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For the year ended June 30, 2023

“Financially viable” or “financial viability” is defined in Wis. Admin. Codes PI 35.02 (11) and PI 48.02 (11) as “the ability of the school to pay for goods and services, make debt service payments, and pay other obligations as they become due.” As a result, the risk assessment is based on the risk that the school will not be able to pay their bills as they come due.

For schools that participated in the Private School Choice Programs (Choice or Choice programs) in the 2021-22 school year, insert the minimum financial viability risk previously determined in the 2021-22 financial audit and 2021-22 Fiscal & Internal Control Practices Report (FICPR). If the school is new to the Choice programs in the 2022-23 school year, insert N/A for both of the below.

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| **Continuing Schools 2021-22 Financial Audit & New School Surety Bond Risk**  Obtain from the 2021-22 Financial Audit Reserve Balance Schedule. | {High,Medium,Low, or N/A} |
| **Continuing Schools 2021-22 Financial Viability Risk**  Obtain from Procedure 4L of the 2021-22 FICPR. | {High,Medium,Low, or N/A} |
| The risks that are considered for continuing schools in the assessments above are the following:  **High Risk Required:**   * The June 30, 2022 financial audit opinion has an emphasis of matter or note regarding the entity’s ability to continue as a going concern * The 2021-22 FICPR indicated any of the following and the amount remained unpaid as of the 2021-22 FICPR report date:   + The school did not pay employees as required by the written agreement or alternative document that specified their compensation, if applicable   + The school failed to make payments to vendors within 90 days or per written agreement (unless due to litigation or an amount being in dispute) * The 2021-22 FICPR identified any of the following:   + The school had Department of Workforce Development (DWD) wage claims unless the DWD determined the school did not owe the amount or the employee withdrew the claim.   + The school had non-sufficient funds (NSF) for a reason other than amounts were not properly transferred between different accounts of the school.   + The school had past dues to government agencies that cumulatively exceed $50,000 (even if a repayment plan exists)   **Minimum of Medium Risk required; High Risk should be considered:**   * Schools that provided a surety bond in 2022-23 for the new school financial requirements. This is applicable for new schools in 2022-23 and continuing Choice program schools that have a continued requirement. See Appendix A for the list of schools that have a 2022-23 bond for this reason. * Any of the following are identified in the financial audit for the year ended June 30, 2022:   + The net assets (assets less liabilities) on the Statement of Financial Position are negative for the year ended June 30, 2022\*   + Current assets on the Statement of Financial Position are less than current liabilities for the year ended June 30, 2022 \*   + The change in net assets on the June 30, 2022 and June 30, 2021 Statement of Activities are negative $25,000 or less for both years * The 2021-22 FICPR indicated any of the following (even if paid by the 2021-22 FICPR report date):   + The school did not pay employees as required by the written agreement or alternative document that specified their compensation, if applicable   + The school failed to make payments to vendors within 90 days or per written agreement (unless due to litigation) * The 2021-22 FICPR indicated:   + The school had any past dues to government agencies (even if a repayment plan exists)   + The payroll reconciliation in 4E was identified as not in compliance. | |

If high risk was identified on the Financial Audit Reserve Balance Schedule or based on the prior year FICPR, no additional assessment is required. If medium risk is identified, consider if there are any “High Risk required” or “Minimum of Medium Risk required; High Risk should be considered” in the financial audit or FICPR (as described above) or below that would result in a high risk being required for the school. The risk assessment completed by the auditor to determine if any of the factors below exist and the required risk should include:

1. A summary review of the financial position of the school on the June 30, 2022 financial audit including the net asset position, cash balance, availability of funding, and other key financial indicators.
2. A review of the 2021-22’s FICPR and any areas of non-compliance.
3. Any information provided by DPI about past dues to vendors, employees, or other financial related concerns.
4. Any information that comes to the auditor’s attention regarding past dues with government agencies, vendors, or employees.
5. The expected budget and projected cash flow for the school year.
6. Any other information that may impact the ability of the school to pay for goods and services, make debt service payments, and pay other obligations as they become due.

Determine the minimum required risk and what risk level should be used based on the information below and any risk factors identified in 1-6, as well as the financial audit/new school surety bond risk above. Be sure to include consideration of whether or not more than the minimum required risk should be used based on the factors identified.

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| **Risk Level** | **Indicators** | **Factors Identified for School** |
| **High Risk required** | * Any past dues to government agencies in the June 30, 2022 financial audit Statement of Financial Position or as of the date of the FICPR testing for the 2022-23 school year that cumulatively exceed $50,000 (even if a repayment plan exists) * Current surety bond requirement due to a school not being financially viable * DPI received calls from employees indicating they were not being paid on time\*\* * DPI received phone calls that vendors/landlords are not getting paid timely\*\* * The school’s budget and statement of cash flows show the school has inadequate revenues and other financial resources to fund current operations * The school had any DWD wage claims in the past year unless the DWD determined the school did not owe the amount or the employee withdrew the claim |  |
| **Minimum of Medium Risk required; High Risk should be considered** | * Schools that provided a surety bond in 2022-23 for the new school financial requirements. This is applicable for new schools in 2022-23 and continuing Choice program schools that have a continued requirement. See Appendix A for the list of schools that have a 2022-23 bond for this reason. * Any past dues to government agencies in the June 30, 2022 financial audit Statement of Financial Position or as of the date of the FICPR testing for the 2022-23 school year (even if a repayment plan exists) * Audit reports required by federal, state and local government agencies contain questioned costs or compliance findings that may affect the school’s ability to continue * Failure of the private school to make payments to the department as required on a timely basis. \*\*   Note: Consider if high risk should be used based on the 2021-22 financial audit and FICPR factors identified that are included on the first page of this checklist. |  |

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| **Risk Level** | **Indicators** | **Factors Identified for School** |
| **Medium Risk should be considered** | * Outstanding payroll balance exceeding $100,000 (that does not relate to payroll or deferred compensation due at a future date) * The school was in litigation related to outstanding balances to vendors, landlords, or employees currently or as of the June 30, 2022 financial audit * The change in net assets on the June 30, 2022 Statement of Activities in the June 30, 2022 financial audit is negative |  |
| **Indicators of Low Risk** | * Any of the following are identified in the financial audit for the year ended June 30, 2022:   + Assets on the Statement of Financial Position are greater than liabilities   + Current assets on the Statement of Financial Position are greater than current liabilities * Cash available to pay balances or availability of line of credit * Historically the school has paid employees, vendors, landlords, government agencies, etc. as required |  |

\* The liability related to a Paycheck Protection Program loan may be excluded from the liabilities if the auditor determines it is probable that the amount will be forgiven or it has been forgiven after year end.

\*\* DPI will send an email to the auditor on the auditor authorization form by November 4th for any school with this factor.

**Appendix A**

**Schools with a 2022-23 New School Bond Requirement**

The following is a list of the new and continuing schools that provided surety bonds for the new school financial requirement that are still required to meet the requirement for 2022-23. The financial viability risk for these schools must be at least medium.

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| * All Saints Grade School - Denmark * Aquinas Academy - Menomonee Falls * Assumption of the Blessed Virgin Mary School - Pulaski * Bader Hillel High, Inc. - Glendale * Bethlehem Evangelical Lutheran School - Menomonee Falls * Christ Child Academy - Sheboygan * Christ Lutheran School - Big Bend * Coulee Christian School - West Salem * Crown of Life Christian Academy - Fort Atkinson * Faith Christian School - Williams Bay * First Evangelical Lutheran School - Elkhorn * Holy Cross Lutheran School - Madison * Holy Family School - Brillion * Holy Spirit Catholic School - Appleton * Holy Trinity School - Casco * Holyland Catholic School - Malone * Mount Calvary Lutheran School - Waukesha * Mount Horeb Christian School - Mount Horeb * Northland Lutheran High School - Kronenwetter * Our Redeemer Lutheran School - Delavan * Pilgrim Evangelical Lutheran School - Menomonee Falls * Pleasant Ridge Waldorf School - Viroqua * Prairie Hill Waldorf School - Pewaukee * Riverview Lutheran School - Appleton * Saint Augustine School - Colgate * Saint Clare Catholic School - Wrightstown * Saint Elizabeth Ann Seton Catholic School – Sheboygan * Saint Francis de Sales Grade School - Spooner | * Saint John Ev Lutheran School - Waterloo * Saint John Evangelical Lutheran School - Wrightstown * Saint John Grade School - Little Chute * Saint John Lutheran School - Peshtigo * Saint John Lutheran School - Random Lake * Saint John Sacred Heart School - Sherwood * Saint John Saint James Lutheran School - Reedsville * Saint John XXIII Catholic School - Port Washington * Saint John's Ev. Lutheran School - Sparta * Saint Johns Lutheran School - Mukwonago * Saint John's Lutheran School - Newburg * Saint Mary Catholic School - Hilbert * Saint Mary of the Immaculate Conception - Greenville * Saint Nicholas Catholic School - Freedom * Saint Paul's Lutheran School - East Troy * Saint Paul's Lutheran School - Fort Atkinson * Saint Paul's Lutheran School - Howards Grove * Saint Pauls Lutheran School - Mount Calvary * Saint Peter Lutheran School - Schofield * Saint Peter's School - East Troy * Saint Stephen Lutheran School - Horicon * Star of Bethlehem Evangelical Lutheran School - New Berlin * Stevens Point Christian Academy - Stevens Point * Trinity Lutheran School - Marinette * Trinity Lutheran School - Waukesha * Trinity Lutheran School - West Bend * Trinity St. Luke's Lutheran School - Watertown * Westside Christian School – Middleton * Zion Lutheran School - Hartland |