



CSMC

*Charter School Management Corporation
Helping Charter Schools Succeed
Corporate Headquarters
40925 County Center Drive
Temecula, CA 92590*

September 11, 2013

Proposal for American Indian Model Schools (AIMS)

Introduction

For 20 years California has been at the forefront of the charter school movement, and overall, the charter school model in California has been a solid success. Unfortunately, during that time period, many promising charter schools have run into financial management issues. Most charter school founders and operators are educators, not finance managers. Errors in required report filings or mismanagement of bookkeeping systems can lead to cash flow crises and unnecessary audit exceptions. This is where Charter School Management Corporation (CSMC) can help. By managing the financial and business side of your charter school, CSMC can free you to manage your core mission: education. CSMC is dedicated exclusively to assisting charter schools, and we are experts at what we do. CSMC can manage your raw data—such as daily attendance records, bills, and payroll information—and we will compile, track, analyze, and report this information for you and to you. A review of our References Section will confirm that our clients appreciate our flexibility, professionalism, and expertise. We are confident you will, too. Together, we can ensure that you remain financially viable and available to focus your energies on your primary program: delivering your kids the high-quality education they deserve.

With acceptance of this proposal, CSMC will promptly assign an individual School Business Manager to American Indian Model Schools. The School Business Manager will be your primary contact for all CSMC services and support. Your personal School Business Manager will interface directly with your executive staff and will act as the principal conduit for information between AIMS and CSMC.



CSMC

CSMC Scope of Service Summary

Summary of AIMS

Number of schools = 3
Approximate number of students* = 600
Authorizing agency or agencies = State Board of Education

Summary of services offered within:

- Back-Office Services
- Strategic Planning and Leadership Positioning Support
- Charter Vision Access

Contract Period:

September 13th, 2013 through June 30th, 2014 (At the discretion of CSMC, CSMC may begin to provide services earlier in effort to ensure success; however, the client shall not be obligated for payment until the contract period begins)

Summary of Pricing:

Setup Fee = \$15,000
Ongoing Monthly Fee = \$10,000

*Our proposal is predicated on our shared understanding of your support needs. If your number of students is appreciably different from this number, we will adjust our fees accordingly. With that principle in mind, we remain open to modify elements of our program to accommodate your changing needs.



CSMC Scope of Service Detail

In order to fully support AIMS, CSMC proposes the following support services:

- 1) Strategic Planning and Leadership Repositioning**
 - a) Assign primary CSMC staff to AIMS. This person shall be the primary liaison and support person for AIMS as you go through the appeals process, and will provide advice and suggestions on the process.
 - b) Assist board in managing search process for the addition of no fewer than two and no more than four new board members for the AIMS board.
 - c) Our understanding is that the current director is interim. Assuming that, coordinate search process for permanent executive director.
 - d) Strategize facilities transition for 12th Street campus, including the possible sale of building to AIMS or affiliated AIMS organization.
 - e) Provide support and guidance in specific content areas as follows: business and financial systems, governance, and school policies.
 - f) Assist in the strategizing for, writing and editing of any public messaging. Provide written feedback on public documents.
 - g) Publicly advocate for AIMS in the media and at public hearings.

- 2) Fiscal**
 - a) **Complete 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 AIMS. Specifically, CSMC will:
 - i) **Chart of Accounts** – Create a Standard Account Code Structure (SACS) and Generally Accepted Accounting Principles (GAAP) compliant and AIMS 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 AIMS.
 - 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 any legally-restricted revenues (e.g. Title I) and/or other revenues client wishes to 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.
- c) **Associated Student Body (ASB) Bookkeeping** – If your school has such student-specific funds, CSMC will maintain separate ASB accounts and reconcile them into your larger bookkeeping structure.

3) Payroll

- a) **Payroll setup** – Based upon the payroll information from AIMS, CSMC will enter each full- and part-time employee into an enterprise-class payroll service (e.g., Ceridian), and ensure each is paying appropriate withholdings, taxes and other deductions. AIMS 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 AIMS. Payroll processing includes all of the following:
 - i. Complete PERS reporting through the County Office of Education. Please note that some Counties or Districts charge a fee to charter schools to transmit PERS information to the PERS systems. If the county or district charges such a fee, AIMS 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, emphasizing selecting a provider that will provide high value support to the charter school.

4) External Reporting

- a) **Preparation and data submittal of required budget reports in SACS format** - includes 1st Interim, 2nd Interim, next year proposed, and unaudited actual to district, county and state entities.
- b) **Attendance** – includes preparation and data submittal of Period 1 (P1), Period 2 (P2), and annual (P Final) attendance reports to district, county and state entities.

- c) **Audit** – CSMC will act as the lead point of contact with AIMS’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 and California Form 199 by applicable deadlines.
- d) **Categorical program budgeting and oversight** – separate fund tracking for all restricted or categorically relevant programs.
- e) **Consolidated Application** – If AIMS 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 AIMS participates in this program, CSMC will assist with NSLP bookkeeping, submission of monthly food program reimbursement forms and completion of required annual reports.
- g) **CBEDS** – Assist schools in the completion of their School Information Form for Independently Reporting Charter Schools CBEDS annual survey.
- h) **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.

5) Internal Reporting and Budgeting

- a) **Budgeting/Cash Flow** – CSMC collaboratively with AIMS 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. At least one budget revision shall occur each year upon certification of the P1 report. Other modifications are to be performed as necessary or requested by AIMS, 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 AIMS. Cash flow timing and Budget to Actual reporting on a monthly basis shall be reported to AIMS.
- 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 AIMS *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 AIMS’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 AIMS 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 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.

6) 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.

7) Policies

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

8) Client Support

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

9) 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.

Proposed Fees

One-Time Setup Fee – \$15,000 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

Ongoing Fee for Services – Monthly installments of \$10,000 beginning in September 2013. This fee covers all of the ongoing services listed in this contract after the initial setup period.

Proposed Contract Period

Setup will begin on or around September 13th 2013 and will last for all of that month. Ongoing services will begin on September 13th, 2013 and will end on June 30th, 2014, unless American Indian Model Schools renews its contract with CSMC.

References

We know that choosing a business back office provider like CSMC is an important decision for you and your school. If we were in your place, we would want to talk with some actual, current CSMC clients to see how well CSMC supports its clients. In case you would like to talk with such references, below are the contact name, school, school summary information and phone number of several CSMC client schools which are similar to your school:

Temecula Valley Charter	Joann Burnett, Principal	951-926-9037
Ivy Bound Academy	Kiumars Arzani, CEO	818-808-0158
International School of Monterey	Sean Madden, Director	831 583 2166
Vielka Mc Farlane Celerity Educational Group,	President & CEO	310 922 4262

Parties

This contract for charter school business support services is between the Charter School Management Corporation (hereinafter referred to as "CSMC") and American Indian Model Schools (hereinafter referred to as "AIMS"). It is understood that this is an agreement whereby AIMS desires to retain CSMC, because of CSMC's expertise, prior experience and comprehensive service offerings, as they relate to AIMS's operation of a charter school, and that CSMC desires to provide expertise for the benefit of AIMS using

its knowledge, skills, experience and abilities. This contract 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 AIMS. CSMC shall be free to provide similar services for other clients.

Timing of Services

The parties shall agree upon a mutually acceptable time schedule for submission, review and return of the above documents and services.

Communication Between the Parties

Client will direct all communication to the CSMC Account Manager and CSMC will direct all communication to AIMS'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 AIMS confidential within the full allowable extent of State and Federal Law.

Sole Entity

This contract is entered into by the AIMS 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 AIMS arising from this contract is and shall remain the sole responsibility of the AIMS.

No Guarantee

CSMC cannot guarantee that the services it provides under this contract will yield the results sought by Client. CSMC promises a good faith effort to secure all reasonable objectives sought by AIMS in this consulting agreement.

Right to Rely

In performing its duties and obligations under this contract, CSMC has the right to rely upon the truthfulness, completeness and accuracy of the information and data provided by AIMS, its directors, officers, employees and agents.

Assignment

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

Indemnification

CSMC shall indemnify and hold AIMS and its officers and employees harmless from and shall process and defend at its own expense all claims, demands, or suits at law or equity arising in whole or in part from CSMC's negligence or breach of any of its obligations under this agreement; provided that nothing herein shall require CSMC to indemnify AIMS against and hold harmless AIMS from claims, demands or suits based solely upon the conduct of AIMS, its agents, officers and employees; and provided further that if the claims or suits are caused by or result from the concurrent negligence of (a) CSMC's agents or employees and (b) AIMS, its agents, officers and employees, this indemnity provision with respect to (1) claims or suits based upon such negligence (2) the costs to AIMS of defending such claims and suits shall be valid and enforceable only to the extent of CSMC's negligence or the negligence of the CSMC's agents or employees. AIMS

acknowledges that the CSMC performs an advisory and task related function, and therefore provides services at the direction of AIMS. Ultimate decisions on the execution of agreements and transactions, and the determination of rights, processes, controls and obligations rest entirely with AIMS.

Payment for Services

AIMS will pay to CSMC the amount outlined in the Proposed Fees section of CSMC's proposal to AIMS. CSMC will submit a written billing statement to Client on a monthly basis. AIMS will make payments to CSMC promptly upon receipt of the monthly billing statements.

Termination of Contract

This contract shall continue in full force for the period stated in the section Proposed Contract Period section of CSMC's proposal to AIMS, unless terminated earlier as provided below.

AIMS may cancel the contract at any time without cause by providing written notice of the cancellation, provided, however, that AIMS shall pay CSMC for all fees incurred up until the date of notice of cancellation based on the rates noted in CSMC's proposal to AIMS.

CSMC may cancel the contract at any time without cause by providing written notice of cancellation.

Sole and Entire Agreement

This contract 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 contract shall be permitted. All changes to this document must be made in writing and agreed to by both parties.

Severability

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

Governing Law

This contract is made and entered into in the State of California and all of its provisions shall be governed and interpreted under California law.

Notice

Notice to the parties under this agreement shall be delivered to the following addresses:


CSMC HEADQUARTERS
40925 County Center Drive
Suite 110
Temecula, CA 92591

American Indian Model Schools
171 12th Street
Oakland, CA 94607

Signatures



Sandro Lardi, President
President, CSMC



Nedhar Bey
Board Vice President
American Indian Model Schools

Date: 9-12-2013

Date: 9-12-13