



CSMC

*Charter School Management Corporation
Helping Charter Schools Succeed
Corporate Headquarters
40925 County Center Drive
Temecula, CA 92591*

July 2, 2014

Services Agreement for Founders Academy of Las Vegas

This Services Agreement ("Agreement") for charter school business support services is between the Charter School Management Corporation (hereinafter referred to as "CSMC") and *FALV* (hereinafter referred to as "Customer" or "you"). CSMC and *FALV* are each individually a "party" and sometimes referred to collectively as the "parties."

The parties to this Agreement understand that this is an agreement whereby *FALV* desires to retain CSMC, because of CSMC's expertise, prior experience and comprehensive service offerings, as they relate to *FALV* operation of one or more charter schools, and that CSMC desires to provide expertise for the benefit of *FALV* using its knowledge, skills, experience and abilities.



CSMC Scope of Service Summary

Summary of *Founders Academy of Las Vegas*

The following information regarding *FALV* operations, size and authorizing agency(ies) has been provided by *FALV*, and CSMC may rely on such information.

Number of schools = 1

Approximate number of students* = 400

Authorizing agency or agencies = Nevada

Summary of services offered within:

- Back-Office Services
- Charter Vision Access

Contract Period:

The Contract Period shall be *July 1, 2014* through *June 30, 2015*

Summary of Pricing:

Setup Fee = \$ 5,000

Ongoing Monthly Fee = \$ 5,000

*The pricing set forth above is predicated on CSMC's understanding of *FALV*'s support needs, based on *FALV*' representations. If *FALV*'s number of students is appreciably different from this number, CSMC will adjust its fees accordingly. With that principle in mind, CSMC will use reasonable efforts to modify elements of its program to accommodate *FALV*' changing needs.



CSMC Scope of Services

In order to support FALV, CSMC shall provide the following specific services (defined below as the "Services"):

1) Fiscal

- a) **Bookkeeping Support** – Utilizing an enterprise-quality bookkeeping system from Sage, one of the country's largest bookkeeping software companies, CSMC will provide a complete bookkeeping solution to FALV. Specifically, CSMC will:
 - i) **Chart of Accounts** – Create a State Compliant and Generally Accepted Accounting Principles (GAAP) compliant and FALV tailored Chart of Accounts.
 - ii) **General Ledger** – Create and maintain State and GAAP compliant General Ledger. CSMC will modify, revise, and incorporate more or less detail in account code structure as requested by FALV.
 - iii) **Accounts Receivable** – Monitor receipt of revenues tied to budget and expected entitlements. Includes all collection activities necessary to obtain past due funding.
 - iv) **Accounts Payable** – Process all vendor invoices and payments. Includes utilizing GAAP system for verification, approval, and payment. System includes utilization of AP batch approvals, and check register reviews. Includes preparation of all 1099's.
 - v) **Fund / Restricted Accounts** – Track restricted revenues (e.g. Title I) and/or other revenues client requests in writing that CSMC separately track (e.g. parent fundraising) and corresponding expenditures via unique account coding to yield separate net income / loss per account.
- b) **Fixed Assets and Inventory Control** – Create and maintain asset tracking and depreciation schedule system which is integrated into the General Ledger.

2) Payroll

- a) **Payroll setup** – Based upon the payroll information from FALV, CSMC will enter each full- and part-time employee into an enterprise-class payroll service, for purposes of calculating appropriate withholdings, taxes and other deductions. FALV will be responsible for paying the payroll service's fees directly.
- b) **Payroll processing** – Includes updating, maintenance, and regular, emergency



and special payroll entry, as requested by FALV. Payroll processing includes all of the following:

- i. Complete Retirement reporting through the appropriate agency. Please note that some Agencies charge a fee to charter schools to transmit retirement information to their respective systems. If the Agency charges such a fee, FALV will be responsible for paying this fee directly.
 - ii. Voluntary Deductions (e.g. 403(b))
 - iii. Distribution of pay warrants and direct deposit administration
 - iv. Distribution of W2's
 - v. Processing of Worker's Compensation
 - vi. Salary adjustments
 - vii. Verify Budget Numbers, Dates and Rates of Pay
 - viii. Prepare and Maintain Annual Calendars
 - ix. Process Exit Forms (resignations, terminations, etc.)
- c) **Insurance services and coordination** – CSMC will act as the bookkeeping liaison for workers compensation and Health and Welfare policies. CSMC will assist in the selection of insurance service providers (if requested by school), emphasizing selecting a provider that will provide high value support to the charter school.

3) External Reporting

- a) **Preparation and data submittal of required budget reports in State format**
- b) **Attendance** – includes preparation and data submittal of applicable Attendance Reporting.
- c) **Audit** – CSMC will act as the lead point of contact with FALV's auditor and will work with the auditor through finalization of the audit report. Based on completion of consolidated financial statement audit, CSMC will coordinate the preparation and submission of Federal Form 990.
- d) **Categorical program budgeting and oversight** – separate fund tracking for all restricted or categorically relevant programs.
- e) **National School Lunch Program (NSLP)** – If your school participates in this program, CSMC will assist with NSLP bookkeeping, submission of monthly food program reimbursement forms and completion of required annual reports.



- f) **General Reporting** – includes any necessary grant, award, program, state, county, and district report related to financial, or operating activity. This section does not apply to CALPADS data reporting.

4) **Internal Reporting and Budgeting**

- a) **Budgeting/Cash Flow** – CSMC collaboratively with FALV shall develop and modify both current and future year budgets and pro forma cash flow models. All state mandated development and adoption timelines shall be incorporated into the planning process. Other modifications are to be performed as necessary or requested by FALV, including for strategic planning purposes. In today's challenging economic times, it is crucial that the budget is constantly reviewed and modified as needed; therefore, there are no limits to the number of budget revisions that may be requested by FALV. Cash flow timing and Budget to Actual reporting on a monthly basis shall be reported to FALV.
- b) **Internal Monthly Reporting** – Please note that CSMC's Charter Vision® web portal (described in item #5 below) provides anytime, anywhere client access to dozens of detailed financial reports. In addition to this, CSMC will create and send to FALV *monthly* reports including:
 - i) Budget to actual income statement
 - ii) Balance sheet
 - iii) Cash flow projections
 - iv) Fiscal analysis and commentary as applicable
- c) **Board Meeting Support** – CSMC's School Business Manager will be available as requested for FALV's board meetings to present financial reports and/or answer financial questions (by teleconference or in person). There is no limitation to the number of times FALV may request the School Business Manager's attendance – on average, CSMC's clients tend to request the School Business Manager's presence every other month. Additionally, CSMC will provide your board of directors with training and access to our Charter Vision system. This will allow the board to retrieve financial statements and "board reports" 24 hours a day, 7 days a week.

5) **Charter Vision®**

- a) Charter Vision is CSMC's online, client-specific business information portal. Charter Vision has your school's latest and detailed financial metrics and reports, upcoming deadlines, shared document templates, latest



announcements, and upcoming deadlines. Access this portal anywhere, anytime. CSMC believes this is a great tool for increasing access and transparency to internal constituents. For instance, charter school board members can access the latest board and financial reports directly through Charter Vision. School may add as many licenses and grant access to an unlimited number of people at **no charge**.

6) Policies

- a) **Fiscal/Operating Procedures** – With the collaboration of FALV, CSMC will assist in the development and maintenance of fiscal and operating procedures and control policies.
- b) **Safety Manual** – With the collaboration of FALV, CSMC will develop and maintain a complete and compliant Safety Manual.

7) Client Support

- a) **Client Support** – At FALV's written request, CSMC will provide assistance with funding, budgeting, strategy, fiscal control, or other operational/financial questions or issues.

8) Charter Development and GRANTS Administration

- a) **Grants** – Track direct and allocate costs to grants.
- b) **Charter Renewal** – On a separate fee basis, CSMC will assist with a charter petition for renewal.

Fees

One-Time Setup Fee – \$ 5,000

This fee includes all of the activities necessary to get your information into the CSMC system to enable the above services. This includes such information as:

1. Exporting information from your current bookkeeping system (if you are an operating charter school) or gathering initial bookkeeping information (if you are a new school) into our enterprise-quality software system
2. Working with you to input all of your employees' personal- and compensation-related information into our payroll system
3. Identifying all of the revenue programs your school is possibly eligible for, assisting you to make strategic decisions about which ones to pursue, and



helping you to apply to any you might have missed to ensure your school receives as much revenue as possible

4. Projecting your cash flow needs for the upcoming contract period and helping you start identifying possible ways of surviving any gaps
5. Identifying which financial reports you would like to see on an ongoing basis to help you make the best strategic decisions and keep other stakeholders informed
6. Assessing your current operational and financial policies, comparing them to current best practices, and improving those that need to be updated
7. Ensure that you are comfortable with how CSMC will support you and answer any of your initial questions

Scope of Specific Services

The specific services, work and tasks set forth above shall collectively be referred to as the "Services." CSMC shall only be required to perform the Services, and shall not be required to perform any services, work or tasks other than the Services. If CSMC does perform services, work or tasks other than the Services, CSMC will not be required to do so in the future, and CSMC may with the consent of Customer seek reimbursement or payment from Customer for such services, work or tasks. Each agreement is different, and Customer acknowledges and agrees that the Services that CSMC is required to perform under this Agreement do not include all of the services CSMC has the ability to perform, and specifically does not include every service referred to or listed in CSMC's website (www.esmci.com) or other materials.

Ongoing Fee for Services

In addition to the One-Time Set-Up Fee, FALV shall pay to CSMC monthly installments of \$ 5,000 beginning in July 1, 2014. This fee shall cover payment to CSMC for the Services. FALV shall pay this ongoing fee for the Services until the expiration or termination of this Agreement, at which time FALV shall within 15 days pay CSMC any unpaid monthly fees for Services. FALV will promptly pay to CSMC the amounts set forth in this Agreement upon receipt of each monthly billing statement. Customer's payment obligation is absolute, and Customer may not withhold or deduct payment for any reason.

Term of Agreement

Setup will begin on or around July 1, 2014 and will last for all of that month.



The term of this Agreement and CSMC's obligation to perform the Services will begin on July 1, 2014 ("Start Date") and will be deemed automatically renewed on the annual anniversary of the Start Date, unless either party provides the other party with written notice 45 days in advance of the next anniversary of the Start Date of its intent to not renew this Agreement. If CSMC does not physically receive such a notice of non-renewal prior to or on the 45th day before the next Start Date, then CSMC may rely on the automatic renewal of the term of this Agreement. However, in no event shall the term of this Agreement exceed the charter of FALV.

Parties – No Agency

This Agreement is not intended to, and shall not be construed to create the relationship of agent, employee, partnership, or joint venture, or any other relationship other than independent contractor between CSMC and FALV. CSMC shall be free to provide similar services for other clients.

Communication Between the Parties

FALV will direct all communication to the CSMC Account Manager and CSMC will direct all communication to FALV's designated primary contact, unless either party designates another representative and provides written notification of the change to the other party. CSMC agrees to keep all communication and work product with FALV confidential to the allowable extent of State and Federal Law.

Parties Are Sole Obligors

This Agreement is entered into by the FALV for itself alone and not on behalf of, or as an agent for, any other entity, agency, school, or school district. Any obligation of the parties to this Agreement is and shall remain the sole responsibility of the parties. CSMC agrees that no employee, executive, shareholder or director of FALV shall be personally liable for payment or any breach of this Agreement, and that CSMC may only look to FALV for payment or performance of the obligations required under this Agreement. Likewise, FALV agrees that no employee, executive, shareholder or director of CSMC shall be personally liable for payment or any breach of this Agreement, and that FALV may only look to CSMC for payment or performance of the obligations required under this Agreement. In addition, CSMC will be providing Services only to Customer, and will not be required to perform work or services to any company or person affiliated with Customer.

Document Retention



Customer agrees that it will be responsible for providing CSMC with all records pertinent to the Services, including information stored electronically such as e-mails and other computerized records. Customer agrees to retain, and not destroy, its records for the duration of any period mandated by applicable laws. CSMC shall retain its files for ____ years, after which time CSMC shall destroy its files unless Customer requests in writing that CSMC retain files for shorter or longer retention period.

No Guarantee – Limitation to Services and Exclusion of Liability for Other Work

CSMC cannot guarantee that the Services it provides under this Agreement will yield the results sought by FALV. CSMC will use good faith efforts in providing Services to secure the reasonable objectives sought by FALV during CSMC's performance of its Services under this Agreement. FALV understands and agrees that it is retaining CSMC to perform only those Services listed above and defined in this Agreement as the Services. FALV agrees that CSMC will have no liability for, or indemnity obligations arising out of, CSMC's provision of any services, task or work not included within the definition of Services.

No Liability for Referral

The Services which CSMC is required to perform under this Agreement do not include referring Customer to any other service provider, person or company. However, from time to time, customers sometimes seek a referral from CSMC. Customer acknowledges and agrees that if it seeks a referral from CSMC, Customer shall be responsible for interviewing, researching, and retaining any such service provider, person or company; and Customer shall rely on its own assessment in making any hiring decision. CSMC does not warrant or guarantee the services, work or results of any service provider, person or company which CSMC may refer to Customer.

CSMC's Right to Rely

In performing the Services under this contract, CSMC has the right to rely upon the truthfulness, completeness and accuracy of the information and data provided to CSMC by FALV, its directors, officers, employees and agents. CSMC shall not be expected to, and FALV may not rely on CSMC to, disclose errors, fraudulent financial reporting, and misappropriation of assets, or illegal acts that may exist at one or more schools or offices operated by Customer. FALV understands and agrees that CSMC has no responsibility to identify and communicate deficiencies in FALV's internal controls as part of CSMC's provision of Services under this Agreement. In



addition, FALV shall have the responsibility to promptly notify CSMC of any material change in FALV or FALV's operations that might impact CSMC's ability to provide the Services under this Agreement.

Assignment

This Agreement is not assignable without the written consent of the parties hereto.

FALV's Direction - Indemnification

FALV acknowledges that by providing the Services, CSMC performs an advisory and task-related function, and therefore provides the Services at the direction of FALV. FALV retains ultimate decision-making authority on the execution of agreements, transactions and payments, and the determination of rights, processes, controls and obligations rest entirely within the discretion and control FALV. To the extent that FALV properly directs CSMC, and to the extent that CSMC fails to properly perform the Services, CSMC shall indemnify and hold FALV and its officers and employees harmless from and shall defend at its own expense all claims, demands, or suits at law or equity arising in whole or in part, but only to the extent that they arise from CSMC's active negligence or express breach of its obligations under this Agreement. Nothing in this Agreement shall require CSMC to indemnify FALV against claims, demands or suits based upon intentional or negligent acts of FALV, its agents, officers or employees.

Professional Services Exclusion

Customer acknowledges and agrees that CSMC does not provide legal services or licensed accounting services, and that those and other licensed professional services are not included within the Services which CSMC is required to provide under this Agreement. Customer agrees to consult a lawyer and/or licensed accountant if Customer seeks legal or accounting advice, and shall not rely on CSMC for such advice, consultation or services.

Charter Revocation, Notice to Cure, or Closure

Unless included within the definition of Services for which CSMC is responsible under this Agreement, CSMC shall not be responsible to do any work or perform services related to any charter revocation, notice to cure or related notices; nor shall CSMC be responsible for doing any work or performing any services related to any closure of any school operated by Customer.

Customer's Premises/Facilities



Customer agrees that it, and not CSMC, is responsible for the physical premises and facilities Customer operates, including whether those premises/facilities comply with the American Disabilities Act and any other applicable statutes or regulations. Customer is responsible for complying with all applicable health and fire code requirements and zoning laws. Customer shall maintain all local approvals including applicable fire marshal clearances, certificates of occupancy, signed building permit inspections and approved zoning variances.

Customer's Insurance Responsibility

Customer represents and warrants that it has obtained property general liability insurance, workers' compensation insurance, automobile insurance (to the extent applicable), and insurance coverage for negligence, errors and omissions/educators legal liability, abuse and molestation, and employment practices liability.

No Employee Raiding

Customer recognizes and acknowledges that CSMC expends considerable time and effort and incurs substantial expense in recruiting and retaining qualified personnel. Customer agrees to not hire as an employee or independent contractor, either directly or indirectly, any employee of CSMC during the term of this Agreement and for period of one hundred twenty (120) days after such person's termination of employment with CSMC. Customer agrees that a breach of the foregoing restriction would cause irreparable harm to CSMC's business and the damages therefrom would be difficult if not impossible to measure. Consequently, if Customer breaches this provision, Customer will pay to CSMC liquidated damages fixed at twenty-five percent (25%) of the CSMC employee's yearly compensation, or projected yearly compensation, at the time of any such breach.

Termination of Agreement

FALV may terminate this Agreement without cause by providing written notice of cancellation to CSMC at least 30 days prior to cancellation. Within 15 days of transmittal of a cancellation notice, FALV shall pay to CSMC all unpaid fees and FALV shall reimburse CSMC for all costs incurred by FALV to provide the Services. The parties agree that those reimbursable costs would be difficult to calculate and therefore agree that if FALV terminates this Agreement without cause within the first year from the Start Date, FALV will pay to CSMC as liquidated damages fees equivalent to three months of the standard monthly fee for Services. If FALV terminates without cause in year two following the Start Date, the liquidated damages payable to FALV shall be two months of the fees for Services. FALV may terminate the Agreement without cause and without paying liquidated damages at any time



following the second anniversary of the Start Date. CSMC may terminate this Agreement at any time without cause and without liability by providing FALV written notice of cancellation 30 days prior to termination. However, if FALV terminates this Agreement for cause (e.g., due to lack of payment), FALV need not provide advance notice of cancellation.

Sole and Entire Agreement

This Agreement sets forth the full and complete agreement between the parties and fully supersedes any and all prior agreements or understandings between the parties hereto, whether oral or written, pertaining to the subject matter hereof. No verbal modifications, additions, or deletions from this Agreement shall be permitted. All changes to this Agreement must be made in writing and signed by both parties.

Governing Law, Arbitration and Time-Bar on Claims

This Agreement shall be construed in accordance with the laws of the State of Nevada. CSMC and FALV agree that any and all disputes or controversies of any nature relating to or arising at any time under this Agreement or otherwise in connection with the rights and obligations under this Agreement shall be resolved by binding arbitration, which shall constitute the sole forum for any disputes between the parties to this Agreement. This means by signing this Agreement, each party is waiving the right to take court action and is waiving the right to a jury. Each party also agrees to, and hereby does, waive any right to compel the other party to participate as a defendant, cross-defendant or in any other capacity in any court action, including any action for indemnity. The parties to this Agreement further agree that any arbitration demand must be filed with JAMS within 12 months from the time of any breach of this Agreement, and that any claim commenced or filed after that time shall be time-barred as a matter of law.

Severability

The provisions of this Agreement are severable, and if any part of it is found unenforceable, the other paragraphs shall remain fully valid and enforceable.

Notice

Any and all notices required under this Agreement shall be delivered by overnight mail by a nationally recognized carrier to the following addresses:

CSMC HEADQUARTERS
Attn. Mr. Sandro Lanni

Founders Academy of Las Vegas
W. Richard Moreno



40925 County Center Drive
Suite 110
Temecula, CA 92591

4025 North Rancho Drive
Las Vegas, NV 89130

Signatures

CSMC

Sandro Lanni, President
CSMC

Date:

7 | 9 | 2014

Customer

W. Richard Moreno, Chairman
Founders Academy of Las Vegas

*Pending
Board
Approval*

Date:

7-9-14