



CSMC

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

July 1, 2016

Services Agreement for Coral Academy of Science Las Vegas

This Services Agreement (“*Agreement*”) for charter school business support services is between the Charter School Management Corporation, a California for-profit corporation (hereinafter referred to as “*CSMC*”) and Coral Academy of Science Las Vegas, a Nevada state public charter school (hereinafter referred to as “*CASLV*,” “*Customer*” or “*you*”). CSMC and CASLV 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 CASLV desires to retain CSMC, because of CSMC’s expertise, prior experience and comprehensive service offerings, as they relate to CASLV’s operation of one or more charter schools, and that CSMC desires to provide expertise for the benefit of CASLV using its knowledge, skills, experience and abilities.

This Agreement consists of the following:

Section A	Contract Summary
Section B	CSMC Scope of Services
Section C	Other Material Terms
Section D	Miscellaneous Terms



Section A
Contract Summary

Summary of Coral Academy of Science Las Vegas

The following information regarding CASLV's operations, size and authorizing agency(ies), as of the start of the 2016-17 school year, has been provided by CASLV, and CSMC may rely on such information.

Number of schools = 1

Number of campuses = 5

Approximate number of students* = 2,600

Authorizing Agency = Nevada State Public Charter School Authority ("SPCSA")

Summary of services offered within:

- Back-Office Services
- Charter Vision Access

Contract Period:

The Contract Period shall be July 1, 2016 through June 30, 2019

Summary of Pricing:

One-Time Setup Fee = \$7,200

Ongoing Monthly Fee (during the Contract Period) = \$12,000 (contract will raise to \$13,000 per month starting July 1st, 2018)

*The pricing set forth above is predicated on CSMC's understanding of CASLV's support needs, based on CASLV's representations. If CASLV's number of students is appreciably different from this number (meaning different by a factor of 10% or more), CSMC will adjust its fees accordingly (meaning upwards or downwards, depending on whether there are fewer or more students). With that principle in mind, CSMC will use reasonable efforts to modify elements of its program to accommodate CASLV's changing needs.



Section B
CSMC Scope of Services

In order to support CASLV, CSMC shall provide the following specific services (defined below as, collectively, 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 CASLV. Specifically, CSMC will:

i) **Chart of Accounts** – Create a Standard Account Code Structure (SACS) compliant with the Nevada Department of Education and Generally Accepted Accounting Principles (GAAP) compliant and CASLV tailored Chart of Accounts.

ii) **General Ledger** – Create and maintain SACS and GAAP compliant General Ledger. CSMC will modify, revise, and incorporate more or less detail in account code structure as requested by CASLV.

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 and GASP system for verification, approval, and payment. System includes utilization of AP batch approvals, and check register reviews. Includes preparation of all 1099's. CSMC will have access to CoolSIS. CSMC and Client will collaborate on the optimal configuration of CoolSIS to continue its use internally in Client operations.

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.

vi) **Fixed Assets and Inventory Control**–Create and maintain asset tracking and depreciation schedule system which is integrated into the Ledger.

vii) **Purchasing:**

- Vendor selection — upon request, CSMC will provide recommendations of vendors based on its experience with vendors around the state and country.
- Purchasing assistance on big-ticket items (over \$50,000) — upon request, CSMC will assist the school leaders in their purchases or leasing of such items.

2) Payroll



a) **Payroll setup** – Based upon the payroll information from CASLV, 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. CASLV 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 CASLV. Payroll processing includes all of the following:

i. Complete PERS reporting through the Nevada Public Employee Retirement System. Please note that some Counties or Districts charge a fee to charter schools to transmit PERS information to the PERS systems, but Nevada currently has no such charge. If the county or district charges such a fee, CASLV 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, State Disability, and Unemployment Insurance Claims

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.

d) **Credential and TB Tracking** – If client makes a written request, CSMC will provide tuberculosis and credential checks and implement monitors and alerts to ensure teachers' credentials and TB clearances are up to date, valid, and provide notice when expired. Client must provide a desire for this service in a separate written request.

3) External Reporting

a) CSMC will be responsible all Nevada Department of Education and State Public Charter School Authority financial reports.

b) **Attendance** – preparation and data submittal of attendance reports to relevant local and state authorities/entities.



c) **Audit** – CSMC will act as the lead point of contact with CASLV’s auditor and will work with the auditor through finalization of the audit report. Based on completion of consolidated financial statement audit by applicable deadlines with external accounting firm.

d) **Categorical program budgeting and oversight** – separate fund tracking for all restricted or categorically relevant programs.

e) **Consolidated Application** – If CASLV wishes to apply, CSMC will complete Parts 1 and 2 of the No Child Left Behind Consolidated Application, which is used to apply for federal Title funds (e.g. Title I). Additionally, CSMC will provide assistance during the audit required by the Single Audit Act of 1984.

f) **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. If client wishes for CSMC to assist with NSLP, client must request so in writing and notify CSMC that client is in participation of the program.

g) **General Reporting** – includes any necessary grant, award, program, state, county, and district report related to financial, or operating activity.

4) **Internal Reporting and Budgeting**

a) **Budgeting/Cash Flow** – CSMC collaboratively with CASLV 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 CASLV, 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 CASLV.** Cash flow timing and Budget to Actual reporting on a monthly basis shall be reported to CASLV.

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 CASLV *monthly* reports including:

- i) Revenue & expense to budget forecasting
- ii) Budget to actual income statement
- iii) Balance sheet
- iv) Cash flow projections
- v) Fiscal analysis and commentary as applicable



CSMC will provide expert budget versus actual interpretation—flagging necessary changes, adjusting assumptions and forecasts throughout the year, and warning about potential future cash flow issues.

c) **Board Meeting Support** – CSMC’s School Business Manager will be available as requested for CASLV’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 CASLV 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. Subject to change in the future, CASLV is hereby requesting the School Business Manager’s attendance at every regular and special Board meeting, with at least two in-person visits per school year, one per semester (including the meeting regarding the upcoming schoolyear budget). 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.

b) CSMC will keep Charter Vision online and available for access on a 24/7 basis, excluding only reasonable periods of time for system maintenance and short, infrequent, unforeseen system failures (not to exceed two hours per calendar month).

6) **Policies**

a) **Fiscal/Operating Procedures** – With the collaboration of CASLV, CSMC will assist in the development and maintenance of fiscal and operating procedures and control policies.

b) **Safety Manual** – With the collaboration of CASLV, CSMC will develop and maintain a complete and compliant Safety Manual.

7) **Client Support**

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



b) **Staff Training.** CSMC trains appropriate personnel on accounting procedures and practices designed to ensure accurate recordkeeping.

8) Charter Development and GRANTS Administration

a) **Grants** – Track direct grants, and allocate costs to grants. Ensure compliance. On the reporting side, CSMC ensures that all reporting is completed accurately and on time, for any grant, award, program, state, county, and district report related financial or operating activity.

b) **Charter Renewal** – On a separate fee basis (to be mutually agreed by the parties, based upon CASLV's request), CSMC will assist with a charter petition for renewal.

9) Facilities: Acquisition, Finance, Lease, Planning

Assistance and advice to CASLV with respect to its buildings/facilities and prospective buildings/facilities, including acquisition/leasing, build-out, planning, financing, construction, and improvement.

10) Financing: Loan Procurement

CSMC works with multiple lenders to help negotiate and close loans (e.g., for construction, permanent loans, including New Markets Tax Credits, bond financings, and leasehold improvement loans) from various financing sources (e.g., bond issuers, banks, credit unions, and receivables-financing companies).

Section C
Other Material Terms

1) One-Time Setup Fee – \$7,200

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. Transferring essential information from your current bookkeeping system into our enterprise-quality software system

2. Working with you and your payroll company to transfer all payroll related information (e.g., previously submitted W4s and direct deposit information) 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

The initial setup activities include, among other things, the onsite visit of a dedicated team of no fewer than six individuals working six full-time days, including the Vice President of Accounting Services. The Onboarding will consist of 6 or more individuals, the work product and time that follows will be performed at CSMC or at Client, or a combination of both.

2) Scope of Specific Services

CSMC shall only be required to perform the Services defined herein (and in the Back Office Service Proposal delivered by CSMC on or about June 17, 2016, if different), 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, then (i) CSMC will not be required to do so in the future, and (ii) CSMC may with the consent of Customer (in its sole discretion) seek reasonable 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.csmci.com) or other materials.

3) Ongoing Fee for Services

In addition to the One-Time Set-Up Fee, CASLV shall pay to CSMC monthly installments of \$12,000 beginning on July 1, 2016 (provided, however, that if this Agreement is not fully executed by such date, then the first payment is not due until ten (10) days after full execution and receipt of the first monthly billing statement). If some or all of CSMC's work in July 2016 is redundant with work performed by CASLV's staff (e.g., regarding payroll), then CSMC will waive the first month's fee to the extent of that redundancy. The contract price will change to \$13,000 per month starting on July 1, 2018.

This monthly fee shall cover payment to CSMC for the Services. This fee is all-inclusive, but for a payroll fee/expense not to exceed \$400 per month.

CASLV shall pay this ongoing fee for the Services until the expiration or termination of this



Agreement, at which time CASLV shall within 15 days pay CSMC any unpaid monthly fees for Services. CASLV will promptly pay to CSMC the amounts set forth in this Agreement within thirty (30) days of CASLV's receipt of each monthly billing statement. Except in the event of a breach by CSMC, Customer's payment obligation is absolute, and Customer may not withhold or deduct payment for any reason.

4) Term of Agreement; Termination

a) Term.

i) Setup will begin on or around July 1, 2016 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, 2016 ("*Start Date*").

ii) The term of this Agreement 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 CASLV does not deliver 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.

b) Termination. Without affecting the parties' rights and remedies at law or in equity, this Agreement may be terminated at any time as follows:

i) The parties may mutually terminate this Agreement at any time.

ii) Either party may terminate this Agreement by delivering a timely non-renewal notice pursuant to Section C(4)(a)(i) above.

iii) This Agreement shall automatically terminate upon the termination of the charter of CASLV, or upon any suspension, revocation, rescission, or termination of this Agreement in connection with the application of NRS Chapter 332.039 *et seq.*

iv) Either party may terminate this Agreement without cause, for any or no reason, by providing written notice of cancellation to the other party at least 30 days prior to the effectiveness of the cancellation.

If CASLV terminates without cause, then within 30 days of the cancellation effective date, CASLV shall pay to CSMC: (A) all unpaid fees and CASLV shall reimburse CSMC for all costs incurred by CASLV to provide the Services through the cancellation effective date; and (B) due to the difficulty in calculating CSMC's costs, liquidated damages fees to CSMC in the amount of (x) for a cancellation within the first year from the Start Date, fees equivalent to three months of the standard monthly fee for Services, and (y) in the subsequent year, fees equivalent to two months of the standard monthly fee for Services rendered.



Notwithstanding the foregoing, CASLV may terminate the Agreement without cause and without paying liquidated damages at any time: (A) during the first three (3) months of this Agreement, as a probationary period, and (B) following the second anniversary of the Start Date.

v) Either party may terminate this Agreement for cause (e.g., due to lack of payment), by providing written notice of cancellation to the other party and specifying the effective date of such termination (which may be upon delivery of such notice, or at a future date/time). Notwithstanding the foregoing, termination is not permitted if the breaching party cures the default within thirty (30) days of delivery of the cancellation notice, unless it is the breaching party's third material breach of this Agreement (in which event no cure period shall apply).

vi) CASLV may terminate this Agreement by delivering written notice of cancellation to CSMC and specifying the effective date of such termination (which may be upon delivery of such notice, or at a future date/time), if CSMC shall (A) become insolvent; (B) make a general assignment for the benefit of creditors; (C) have a petition in bankruptcy filed against it, which it consents to or has not obtained dismissal of within ninety (90) days; (D) be adjudicated bankrupt; (E) have a receiver, trustee, or similar custodian appointed over it; (F) be dissolved, liquidated, or wound up; or (G) any of the foregoing actions be approved by CSMC's shareholders or directors.

c) Upon expiration or termination of this Agreement, CSMC shall, among other things (the following list not being exhaustive):

- i) cease using and return CASLV's Confidential Information;
- ii) use its best efforts to cooperate with the new service provider (or CASLV employees) providing the Services thereafter so as to effect a smooth transition; and
- iii) comply with such other requests as CASLV shall reasonably make.

d) Any provisions in this Agreement which should, by the nature of their terms, reasonably survive termination or expiration hereof, shall survive for a reasonable period of time, including without limitation all indemnity obligations.

Section D **Miscellaneous Terms**

1) Parties – No Agency

This Agreement is not intended to, and shall not be construed to create the relationship of principal/agent, employer/employee, partnership, or joint venture, or any other relationship other than independent contractor between CSMC and CASLV. CSMC shall be free to provide similar services for other clients (as long as the same does not materially interfere in its provision of Services hereunder). CSMC shall conduct its business in its own name and not purport to have



the direct or indirect, express or implied, authority to bind CASLV to any obligation or contract. CSMC has no authority whatsoever, on behalf of CASLV, to threaten or to commence any legal actions or proceedings of any kind, nor to defend the same (except pursuant to an indemnity obligation set forth herein.

2) Communication between the Parties; Confidentiality

a) CASLV will direct all communication to the CSMC Accounting Manager and CSMC will direct all communication to CASLV's designated primary contact, unless either party designates another representative and provides written notification of the change to the other party.

b) CSMC agrees to keep all information, documentation, communication and work product relating to CASLV (the "*Confidential Information*") confidential and proprietary (whether designated or marked as such), to the maximum allowable extent permitted under applicable Law (as defined below). CSMC is familiar with the provisions of NRS Chapter 239 ("Public Records"). Unless disclosure is mandate by applicable Law, during the Term and for seven (7) years thereafter, CSMC shall (i) maintain in strict confidence and secrecy all Confidential Information and prevent disclosure to non-authorized persons/entities (except (A) where disclosure is in keeping with the performance of duties hereunder or (B) where required by Law or Governmental Authority); (ii) not duplicate or reproduce, nor deliver or distribute any Confidential Information to any third person/entity without CASLV's prior written consent; and (iii) not use CASLV's Confidential Information for any reason other than for the provision of Services.

3) Parties Are Sole Obligor

a) This Agreement is entered into by the CASLV for itself alone and not on behalf of, or as an agent for, any other entity, agency, school, or school district. For the avoidance of doubt, all obligations hereunder on the part of CASLV are not the obligations, directly or indirectly, in whole or in part, of the State of Nevada, Nevada State Public Charter School Authority, or Nevada State Department of Education. Any obligation of the parties to this Agreement is and shall remain the sole responsibility of the parties.

b) CSMC agrees that no employee, executive, shareholder or director of CASLV shall be personally liable for payment or any breach of this Agreement, and that CSMC may only look to CASLV for payment or performance of the obligations required under this Agreement. Likewise, CASLV agrees that no employee, executive, shareholder or director of CSMC shall be personally liable for payment or any breach of this Agreement, and that CASLV 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.



4) Document Retention

Customer agrees that it will be responsible for providing CSMC with all records reasonably 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 a minimum of 3 years, after which time CSMC may destroy its files unless Customer requests in writing that CSMC retain files for a shorter or longer retention period.

5) Service Standards; No Guarantee – Limitation to Services and Exclusion of Liability for Other Work

a) CSMC cannot guarantee that the Services it provides under this Agreement will yield the results sought by CASLV. CSMC will nonetheless use its best faith efforts in providing the Services to secure the reasonable objectives sought by CASLV during CSMC's performance of its Services under this Agreement.

b) CSMC will provide Services in a reasonable, professional, first-class manner which: (i) is consistent with the provision of similar services to charter schools or of like quality, size, and purpose in the States of Nevada and California; (ii) is within any rules and parameters reasonably established by CASLV and this Agreement; and (iii) reflects favorably at all times on, and will not act to disparage or injure the reputation of, CASLV.

c) In providing the Services, CSMC shall comply with all applicable federal, state, and local laws, statutes, codes, ordinances, rules, regulations, orders, judgments, writs, stipulations, awards, injunctions, decrees, arbitration awards, court decisions, common law principles, and findings, or Governmental Authority policies, (collectively, the "Laws"). (Notwithstanding the foregoing, CSMC may, with CASLV's prior written consent, reasonably contest the application of a Law.) CSMC will immediately notify CASLV if at any time CSMC is not in compliance with a Law.

d) Prior to providing the Services, and at all times during the term of this Agreement, CSMC shall obtain and maintain in good standing all necessary or reasonably appropriate licenses, approvals, consents, permits, waivers, accreditations, certificates, and other authorizations (collectively, the "Licenses") issued by or from a governmental, administrative or regulatory authority, agency, commission, body or instrumentality, domestic or foreign (collectively, the "Governmental Authorities") in order for CSMC to provide the Services hereunder. At any time upon CASLV's request, CSMC shall immediately provide proof of such Licensing. CSMC will immediately notify CASLV if at any time CSMC is not in compliance with a License or this provision.

e) CASLV understands and agrees that it is retaining CSMC to perform only those Services listed above and defined in this Agreement as the Services.



6) Employees

a) **School Business Manager.** CSMC will assign a specific employee to CASLV to serve as the School Business Manager, providing high-level school financial operations. That person's duties include:

- i) Annual financial planning with all revenue & expense projections;
- ii) Budget development, mid-year revisions, fiscal and cash flow analysis;
- iii) Reporting school fiscal outlook to CASLV's Board and the SPCSA;
- iv) Evaluation of cash needs and lending options; and
- v) Completion and submission of state and federal funding applications.

b) **Accounting Manager.** CSMC will assign a specific employee to CASLV to serve as the Accounting Manager in charge of day-to-day accounting, fiscal reporting, and proceeding. That person's duties include:

- i) Prepare and maintain accurate financial reports (e.g., the general ledger);
- ii) Accounts payable services: e.g., reviewing and auditing vendor invoices, preparing check requests, monitoring financial activities, aligning monthly spending with budgets, and maintaining vendor files;
- iii) Perform attendance accounting function, tracking monthly attendance and reporting information (if applicable); and
- (iv) All other day-to-day accounting functions.

c) **Staffing.** CSMC shall hire an appropriate and reasonable number of adequately-qualified employees and personnel to perform the Services, and ensure that such personnel maintain high standards of confidentiality, honesty, integrity, and impartiality. During the term of this Agreement, CSMC shall reasonably make available the advice, expertise and judgment of its organization relating to the Services to be provided hereunder.

d) **Employment.** CSMC shall be solely responsible for hiring, supervising, directing the work of, promoting, discharging, training, and determining the compensation of all employees and other personnel providing the Services hereunder. Except for employees of contractors and subcontractors, all personnel providing Services shall be employees of CSMC, and CSMC shall be solely responsible and liable for the full amount of wages, compensation, severance and termination pay, and other benefits payable to such persons. The salaries, bonuses, other compensation, and benefits of all personnel shall be usual and customary for similar service providers.

e) **Debarment.** Notwithstanding the foregoing, CASLV may, for any or no reason, with or without cause, identify any CSMC employee who CASLV does not want to work, and



CSMC shall immediately reassign such employee to another client's file, or suspend or discharge him/her, at CSMC's discretion.

7) 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. The parties acknowledge and agree that if CASLV seeks a referral from CSMC, (i) Customer shall be responsible for interviewing, researching, and retaining any such service provider, person or company; (ii) Customer shall rely on its own assessment in making any hiring decision; (iii) CSMC does not warrant or guarantee the services, work or results of any service provider, person or company which CSMC may refer to Customer; and (iv) unless CSMC obtains Customer's prior written approval, CSMC may not collect a referral, brokerage, or similar fee or commission for making such referral.

8) 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 CASLV, its directors, officers, employees and agents. CSMC will promptly disclose to CASLV's Board any material errors, fraudulent financial reporting, misappropriation of assets, or illegal acts that may exist at one or more schools or offices operated by Customer. CASLV understands and agrees that CSMC has no responsibility to identify and communicate deficiencies in CASLV's internal controls as part of CSMC's provision of Services under this Agreement. In addition, CASLV shall have the responsibility to promptly notify CSMC of any material change in CASLV or CASLV's operations that will reasonably impact CSMC's ability to provide the Services under this Agreement.

9) Mutual Representations.

Each party (for the purposes hereof, the "*Representing Party*") represents, covenants and warrants to the other party that:

a) *Good Standing.* It is a corporation duly incorporated in the State of California, in CSMC's case, and a state public charter school duly chartered in the State of Nevada, in CASLV's case, in good standing under the Laws of such jurisdiction, with all requisite power and authority to enter into and carry out its obligations under this Agreement, and with full authority to conduct business in the State of Nevada as contemplated herein, if required by applicable Law.



b) *Authorization; Enforceability.* The execution, delivery, and performance of this Agreement by the persons executing the same on behalf of the Representing Party have been duly and validly authorized and this Agreement will, upon execution, constitute the legal, valid and binding obligation of the Representing Party enforceable in accordance with their respective terms.

c) *Licenses.* Except as indicated herein, no License of any other Person is required in connection with the execution, delivery and performance of this Agreement by the Representing Party.

d) *Approvals; No Conflicts.* The execution, delivery or performance of this Agreement will not, with or without the giving of notice and/or the passage of time, (i) violate any Law applicable to the Representing Party; or (ii) conflict with or result in the breach or termination of, or constitute a default under or pursuant to, the Representing Party's organizational documents, or any judgment, order, injunction, decree or ruling of any court or Governmental Authority, or any other agreement or instrument by which the Representing Party is bound or to which it is subject.

e) *No Litigation.* There is no material proceeding that has been commenced against the Representing Party that challenges, or may have the effect of preventing, delaying, making illegal or otherwise interfering with, performance of this Agreement, nor, to the knowledge of Representing Party, has such a proceeding been threatened. CSMC has not previously been, nor currently is, a party to any litigation or arbitration with any former charter school customers.

f) *Anti-Discrimination.* In conducting business, the Representing Party will not discriminate against any person on the basis of his/her race, color, religion, national origin, sex, marital status, disability, or any other classification protected by Law.

g) *Legal Advice.* The Representing Party has received or had the full opportunity to receive independent legal advice from attorneys of its choice with respect to the parties' dealings.

h) *Representations.* Except as expressly stated herein, the other party has not made any statement or representation regarding any fact relied upon by the Representing Party in entering into this Agreement.

10) Assignment

This Agreement is not assignable without the written consent of the parties hereto. Any assignment without the other party's prior written consent is null and void.

11) Indemnification

a) CASLV acknowledges that by providing the Services, CSMC performs an advisory and task-related function, and therefore provides the Services at the direction of



CASLV. CASLV 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 of CASLV.

b) CSMC shall indemnify and hold CASLV and its governing board members, supervisory board members, officers, executives, agents, employees, and successors and assigns harmless from and shall defend at its own expense all claims, demands, losses, damages, liabilities, and/or suits at law or equity (including reasonable attorneys' fees and costs) arising in whole or in part from, or relating to:

- i) CSMC's negligence, gross negligence, or willful misconduct;
- ii) CSMC's breach of its obligations under this Agreement;
- iii) CSMC's employees (including without limitation employment-related liabilities and violations of employment or labor Laws).

Nothing in this Agreement shall require CSMC to indemnify CASLV against claims, demands or suits caused by intentional or negligent acts of CASLV, its agents, officers or employees.

c) *Procedure.* Promptly after receipt by an indemnified person (including CASLV) of commencement of a proceeding against it, such person shall, if indemnification is requested hereunder, give notice to CSMC of the commencement of such claim, but the failure to notify CSMC will not relieve CSMC of any liability CSMC may have or its indemnity obligation. If CSMC assumes the defense of a proceeding, (i) it will be conclusively established that the claims made therein are within the scope of and subject to indemnification; and (ii) no compromise or settlement of such claims may be effected by CSMC without the Indemnified person's consent unless (A) there is no finding or admission of any violation of Law or of the rights of any person and no effect on any other claims that may be made against the indemnified person, and (B) the sole relief provided is monetary damages that are paid in full by CSMC; and (c) the indemnified person will have no liability with respect to any compromise or settlement of such claims effected without its consent. If notice is given to CSMC of the commencement of any proceeding and CSMC does not, within ten (10) days after the indemnified person's notice is given, give notice to the indemnified person of its election to assume the defense of such proceeding, CSMC will be bound by any determination made in such proceeding or any compromise or settlement effected by the indemnified person.

12) Professional Services

Customer acknowledges and agrees that CSMC's Services hereunder do not constitute (a) legal services or (b) licensed accounting services, and that those 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 (despite the fact that CSMC currently employs



more than half a dozen licensed accountants). Notwithstanding the foregoing, CSMC's provision of Services hereunder: (i) involves labor which is predominantly mental or intellectual in nature (rather than physical or manual); (ii) requires special, advanced education, training, knowledge and/or skills (beyond that of the mechanical trades, for example); (iii) involves the exercise of discretion and judgment by CSMC staff; and (iv) is done for profit—thereby constituting professional (if not licensed or certified) Services.

13) 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, or 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.

14) 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.

15) Insurance Responsibilities

i) 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.

ii) CSMC 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, and employment practices liability (including insurance against employment discrimination and sexual harassment). Upon a request from CASLV, CSMC will provide proof of fidelity bonds, or dishonest employee insurance, covering CSMC's employees. CSMC will maintain all such policies in good force and effect, with limits and deductibles as may be reasonably requested by CASLV from time to time. Upon a request from CASLV, CSMC will promptly provide CASLV with certificates of insurance for all such policies. CSMC shall deliver additional certificates of insurance (showing the procurement of replacement or renewal of insurance policies) no less than thirty (30) days prior to the expiration or termination of any insurance policy. All insurance policies shall be with insurance companies licensed or authorized to do business in Nevada and



having a minimum rating of A or better in the Best's Insurance Guide and an S&P rating of at least A+V. All such insurance policies shall be primary to any policies which CASLV may carry on its own.

16) No Employee Raiding

Customer recognizes and acknowledges that CSMC expends considerable time and effort and incurs substantial expense in recruiting and retaining qualified personnel. Except with CSMC's prior written approval, 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 a period of one hundred twenty (120) days after such person's voluntary or involuntary 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.

17) Sole and Entire Agreement; Amendments

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.

18) 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 CASLV 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. Arbitration shall be governed by the JAMS Comprehensive Arbitration Rules and Procedures conducted in Las Vegas, Nevada. The parties to this Agreement further agree that any arbitration demand must be filed with JAMS within 36 months from the time of any breach of this Agreement (or from the non-breaching party's discovery of the breach, if such party had no actual notice thereof), and that any claim commenced or filed after that time shall be time-barred as a matter of law. In this Agreement, CASLV's "knowledge" means the actual knowledge of its executive director from time to time.



19) 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. In lieu of such unenforceable term, there shall be added to the Agreement a term that is valid, enforceable, and as similar to the unenforceable term as possible (i.e., the Court shall have "blue-pencil" authority).

20) Intellectual Property

Nothing herein constitutes a license of CASLV's intellectual property rights or interests to CSMC, including without limitation CASLV's name, logos, derivations, slogans, copyrights, patents, trade- and service marks, themes, concepts, related trade secrets, know-how, and goodwill.

21) No Recording; Subordination.

This Agreement does not create an interest in CASLV's property and it may not be recorded in the public records of any jurisdiction, including without limitation in the records of the Clark County Recorder's Office or Nevada Secretary of State.

22) Notice

Unless otherwise set forth herein, 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
40925 County Center Drive
Suite 110
Temecula, CA 92591

Coral Academy of Science Las Vegas
Ercan Aydogdu
3039 West Horizon Ridge Parkway
Henderson, NV 89052

23) Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be an original, and all such counterparts shall constitute one and the same Agreement. The parties may execute counterparts and transmit them by e-mail or facsimile and agree and intend that a signature transmitted through the same shall bind the party so signing with the same effect as an original.

[The remainder of this page is blank and the signature page follows.]



[Signature Page to Services Agreement]

Signatures

CSMC

A handwritten signature in blue ink, appearing to read "Sandro Lanni", written over a horizontal line.

Sandro Lanni, President
CSMC

Date: 7/6/16

Customer

A handwritten signature in blue ink, appearing to read "Ercan Aydogdu", written over a horizontal line.

Ercan Aydogdu, Executive Director
Coral Academy of Science Las Vegas

Date: 7/7/2016