records check. This includes any contractual employees who do regularly scheduled work on the premises during the day, whether they work directly with or are in the presence of the students, i.e., including contractual employees who clean the premises, if they work during the school day and could have access to children attending the school.

The specific steps that will be taken to ensure that each individual employed by The Children's Guild, Inc. either directly or through a contractual agency, will apply for a criminal history records check prior to working at the school are as follows:

1. Each candidate selected for direct employment by the Children's Guild, Inc., or as a contractor with the Guild, will be fingerprinted by an authorized fingerprinting agent (e.g., at CJIS or at a State Police barracks) for the purpose of completing a Federal and State of Maryland criminal history records check.
2. The Human Resources Generalist/Recruiter at The Children's Guild, Inc. will determine that the application for a criminal history records check (also referred to as the "fingerprinting card") has been fully completed and will provide, in writing, to the Director of Educational Services or other appropriate direct supervisor, a date on which the direct or contractual employee may start to work at the school. The start date will then be communicated to this individual.
3. The application is completed and fingerprinting is administered prior to the employee's first day of work. Along with the appropriate financial documents to cover the cost of processing, The Children's Guild, Inc. then submits the request to CJIS for processing. The processing at CJIS follows this and information is then forwarded to The Children's Guild, Inc. when completed.

Thus, as a minimum expectation, The Children's Guild, Inc. leadership, including members of Executive Management and Program Managers including other appropriate direct supervisors and administrative support staff in any program, will not allow any direct or contractual employee to start working in any of its schools until an application for the criminal records check is completed, a copy of this application is received and reviewed by the Human Resources Department and the supervisor receives written notification from the Human Resources Department. If this is not obtained, the individual will not start working at the school and will not do so until this process has been completed.