



# CSMC

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

May 13, 2016

## **Services Agreement for American Indian Model Schools**

This Services Agreement (“Agreement”) for charter school business support services is between the Charter School Management Corporation (hereinafter referred to as “CSMC”) and *AIMS* (hereinafter referred to as “Customer” or “you”). CSMC and *AIMS* 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 *AIMS* desires to retain CSMC, because of CSMC’s expertise, prior experience and comprehensive service offerings, as they relate to *AIMS* operation of one or more charter schools, and that CSMC desires to provide expertise for the benefit of *AIMS* using its knowledge, skills, experience and abilities.



## CSMC Scope of Service Summary

### **Summary of American Indian Model Schools**

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

Number of schools = 3

Approximate number of students\* = 1,050

Authorizing agency or agencies = Oakland Unified

### **Summary of services offered within:**

- Back-Office Services
- Charter Vision Access
- Fully Supported PowerSchool Services (as defined in Attachment A) PowerSchool licensing to remain with AIMS and be paid directly to PowerSchool by AIMS.
- CALPADS support (as defined in Attachment A)

### **Contract Period:**

The Contract Period shall be *July 1, 2016* through *June 30, 2017*

### **Summary of Pricing:**

Setup Fee = \$ 0

Ongoing Monthly Fee = \$ 12,000

\*The pricing set forth above is predicated on CSMC's understanding of AIMS's support needs, based on AIMS' representations. If AIMS'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 AIMS' changing needs.



## CSMC Scope of Services

In order to support AIMS, 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 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 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.

### 2) 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, for purposes of calculating 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 STRS and PERS reporting through the County Office of Education.



Please note that some Counties or Districts charge a fee to charter schools to transmit STRS and PERS information to the STRS and 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 (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) **Preparation and data submittal of required budget reports in SACS format** – includes 1<sup>st</sup> Interim, 2<sup>nd</sup> 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 with external accounting firm.
- 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 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) **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.

#### 4) 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 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 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 a complete and compliant Safety Manual.

#### 7) **Client Support**

a) **Client Support** – At AIMS’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.



**9) Student Information System (SIS)**

a) **PowerSchool Premier** – PowerSchool is the market leader for SIS products. CSMC assists with the implementation, maintenance, troubleshooting, and updating. CSMC provides an ongoing program to assist you with your charter school operations. CSMC's support will not only dramatically ease your implementation of PowerSchool, but lower your overall support and operational costs. CSMC's support consists of but not limited to:

- i) Initial Product Roll out
- ii) Initial Product Training
- iii) On Going Maintenance & Support
- iv) Access to CSMC Help Desk

See Service level agreement (Attachment A) for specifics

**10) CALPADS State Reporting Services** – Full-Service CALPADS Support - CSMC and AIMS agree to discuss specifics regarding CALPADS support and shall memorialize the specific level of service for such support in a separate agreement.

**Fees**

**One-Time Setup Fee – \$ 0**

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.csmci.com](http://www.csmci.com)) or other materials.

### **Ongoing Fee for Services**

In addition to the One-Time Set-Up Fee, AIMS shall pay to CSMC monthly installments of \$ 12,000 beginning in July 1, 2016. This fee shall cover payment to CSMC for the Services. AIMS shall pay this ongoing fee for the Services until the expiration or termination of this Agreement, at which time AIMS shall within 15 days pay CSMC any unpaid monthly fees for Services. AIMS 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, 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") 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 45<sup>th</sup> 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 AIMS.

#### **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 AIMS. CSMC shall be free to provide similar services for other clients.

#### **Communication Between the Parties**

AIMS 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 to the allowable extent of State and Federal Law.

#### **Parties Are Sole Obligors**

This Agreement 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 parties to this Agreement is and shall remain the sole responsibility of the parties. CSMC agrees that no employee, executive, shareholder or director of AIMS shall be personally liable for payment or any breach of this Agreement, and that CSMC may only look to AIMS for payment or performance of the obligations required under this Agreement. Likewise, AIMS agrees that no employee, executive, shareholder or director of CSMC shall be personally liable for payment or any breach of this Agreement, and that AIMS 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 3 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 AIMS. CSMC will use good faith efforts in providing Services to secure the reasonable objectives sought by AIMS during CSMC's performance of its Services under this Agreement. AIMS understands and agrees that it is retaining CSMC to perform only those Services listed above and defined in this Agreement as the Services. AIMS 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 AIMS, its directors, officers, employees and agents. CSMC shall not be expected to, and AIMS 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. AIMS understands and agrees that CSMC has no responsibility to identify and communicate deficiencies in AIMS's internal controls as part of CSMC's provision of Services under this Agreement. In addition, AIMS shall have the responsibility to promptly notify CSMC of any material change in AIMS or AIMS'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.

### **AIMS's Direction - Indemnification**



AIMS acknowledges that by providing the Services, CSMC performs an advisory and task-related function, and therefore provides the Services at the direction of AIMS. AIMS 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 AIMS. To the extent that AIMS properly directs CSMC, and to the extent that CSMC fails to properly perform the Services, CSMC shall indemnify and hold AIMS 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 AIMS against claims, demands or suits based upon intentional or negligent acts of AIMS, 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**

AIMS 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, AIMS shall pay to CSMC all unpaid fees and AIMS shall reimburse CSMC for all costs incurred by AIMS to provide the Services. The parties agree that those reimbursable costs would be difficult to calculate and therefore agree that if AIMS terminates this Agreement without cause within the first year from the Start Date, AIMS will pay to CSMC as liquidated damages fees equivalent to three months of the standard monthly fee for Services. If AIMS terminates without cause in year two following the Start Date, the liquidated damages payable to AIMS shall be two months of the fees for Services. AIMS 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 AIMS written notice of cancellation 30 days prior to termination. However, if AIMS terminates this Agreement for cause (e.g., due to lack of payment), AIMS 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 California. CSMC and AIMS 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 Orange County, California. 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  
40925 County Center Drive  
Suite 110  
Temecula, CA 92591

American Indian Model Schools  
Maya Woods-Cadiz  
171 12th Street  
Oakland, CA 94607

**Signatures**

CSMC

Customer

\_\_\_\_\_  
Sandro Lanni, President  
CSMC

\_\_\_\_\_  
Maya Woods-Cadiz, Superintendent  
American Indian Model Schools

Date: \_\_\_\_\_

Date: \_\_\_\_\_