

This document was provided, as is, to the California Department of Education (CDE) by **Peak Prep Pleasant Valley**. This document is posted to the CDE website to meet the legal requirements of California *Education Code* Section 33009.5.

For more information regarding the content of this material, please contact the Charter Schools Division by phone at 916-322-6029 or by email at charters@cde.ca.gov.

Nonclassroom-Based Funding Determination Form - Fiscal Year 2019-20

Information collected on this form is pursuant to *California Code of Regulations*, Title 5 (5 CCR)

1. Charter School Name

2. Charter School Authorizer

3. Charter School Number 4. CDS Code

5. Street Address

6. City 7. County 8. Zip Code

9. Contact Name 10. Title

11. Phone Number ext. 12. Email

13. Grade Levels Served 14. Date Charter Expires (MM/DD/YYYY)

15. Funding Requested (Select one) 100% 85% 70%
16. Years Requested (Select one) 2 3 4 5
Note: New charter schools are limited to two years pursuant to 5 CCR 11963.6(a)

17. Funding Determination Period Requested FY to

18. Charter School Deadline - Select one (See notes below for charter school type selection)

- Due Date: 12/2/2019 New Charter School in Fiscal Year 2019-20
- Due Date: 2/3/2020 Existing Charter School Renewal
- Due Date: 9/30 New Charter School 90 Day Reporting, 5 CCR 11963.6(a)
- Other Funding Determination Select FY Source Data

- For a New Charter School in FY 2019-20, use FY 2019-20 budget data.
- For an Existing Charter School, with a Funding Determination Form (FDF) expiring at the end of FY 2019-20, use FY 2018-19 audited financial data.
- For a New Charter School 90 Day Reporting, within 90 days after the end of a charter school's first year of operation, two reports must be filed with the CDE: (1) FDF (based on the charter school's actual second year budget data), and (2) Unaudited actual report (based on the actual first year unaudited data).
- If a New Charter School or an Existing Charter School misses the deadline, the charter school will need to obtain a waiver from the State Board of Education (SBE). Information on the waiver process is posted on the CDE waiver web page at <http://www.cde.ca.gov/re/lr/wr>. The governing board of the charter school's authorizing local educational agency will need to request a waiver and conduct a public hearing. The SBE may approve such waivers under the general waiver authority, under California *Education Code (EC)* sections 33050-33053.

Section II. Financial Information (Complete sections A, B, D, and E)

A. Total Resources (Complete lines A.1.a to A.1.d)

1. Revenues and Other Resources

5 CCR 11963.3(a)(5)(A) and (6)

a. Federal Revenues

(i) Enter amount of Public Charter Schools Grant
Program included under Federal Revenues
(Line A.1.a)

b. State Revenues

c. Local Revenues

d. Other Financing Sources

e. Total Revenues (Sum of lines A.1.a to A.1.d)

B. Total Expenditures and Other Uses (Complete lines B.1 to B.4)

1. Instruction and Related Services

5 CCR 11963.3(a)(5)(B) and (6)

a. Salaries and Benefits

(i) Certificated

(ii) Classified

b. Books, Supplies, and Equipment

c. Services and Other Operating Costs

(i) Contracts for Instructional Services

(ii) Contracts for Instructional Support

(iii) All Other Instruction Related Operating Costs

d. Total Instruction and Related Services

2. Operations and Facilities

5 CCR 11963.3(a)(5)(C) and (6)

a. Salaries and Benefits

(i) Certificated

(ii) Classified

b. Books, Supplies, and Equipment

c. Services and Other Operating Costs

B. Total Expenditures and Other Uses (Complete lines B.1. to B.4), continued

d. Facility Acquisition and Construction

e. Total Operation and Facilities

f. Allowable Facility Costs

5 CCR 11963.3(b)(7)

(i) Enter the total facility square footage occupied
by the charter school

_____ sqft.

(ii) Enter the total Classroom-Based P-2 ADA reported
in the prior FY. DO NOT INCLUDE NCB ADA

(iii) Enter the total Student Hours attended by the NCB
pupils at the school site in the prior FY

(iv) Calculated Facilities Costs

Lesser of line B.2.e or $[(B.2.fii+(B.2.fiii/868)]*1000$

Allowable (Lesser of line B.2.e or B.2.fiv)

3. Administration and All Other Activities

5 CCR 11963.3(a)(5)(D) and (6)

a. Salaries and Benefits

(i) Certificated

(ii) Classified

b. Books, Supplies, and Equipment

c. Services and Other Operating Costs

(i) Contracts for Other Administrative Services

(ii) Supervisorial Oversight Fee

(iii) All Other Administration and Other Activities,
Services and Operating Costs

d. Total Administration and Other Activities

4. Other Outgo and Other Financing Uses

5 CCR 11963.3(a)(5)(E) and (6)

a. Debt Service

b. Transfers to local educational agencies

c. All Other Transfers and Outgo

d. Total Other Outgoing and Other Financing Uses

B. Total Expenditures and Other Uses, continued

5. Total Expenditures

(Sum of lines B.1.d, B.2.e, B.3.d, and B.4.d)

C. Revenues Over Expenditures - Surplus or (Deficit)

(Line A.1.e minus Line B.5)

D. Fund Balance (Complete line D.a)

a. Enter Beginning Fund Balance (July 1)

5 CCR 11963.3(a)(5)(A)

b. Ending Fund Balance - June 30 (Line C plus Line D.a)

E. Reserves (Complete lines E.a. to E.e)

If reserves in line E.a or E.b are more than \$50,000 or over 5% of total expenditures, provide an explanation in Section III.6, pursuant to 5 CCR 11963.3(a)(5)(F).

	% of Expenditures	
a. Designated for Economic Uncertainties	<input type="text"/>	<input type="text"/>
b. Facilities Acquisition or Capitol Projects	<input type="text"/>	<input type="text"/>
c. Reserves Required by Charter Authorizer		<input type="text"/>
d. Other Reserves (Explain in Section III.5 below)		<input type="text"/>
e. Unassigned/Unappropriated Fund Balance		<input type="text"/>
f. Total (Sum of lines E.a to E.e)		<input type="text"/>

Note - Line E.f must agree with Line D.b

1. Pupil to Teacher Ratio (PTR), pursuant to EC Section 51745.6 and 5 CCR Section 11704

a. Enter the charter school's PTR:

0.00:1

b. If the charter school's PTR in line III.1.a exceeds 25:1, enter the name of the largest unified school district in the county or counties in which the charter school operates:

c. Enter the PTR for the unified school district listed on line III.1.b:

0.00:1

2. Did any entity receive \$50,000 or more OR 10% or more of total expenditures (Line B.5) in the FY 2018-19 OR will receive in the FY 2019-20? (5 CCR 11963.3[b][3])

Yes

No

If yes to line III.2, list the name of each entity and the cumulative amount received by each entity in Box 2.a on Page 5. Are contract payments made by the charter school based on specific services rendered or upon an amount per unit of average daily attendance (ADA) or some other percentage of the charter school's revenues, enrollment, etc? If yes, identify on Page 5 Box 2.a.

6. If reserves reported on line E.a (designated to economic uncertainties) OR E.b (facilities acquisition or capital projects) exceed the greater of \$50,000 or 5% of total expenditures, explain the reason for the need of such excess reserves.

E.a

Percentage

E.b

Percentage

7. Enter the full-time equivalent (FTE) employees working at the charter school that possess a valid teaching certificate, permit, or other document equivalent to that which a teacher in other public schools would be required to hold, issued by the Commission on Teacher Credentialing, and are required to provide direct instruction or direct instructional support to students.

FY 2018-19 FTE (0.0) <input style="width: 100%;" type="text"/>	FY 2019-20 FTE (0.0) <input style="width: 100%;" type="text"/>
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8. Enter the average daily attendance (ADA).

FY 2018-19 P-2 ADA <input style="width: 100%;" type="text"/>	FY 2019-20 P-2 ADA <input style="width: 100%;" type="text"/>
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1. Is this charter school a virtual or on-line charter school as defined pursuant to 5 CCR 11963.5? (A virtual or on-line charter school is one in which at least 80% of teaching and student interaction occurs via the Internet.)

Yes
 No

2. If Yes to line IV.1, can the charter school demonstrate compliance with 5 CCR sections 11963.5(b)(2) to (8)? Regulations are available on the CDE Charter School Regulations web page at <http://www.cde.ca.gov/sp/ch/csregsmar04.asp>.

Yes
 No
 N/A



a. Charter School Name

b. Charter School Number

1. Percent spent on Certificated Employee Salaries and Benefits to Total Public Revenues 5 CCR 11963.3(c)(1)

Certificated Salaries and Benefits costs Line B.1.a(i)/Federal Revenues Lines A.1.a - PCSGP A.1.a(i) + State Revenues A.1.b

2. Percent spent on Instruction and Instruction-Related Services to Total Revenues 5 CCR 11963.3(c)(2)

Instructional and Related Services costs Line B.1.d + Allowable Facilities costs 2.f.(iv)/Total Revenues Line A.1.e

Funding Determination Criteria

If the percentages from lines V.1 or V.2 do not meet the spending criteria of the funding level requested as shown below, complete Section VI. Mitigating Circumstances, for consideration by the Advisory Commission on Charter Schools (ACCS) for making a recommendation other than one that results from the criteria specified in regulations.

100%	1) Line V.1 must equal or exceed 40 percent, 2) Line V.2 must equal or exceed 80 percent, AND 3) Line III.1.a. PTR cannot exceed 25:1 OR the PTR on Line III.1.c, the ACCS shall recommend approval at 100%, unless there is a reasonable basis to recommend otherwise (5 CCR 11963.4[a][3]).
85%	1) Line V.1 must equal or exceed 40 percent, AND 2) Line V.2 must equal or exceed 70 percent but less than 80 percent, the ACCS shall recommend approval at 85%, unless there is a reasonable basis to recommend otherwise (5 CCR 11963.4[a][2]).
70%	1) Line V.1 must equal or exceed 35 percent, AND 2) Line V.2 must equal or exceed 60 percent but less than 70 percent, the ACCS shall recommend approval at 70%, unless there is a reasonable basis to recommend otherwise (5 CCR 11963.4[a][1]).
Denied	1) Line V.1 is less than 35 percent, AND 2) Line V.2 is less than 60 percent, the ACCS shall recommend that the SBE deny the request, unless there is a reasonable basis to recommend otherwise (5 CCR 11963.4[a][4]).

1. Explain why the charter school did not meet the criteria for the funding determination requested. Include specific measures or actions taken by the charter school to comply.

2. List and explain the mitigating circumstance(s) to be considered by the CDE and ACCS.

3. Provide any other pertinent information that may assist the CDE and ACCS in conducting a detailed review or develop a reasonable basis for a recommendation.



I certify that:

1. The information provided is true and correct to the best of my ability and knowledge.
2. This charter school's nonclassroom-based instruction is conducted for and substantially dedicated to the instructional benefit of the school's students.
3. This charter school's governing board has adopted and implemented conflict of interest policies.
4. All of the charter school's transactions, contracts, and agreements are in the best interest of the school and reflect a reasonable market rate for all good, services, and considerations rendered for or supplied to the school.

Enter Name of Charter School's Director, Principal, or Governing Board Chairperson

Title of Authorized Individual

Before certifying with electronic/digital signature below, please be sure to check all numerical entries and information provided, and save a copy of this form. Modifications to the information reported on this form cannot be made after the signature field below has been completed.



Signature of Charter School's Director, Principal, or Governing Board Chairperson

Submit completed and electronically signed forms via email to charter-sb740@cde.ca.gov.

As of FY 2019-20, the CDE is no longer requiring the following:

- Hard copy of the FDF
- Hard or soft copy of the Conflict of Interest Policy

As such, please do not submit these documents to the CDE.

Exhibit 1

EXHIBIT 1

Charter Schools Division
California Department of Education
1430 N. Street
Sacramento, CA 95814

February 12, 2021

Re: Summary of Submissions from Peak Prep Pleasant Valley Charter School to the California Department of Education Related to the 90-Day Report and Support for Mitigating Circumstances Related to the 2019-20 Fiscal Year

September – October 2020, Submission of the 90-Day Report

Peak Prep Pleasant Valley Charter School (“Peak”) submitted its 90-Day Report to the California Department of Education (“CDE”) last September 2020, inclusive of Peak’s budget for the 2020-21 fiscal year (**Exhibit 2**). The CDE granted Peak Prep an extended deadline for submitting the 2019-20 Unaudited Actuals Report (**Exhibit 3**) due to Peak’s ongoing legal dispute with, its prior year back-office service provider, Accel, over 2019-20 charges, which made it impossible for Peak to close out its 2019-20 financial books and records. Peak submitted its 2019-20 Unaudited Actuals Report at the end of October 2020, although it was still unfinalized because litigation with Accel remained pending (and continues to remain pending).

The 2019-20 Unaudited Actuals Report was prepared by Peak’s new back office provider, Ventura County Schools Business Services Authority (“BSA”), based on the best information available to it. The 2019-20 Unaudited Actuals Report represents only justifiable expenses that Peak was able to identify and definitively book based on BSA’s analysis. However, again, all potential expenses relating to the 2019-20 school year are not reflected in the 2019-20 Unaudited Actuals Report submitted to the CDE due to ongoing litigation between Peak and Accel. That lawsuit is intended to resolve the amount of compensation that may be fairly owed to Accel for services provided in 2019-20, particularly with regards to instructional expenditures.

December 2020, Submission of a Funding Determination Form Based on 2019-20 Actuals

On December 4, 2020, CDE asked Peak to submit an updated funding determination form (“FDF”) based on the 2019-20 Unaudited Actuals Report (**Exhibit 4**). The revised FDF, which was submitted on December 11, 2020 provided a brief explanation of Peak’s mitigating circumstances for why its actuals did not appear consistent with its budget in 2019-20. However, on December 23, 2020, Peak Prep received a letter from CDE asking Peak Prep to “provide a written response explaining the significant differences in expenditure percentages” between the original 2019-20 FDF and the revised FDF that was based on unaudited actuals (**Exhibit 5**).

January 2021, Submission of Explanations for the Variance Between 2019-20 Budget/Actuals Constituting Mitigating Circumstances

Peak responded to CDE’s December 23, 2020 letter on January 8, 2021 and explained the circumstances involving Accel in the 2019-20 school year and the lawsuit with Accel (**Exhibit 6**). Peak’s letter was accompanied by a letter from BSA validating these one-time special circumstances, and that as of 2020-21, Peak has been compliant with requirements to maintain its full funding level (**Exhibit 7**). Those letters were also accompanied by supporting documents, including Peak’s service agreement and co-employment agreement with Accel and the complaint in the ongoing litigation with Accel (**Exhibit 8**). Those documents substantiate that Peak attempted to satisfy the 40-80 rule in 2019-20, and that the amount it will ultimately spend towards that fiscal year is now tied up in litigation with Accel. **Together, these submissions should be considered to provide the full explanation of the facts related to the circumstances in the 2019-20 school year, the lawsuit that followed with Accel, and the apparent variance**

between the budget and actuals for 2019-20. Peak believes that those facts demonstrate mitigating circumstances and support maintaining Peak's current funding determination level.

On January 13, 2021, Peak received a response from CDE stating that the Advisory Commission on Charter Schools ("ACCS") would recommend denying funding for Peak Prep based on its 2019-20 actuals as submitted (**Exhibit 9**), although, Peak did not understand that the ACCS had yet met to review and address the matter. However, the letter invited Peak to submit a further revised funding determination form with mitigating circumstances by February 12, 2021. Peak Prep's legal counsel, Young, Minney & Corr, LLP ("YMC"), scheduled a meeting with Director Farland on January 22, 2021 to clarify CDE's January 13, 2021 letter and its expectations for this current submission. On January 25, 2021, CDE confirmed that it was inviting Peak Prep to submit a revised FDF "with mitigating circumstances" and "based on the first-year unaudited actual expense reports." (**Exhibit 10.**)

February 2021, Resubmission of the 2019-20 FDF and Evidence of Mitigating Circumstances

The February 12, 2021 revision of the 2019-20 FDF (the cover document in this submission) is identical to the first revision submitted on December 11, 2020 (**Exhibit 4**) except for sections B1a and B1c. The February 2021 revision moves \$902,770 from section B1c to B1a to fairly reflect expenditures on certificated salaries and benefits as being properly allocated to Peak because that certificated staff was hired and supervised by Peak's Superintendent to exclusively serve Peak's students, and Peak does not dispute that it is liable for their 2019-20 salaries and benefits. A detailed explanation for the characterization of these expenditures can be found on page 6 of BSA's January 8, 2021 letter (**Exhibit 7**).

The further revised FDF also clarifies the mitigating circumstances related to the 2019-20 school year in Section VI, incorporating this summary document and the other exhibits cited in this summary as evidence of mitigating circumstances. Again, Peak believes that the unknown variance between the 2019-20 budget and 2019-20 actuals due to its lawsuit with Accel reflect one-time unique circumstances that will not be repeated in 2020-21 or going forward, and that these are mitigating circumstances that justify the maintenance of Peak's current 100% funding determination until the litigation is completed and the FDF can be re-filed with updated 2019-20 actuals.

Possible FDF Scenarios Depending on the Outcome of the Lawsuit Between Accel and Peak

Peak asked BSA to also prepare sample FDFs showing how the 2019-20 FDF would change under various scenarios, depending on the outcome of the litigation with Accel, i.e., amounts Peak might be determined to owe Accel. Peak is providing these scenarios to the CDE to demonstrate that the outcome of the lawsuit will determine which funding threshold Peak would qualify for as to 2019-20 with updated actuals. **To be clear, because Peak is in litigation with Accel over the appropriateness of its charges, Peak does not intend that these FDFs t be construed in that litigation as admissions that Peak owes Accel the amounts listed. Peak is disputing the amounts to protect public funds in light of deficiencies in Accel's provision of services to Peak, but recognizes that Accel provided some services/materials of value which will be addressed in the litigation. Ultimately, Peak will conform its FDF for 2019-20 with the final outcome of the lawsuit after all claims and defense are adjudicated or settled.**

Exhibit 11 shows a summary of all the 2019-20 invoices charged to Peak Prep by Accel. The primary amount in dispute is the \$1,757,953.10 charged for management services, however, that amount is inclusive of instructional supports and services such as online curriculum and administrative software that might be valued at a minimum of \$400,000 in a settlement or judgment. **Exhibit 12** shows a scenario where Peak qualifies for 70% funding (<35% certificated salaries/benefits, <60% instructional expenditures) on the assumption that Peak pays Accel an additional \$400,000 for non-salary instructional expenditures, which would push total instructional expenditure to above 60% of total revenues. **Exhibit 13** shows a scenario where Peak qualifies for 85% funding (<40% certificated salaries/benefits, <70% instructional expenditures). Under this scenario, the assumptions for the 70% scenario are carried over, but it also assumes that Peak would be required to pay the balance of Accel's employee charges (\$1,177,825.80 shown in **Exhibit 11** minus the \$902,770 already recognized in unaudited actuals), which would increase the certificated salary percentage to above 40%. Under this scenario, it is also assumed that Peak would

pay an additional \$96,600 in technology support services as invoiced related to the instructional program. This amount plus the added payroll amount would push total instructional expenses to above 70% of total revenues.

These funding scenarios show that it is reasonable to expect that Peak will at least meet the minimum requirements for its 2019-20 funding once its litigation with Accel is resolved. It is also possible that Peak Prep would qualify for 100% funding for 2019-20 if Peak Prep were to be ordered to pay an additional \$1 million in instructional expenditures to Accel.

Possible Litigation Outcome Scenarios

Scenario	Judgment/Settlement Payment to Accel/ESS	Certificated Salaries and Benefits	Instruction and Instruction-Related Services	Funding Scenario
1	\$1,015,842	47.82%	80%	100% Funding
2	\$771,653	47.82%	72.14%	85% Funding
3	\$400,000	39.44%	60.18%	70% Funding

Proposed Next Steps: Deferral of the Funding Determination Issues Until Resolution of the Lawsuit

Because Peak’s 2019-20 actuals remain unfinalized, Peak respectfully asks that CDE refrain from making any decisions about Peak’s funding determination level until after the lawsuit with Accel has been resolved. Given that Peak is being funded this year based on 2019-20 ADA, which is much lower than current year projected actual ADA for students enrolled in 2020-21, any loss of funding in the current or prior year would make it very difficult, if not impossible, for Peak to remain in operation and serve students who are benefiting from Peak’s instructional model during these unprecedented times. The projected cash deferrals imposed by the State this year would also exacerbate any loss in funding.

When the lawsuit does conclude, and if it is determined based on the final judgment or settlement that Peak Prep did not meet the 40/80 rule in 2019-20, Peak can “true up” with CDE in 2021-22 as appropriate, when it is expected to be funded on its 2021-22 ADA, and without having to cope with such large cash deferrals. Maintaining a 100% funding level going forward is also particularly appropriate given that Peak is on track to satisfy the 40/80 rule for 2020-21. (See **Exhibit 14**, Draft Second Interim Report, pending review by Peak’s Board of Directors). Peak is well situated to remain compliant with funding determination requirements going forward with the support of its highly qualified back office provider, BSA (See **Exhibit 7**.)

Peak stands ready to discuss these issues and circumstances with CDE should further information or clarification be helpful.

Exhibit 2

Nonclassroom-Based Funding Determination Form - Fiscal Year 2019-20

Information collected on this form is pursuant to *California Code of Regulations, Title 5 (5 CCR)*

1. Charter School Name												Peak Prep Pleasant Valley																																																																			
2. Charter School Authorizer												Pleasant Valley School District																																																																			
3. Charter School Number				2				0				6				2				4. CDS Code				5				6				7				2				5				5				3				0				1				3				9				5				9				2			
5. Street Address												2150 Pickwick Drive, #304																																																																			
6. City						Camarillo						7. County						Ventura						8. Zip Code						93010																																																	
9. Contact Name						Shalen Bishop						10. Title						Superintendent																																																													
11. Phone Number				805-222-0025				ext.								12. Email				shalen.bishop@peak-prep.org																																																											
13. Grade Levels Served						K-12						14. Date Charter Expires (MM/DD/YYYY)						06/30/2022																																																													
15. Funding Requested (Select one)												<input checked="" type="radio"/> 100%				<input type="radio"/> 85%				<input type="radio"/> 70%				Note: New charter schools are limited to two years pursuant to 5 CCR 11963.6(a)																																																							
16. Years Requested (Select one)												<input checked="" type="radio"/> 2				<input type="radio"/> 3				<input type="radio"/> 4																<input type="radio"/> 5																																											
17. Funding Determination Period Requested						FY						2020-21						to						2021-22																																																							
18. Charter School Deadline - Select one (See notes below for charter school type selection)																																																																															
<input type="radio"/> Due Date: 12/2/2019												New Charter School in Fiscal Year 2019-20																																																																			
<input type="radio"/> Due Date: 2/3/2020												Existing Charter School						Renewal																																																													
<input checked="" type="radio"/> Due Date: 9/30												New Charter School 90 Day Reporting, 5 CCR 11963.6(a)																																																																			
<input type="radio"/> Other Funding Determination												Select FY Source Data																																																																			

- For a New Charter School in FY 2019-20, use FY 2019-20 budget data.
- For an Existing Charter School, with a Funding Determination Form (FDF) expiring at the end of FY 2019-20, use FY 2018-19 audited financial data.
- For a New Charter School 90 Day Reporting, within 90 days after the end of a charter school's first year of operation, two reports must be filed with the CDE: (1) FDF (based on the charter school's actual second year budget data), and (2) Unaudited actual report (based on the actual first year unaudited data).
- If a New Charter School or an Existing Charter School misses the deadline, the charter school will need to obtain a waiver from the State Board of Education (SBE). Information on the waiver process is posted on the CDE waiver web page at <http://www.cde.ca.gov/re/lr/wr>. The governing board of the charter school's authorizing local educational agency will need to request a waiver and conduct a public hearing. The SBE may approve such waivers under the general waiver authority, under California *Education Code (EC)* sections 33050-33053.

Section II. Financial Information (Complete sections A, B, D, and E)

A. Total Resources (Complete lines A.1.a to A.1.d)

1. Revenues and Other Resources	5 CCR 11963.3(a)(5)(A) and (6)	
a. Federal Revenues		\$91,242
(i) Enter amount of Public Charter Schools Grant Program included under Federal Revenues (Line A.1.a)	\$0	
b. State Revenues		\$3,142,221
c. Local Revenues		\$120,000
d. Other Financing Sources		\$0
e. Total Revenues (Sum of lines A.1.a to A.1.d)		\$3,353,463

B. Total Expenditures and Other Uses (Complete lines B.1 to B.4)

1. Instruction and Related Services	5 CCR 11963.3(a)(5)(B) and (6)	
a. Salaries and Benefits		
(i) Certificated		\$2,205,704
(ii) Classified		\$54,927
b. Books, Supplies, and Equipment		\$355,261
c. Services and Other Operating Costs		
(i) Contracts for Instructional Services		\$0
(ii) Contracts for Instructional Support		\$0
(iii) All Other Instruction Related Operating Costs		\$145,162
d. Total Instruction and Related Services		\$2,761,054
2. Operations and Facilities	5 CCR 11963.3(a)(5)(C) and (6)	
a. Salaries and Benefits		
(i) Certificated		\$0
(ii) Classified		\$0
b. Books, Supplies, and Equipment		\$0
c. Services and Other Operating Costs		\$18,000

B. Total Expenditures and Other Uses (Complete lines B.1. to B.4), continued

d. Facility Acquisition and Construction

\$0

e. Total Operation and Facilities

\$18,000

f. Allowable Facility Costs

5 CCR 11963.3(b)(7)

(i) Enter the total facility square footage occupied
 by the charter school

0 sqft.

(ii) Enter the total Classroom-Based P-2 ADA reported
 in the prior FY. DO NOT INCLUDE NCB ADA

0

(iii) Enter the total Student Hours attended by the NCB
 pupils at the school site in the prior FY

0

(iv) Calculated Facilities Costs

Lesser of line B.2.e or [(B.2.fii+(B.2.fiii/868)]*1000

\$0.00

Allowable (Lesser of line B.2.e or B.2.fiv)

\$0.00

3. Administration and All Other Activities

5 CCR 11963.3(a)(5)(D) and (6)

a. Salaries and Benefits

(i) Certificated

\$56,426

(ii) Classified

\$0

b. Books, Supplies, and Equipment

c. Services and Other Operating Costs

(i) Contracts for Other Administrative Services

(ii) Supervisorial Oversight Fee

\$30,456

(iii) All Other Administration and Other Activities,
 Services and Operating Costs

\$362,942

d. Total Administration and Other Activities

\$449,824

4. Other Outgo and Other Financing Uses

5 CCR 11963.3(a)(5)(E) and (6)

a. Debt Service

\$0

b. Transfers to local educational agencies

\$0

c. All Other Transfers and Outgo

\$0

d. Total Other Outgoing and Other Financing Uses

\$0

B. Total Expenditures and Other Uses, continued

5. Total Expenditures \$3,228,878
 (Sum of lines B.1.d, B.2.e, B.3.d, and B.4.d)

C. Revenues Over Expenditures - Surplus or (Deficit)

(Line A.1.e minus Line B.5) \$124,585

D. Fund Balance (Complete line D.a)

a. Enter Beginning Fund Balance (July 1) 5 CCR 11963.3(a)(5)(A)

b. Ending Fund Balance - June 30 (Line C plus Line D.a) \$124,585

E. Reserves (Complete lines E.a. to E.e)

If reserves in line E.a or E.b are more than \$50,000 or over 5% of total expenditures, provide an explanation in Section III.6, pursuant to 5 CCR 11963.3(a)(5)(F).

	% of Expenditures	
a. Designated for Economic Uncertainties	4%	\$114,379
b. Facilities Acquisition or Capitol Projects	0%	\$0
c. Reserves Required by Charter Authorizer		\$0
d. Other Reserves (Explain in Section III.5 below)		\$10,206
e. Unassigned/Unappropriated Fund Balance		\$0
f. Total (Sum of lines E.a to E.e)		\$124,585

Note - Line E.f must agree with Line D.b

Section III. Supplemental Information (Complete lines 1 through 8)

1. Pupil to Teacher Ratio (PTR), pursuant to EC Section 51745.6 and 5 CCR Section 11704

a. Enter the charter school's PTR: 0.00:1 17.58

b. If the charter school's PTR in line III.1.a exceeds 25:1, enter the name of the largest unified school district in the county or counties in which the charter school operates:

c. Enter the PTR for the unified school district listed on line III.1.b: 0.00:1

2. Did any entity receive \$50,000 or more OR 10% or more of total expenditures (Line B.5) in the FY 2018-19 OR will receive in the FY 2019-20? (5 CCR 11963.3[b][3]) Yes
 No

If yes to line III.2, list the name of each entity and the cumulative amount received by each entity in Box 2.a on Page 5. Are contract payments made by the charter school based on specific services rendered or upon an amount per unit of average daily attendance (ADA) or some other percentage of the charter school's revenues, enrollment, etc? If yes, identify on Page 5 Box 2.a.

Revised Funding Determination Form and
 Supplemental Documentation from
 Peak Prep Pleasant Valley, Charter #2062

Nonclassroom-Based Funding Determination Form - Fiscal Year 2019-20

2. a Provide information regarding entity and contract information below.

Name of Entity	Amount	Purpose/Explanation	Are contract payments based on specific services rendered?	If no, are payments based on amount per ADA or some other percentage?
Ventura County Schools Business Services Authority	\$226,359	Back-office services for the 2020-21 school year; 6.75% of revenues minus local revenues	No	Yes
Edgenuity	\$200,030	Online core/supplemental curriculum for 2020-21	Yes	
Young, Minney & Corr	\$100,000	Legal services budgeted for 2020-21	Yes	
Accelerate Education, Inc.	\$69,386	Online core/supplemental curriculum for 2020-21	Yes	
Anthem	\$220,440	Projected 2020-21 payments to Anthem for health insurance premiums	Yes	

3. List the charter school's CURRENT governing board pursuant to 5 CCR Section 11963.3(b)(4).

Name of Board Member	Board member type (parent, teacher, etc)	How was member selected?	Is the member affiliated in any with any entity listed in Section III.2?	Board Members Term (From MM/YY to MM/YY)

Has the governing board adopted and implemented conflict of interest policies and procedures? Yes No

For any governing board member identified as affiliated with any entity reported above in Section III.2, explain the nature of the affiliation below. Attach an extra sheet if necessary.

4. If transfers are reported on lines B.4.b or B.4.c, describe the nature of the transaction and identify the accounts or entities involved in the transfer pursuant to 5 CCR Section 11963.3(b)(5).

B.4.b

B.4.c

5. If reserves are reported on line E.d, explain the purpose for the "Other Reserves."

Reserves in Line E.d

E.d

This is the amount received in 2019-20 for the mandate block grant.

6. If reserves reported on line E.a (designated to economic uncertainties) OR E.b (facilities acquisition or capital projects) exceed the greater of \$50,000 or 5% of total expenditures, explain the reason for the need of such excess reserves.

E.a
 Percentage
 E.b
 Percentage

7. Enter the full-time equivalent (FTE) employees working at the charter school that possess a valid teaching certificate, permit, or other document equivalent to that which a teacher in other public schools would be required to hold, issued by the Commission on Teacher Credentialing, and are required to provide direct instruction or direct instructional support to students.

FY 2018-19 FTE (0.0)	<input type="text" value="0"/>	FY 2019-20 FTE (0.0)	<input type="text"/>
----------------------	--------------------------------	----------------------	----------------------

8. Enter the average daily attendance (ADA).

FY 2018-19 P-2 ADA	<input type="text" value="0"/>	FY 2019-20 P-2 ADA	<input type="text" value="290.68"/>
--------------------	--------------------------------	--------------------	-------------------------------------

Section IV. Nonclassroom-Based Virtual or On-line Charter Schools (Complete lines 1 and 2)

1. Is this charter school a virtual or on-line charter school as defined pursuant to 5 CCR 11963.5? (A virtual or on-line charter school is one in which at least 80% of teaching and student interaction occurs via the Internet.)

Yes
 No

2. If Yes to line IV.1, can the charter school demonstrate compliance with 5 CCR sections 11963.5(b)(2) to (8)? Regulations are available on the CDE Charter School Regulations web page at <http://www.cde.ca.gov/sp/ch/csregsmar04.asp>.

Yes
 No
 N/A

Section V. Charter School Information

a. Charter School Name

b. Charter School Number

1. Percent spent on Certificated Employee Salaries and Benefits to Total Public Revenues 5 CCR 11963.3(c)(1)

Certificated Salaries and Benefits costs Line B.1.a(i)/Federal Revenues Lines A.1.a - PCSGP A.1.a(i) + State Revenues A.1.b

2. Percent spent on Instruction and Instruction-Related Services to Total Revenues 5 CCR 11963.3(c)(2)

Instructional and Related Services costs Line B.1.d + Allowable Facilities costs 2.f.(iv)/Total Revenues Line A.1.e

Funding Determination Criteria

If the percentages from lines V.1 or V.2 do not meet the spending criteria of the funding level requested as shown below, complete Section VI. Mitigating Circumstances, for consideration by the Advisory Commission on Charter Schools (ACCS) for making a recommendation other than one that results from the criteria specified in regulations.

100%	1) Line V.1 must equal or exceed 40 percent, 2) Line V.2 must equal or exceed 80 percent, AND 3) Line III.1.a. PTR cannot exceed 25:1 OR the PTR on Line III.1.c, the ACCS shall recommend approval at 100%, unless there is a reasonable basis to recommend otherwise (5 CCR 11963.4[a][3]).
85%	1) Line V.1 must equal or exceed 40 percent, AND 2) Line V.2 must equal or exceed 70 percent but less than 80 percent, the ACCS shall recommend approval at 85%, unless there is a reasonable basis to recommend otherwise (5 CCR 11963.4[a][2]).
70%	1) Line V.1 must equal or exceed 35 percent, AND 2) Line V.2 must equal or exceed 60 percent but less than 70 percent, the ACCS shall recommend approval at 70%, unless there is a reasonable basis to recommend otherwise (5 CCR 11963.4[a][1]).
Denied	1) Line V.1 is less than 35 percent, AND 2) Line V.2 is less than 60 percent, the ACCS shall recommend that the SBE deny the request, unless there is a reasonable basis to recommend otherwise (5 CCR 11963.4[a][4]).

Section VI. Mitigating Circumstances (Complete lines 1-3 and attach any supporting documentation)

1. Explain why the charter school did not meet the criteria for the funding determination requested. Include specific measures or actions taken by the charter school to comply.

2. List and explain the mitigating circumstance(s) to be considered by the CDE and ACCS.

3. Provide any other pertinent information that may assist the CDE and ACCS in conducting a detailed review or develop a reasonable basis for a recommendation.

Section VII. Certification (Review, sign, and date) 5 CCR 11963.3(b)(1)

I certify that:

1. The information provided is true and correct to the best of my ability and knowledge.
2. This charter school's nonclassroom-based instruction is conducted for and substantially dedicated to the instructional benefit of the school's students.
3. This charter school's governing board has adopted and implemented conflict of interest policies.
4. All of the charter school's transactions, contracts, and agreements are in the best interest of the school and reflect a reasonable market rate for all good, services, and considerations rendered for or supplied to the school.

Shalen Bishop

Enter Name of Charter School's Director, Principal, or Governing Board Chairperson

Superintendent

Title of Authorized Individual

Before certifying with electronic/digital signature below, please be sure to check all numerical entries and information provided, and save a copy of this form. Modifications to the information reported on this form cannot be made after the signature field below has been completed.

Signature of Charter School's Director, Principal, or Governing Board Chairperson

Submit completed and electronically signed forms via email to charter-sb740@cde.ca.gov.

As of FY 2019-20, the CDE is no longer requiring the following:

- Hard copy of the FDF
- Hard or soft copy of the Conflict of Interest Policy

As such, please do not submit these documents to the CDE.

Exhibit 3

Revised Funding Determination Form and
 Supplemental Documentation from
 Peak Prep Pleasant Valley, Charter #2062

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CHARTER SCHOOL UNAUDITED ACTUALS
 FINANCIAL REPORT -- ALTERNATIVE FORM
July 1, 2019 to June 30, 2020

CHARTER SCHOOL CERTIFICATION

Charter School Name: Peak Prep Pleasant Valley
 CDS #: 56 72553 0139592
 Charter Approving Entity: Pleasant Valley School District
 County: Ventura
 Charter #: 2062

NOTE: An Alternative Form submitted to the California Department of Education will not be considered a valid submission if the following information is missing:

For information regarding this report, please contact:

<u>For County Fiscal Contact:</u>	<u>For Approving Entity:</u>	<u>For Charter School:</u>
<u>Dannielle Brook</u> Name	<u>Chris Johnston</u> Name	<u>Shalen Bishop</u> Name
<u>Executive Director</u> Title	<u>Assistant Superintendent, Business Svcs</u> Title	<u>Superintendent</u> Title
<u>805-383-1981</u> Telephone	<u>805-389-2100 x1162</u> Telephone	<u>805-222-0025</u> Telephone
<u>dbrook@vcoe.org</u> Email address	<u>cjohnston@pleasantvalleysd.org</u> Email address	<u>shalen.bishop@peak-prep.org</u> Email address

To the entity that approved the charter school:

() 2019-20 CHARTER SCHOOL UNAUDITED ACTUALS FINANCIAL REPORT -- ALTERNATIVE FORM: This report has been approved, and is hereby filed by the charter school pursuant to *Education Code* Section 42100(b).

Signed: _____ Date: _____
Charter School Official
 (Original signature required)

Printed Name: Shalen Bishop Title: Superintendent

To the County Superintendent of Schools:

() 2019-20 CHARTER SCHOOL UNAUDITED ACTUALS FINANCIAL REPORT -- ALTERNATIVE FORM: This report is hereby filed with the County Superintendent pursuant to *Education Code* Section 42100(a).

Signed: _____ Date: _____
Authorized Representative of
 Charter Approving Entity
 (Original signature required)

Printed Name: Chris Johnston Title: Assistant Superinten

To the Superintendent of Public Instruction:

() 2019-20 CHARTER SCHOOL UNAUDITED ACTUALS FINANCIAL REPORT -- ALTERNATIVE FORM: This report has been verified for mathematical accuracy by the County Superintendent of Schools pursuant to *Education Code* Section 42100(a).

Signed: _____ Date: _____
County Superintendent/Designee
 (Original signature required)

Revised Funding Determination Form and
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**CHARTER SCHOOL UNAUDITED ACTUALS
FINANCIAL REPORT -- ALTERNATIVE FORM**

July 1, 2019 to June 30, 2020

Charter School Name: Peak Prep Pleasant Valley

CDS #: 56 72553 0139592

Charter Approving Entity: Pleasant Valley School District

County: Ventura

Charter #: 2062

This charter school uses the following basis of accounting:

(Please enter an "X" in the applicable box below; check only one box)

Accrual Basis (Applicable Capital Assets/Interest on Long-Term Debt/Long-Term Liabilities/Net Position objects are 6900, 7438, 9400-9489, 9660-9669, 9796, and 9797)

Modified Accrual Basis (Applicable Capital Outlay/Debt Service/Fund Balance objects are 6100-6170, 6200-6500, 7438, 7439, and 9711-9789)

Description	Object Code	Unrestricted	Restricted	Total
A. REVENUES				
1. LCFF Sources				
State Aid - Current Year	8011	1,955,786.00		1,955,786.00
Education Protection Account State Aid - Current Year	8012	58,136.00		58,136.00
State Aid - Prior Years	8019	0.00		0.00
Transfers to Charter Schools in Lieu of Property Taxes	8096	1,031,670.00		1,031,670.00
Other LCFF Transfers	8091, 8097	0.00	0.00	0.00
Total, LCFF Sources		3,045,592.00	0.00	3,045,592.00
2. Federal Revenues (see NOTE in Section L)				
No Child Left Behind/Every Student Succeeds Act	8290		0.00	0.00
Special Education - Federal	8181, 8182		0.00	0.00
Child Nutrition - Federal	8220		0.00	0.00
Donated Food Commodities	8221		0.00	0.00
Other Federal Revenues	8110, 8260-8299	0.00	0.00	0.00
Total, Federal Revenues		0.00	0.00	0.00
3. Other State Revenues				
Special Education - State	StateRevSE		0.00	0.00
All Other State Revenues	StateRevAO	45,229.12	14,716.64	59,945.76
Total, Other State Revenues		45,229.12	14,716.64	59,945.76
4. Other Local Revenues				
All Other Local Revenues	LocalRevAO	2,035.18	0.00	2,035.18
Total, Local Revenues		2,035.18	0.00	2,035.18
5. TOTAL REVENUES				
		3,092,856.30	14,716.64	3,107,572.94
B. EXPENDITURES (see NOTE in Section L)				
1. Certificated Salaries				
Certificated Teachers' Salaries	1100	162,076.84	0.00	162,076.84
Certificated Pupil Support Salaries	1200	10,750.00	0.00	10,750.00
Certificated Supervisors' and Administrators' Salaries	1300	170,817.39	0.00	170,817.39
Other Certificated Salaries	1900	19,846.13	0.00	19,846.13
Total, Certificated Salaries		363,490.36	0.00	363,490.36
2. Noncertificated Salaries				
Noncertificated Instructional Salaries	2100	0.00	0.00	0.00
Noncertificated Support Salaries	2200	0.00	0.00	0.00
Noncertificated Supervisors' and Administrators' Salaries	2300	0.00	0.00	0.00
Clerical, Technical and Office Salaries	2400	9,923.06	0.00	9,923.06
Other Noncertificated Salaries	2900	0.00	0.00	0.00
Total, Noncertificated Salaries		9,923.06	0.00	9,923.06

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**CHARTER SCHOOL UNAUDITED ACTUALS
FINANCIAL REPORT -- ALTERNATIVE FORM**

July 1, 2019 to June 30, 2020

Charter School Name: Peak Prep Pleasant Valley

CDS #: 56 72553 0139592

Description	Object Code	Unrestricted	Restricted	Total
3. Employee Benefits				
STRS	3101-3102	0.00	0.00	0.00
PERS	3201-3202	0.00	0.00	0.00
OASDI / Medicare / Alternative	3301-3302	27,403.16	0.00	27,403.16
Health and Welfare Benefits	3401-3402	19,226.80	0.00	19,226.80
Unemployment Insurance	3501-3502	5,924.65	0.00	5,924.65
Workers' Compensation Insurance	3601-3602	2,783.40	0.00	2,783.40
OPEB, Allocated	3701-3702	0.00	0.00	0.00
OPEB, Active Employees	3751-3752	0.00	0.00	0.00
Other Employee Benefits	3901-3902	1,991.24	0.00	1,991.24
Total, Employee Benefits		57,329.25	0.00	57,329.25
4. Books and Supplies				
Approved Textbooks and Core Curricula Materials	4100	0.00	0.00	0.00
Books and Other Reference Materials	4200	0.00	0.00	0.00
Materials and Supplies	4300	77,174.53	0.00	77,174.53
Noncapitalized Equipment	4400	0.00	0.00	0.00
Food	4700	0.00	0.00	0.00
Total, Books and Supplies		77,174.53	0.00	77,174.53
5. Services and Other Operating Expenditures				
Subagreements for Services	5100	877,770.45	0.00	877,770.45
Travel and Conferences	5200	4,498.46	0.00	4,498.46
Dues and Memberships	5300	385.00	0.00	385.00
Insurance	5400	0.00	0.00	0.00
Operations and Housekeeping Services	5500	0.00	0.00	0.00
Rentals, Leases, Repairs, and Noncap. Improvements	5600	9,332.42	0.00	9,332.42
Transfers of Direct Costs	5700-5799	0.00	0.00	0.00
Professional/Consulting Services and Operating Expend.	5800	151,547.42	0.00	151,547.42
Communications	5900	9,701.71	0.00	9,701.71
Total, Services and Other Operating Expenditures		1,053,235.46	0.00	1,053,235.46
6. Capital Outlay (Objects 6100-6170, 6200-6500 modified accrual basis only)				
Land and Land Improvements	6100-6170			0.00
Buildings and Improvements of Buildings	6200			0.00
Books and Media for New School Libraries or Major Expansion of School Libraries	6300			0.00
Equipment	6400			0.00
Equipment Replacement	6500			0.00
Depreciation Expense (accrual basis only)	6900	0.00	0.00	0.00
Total, Capital Outlay		0.00	0.00	0.00
7. Other Outgo				
Tuition to Other Schools	7110-7143	0.00	0.00	0.00
Transfers of Pass-Through Revenues to Other LEAs	7211-7213	0.00	0.00	0.00
Transfers of Apportionments to Other LEAs - Spec. Ed.	7221-7223SE		0.00	0.00
Transfers of Apportionments to Other LEAs - All Other	7221-7223AO	0.00	0.00	0.00
All Other Transfers	7281-7299	0.00	0.00	0.00
Transfers of Indirect Costs	7300-7399	0.00	0.00	0.00
Debt Service:				
Interest	7438	0.00	0.00	0.00
Principal (for modified accrual basis only)	7439			0.00
Total Debt Service		0.00	0.00	0.00
Total, Other Outgo		0.00	0.00	0.00
8. TOTAL EXPENDITURES		1,561,152.66	0.00	1,561,152.66

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**CHARTER SCHOOL UNAUDITED ACTUALS
FINANCIAL REPORT -- ALTERNATIVE FORM
July 1, 2019 to June 30, 2020**

Charter School Name: Peak Prep Pleasant Valley

CDS #: 56 72553 0139592

Description	Object Code	Unrestricted	Restricted	Total
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5-B8)		1,531,703.64	14,716.64	1,546,420.28
D. OTHER FINANCING SOURCES / USES				
1. Other Sources	8930-8979	0.00	0.00	0.00
2. Less: Other Uses	7630-7699	0.00	0.00	0.00
3. Contributions Between Unrestricted and Restricted Accounts (must net to zero)	8980-8999	0.00	0.00	0.00
4. TOTAL OTHER FINANCING SOURCES / USES		0.00	0.00	0.00
E. NET INCREASE (DECREASE) IN FUND BALANCE /NET POSITION (C+D4)		1,531,703.64	14,716.64	1,546,420.28
F. FUND BALANCE / NET POSITION				
1. Beginning Fund Balance/Net Position				
a. As of July 1	9791	0.00	0.00	0.00
b. Adjustments/Restatements	9793, 9795	0.00	0.00	0.00
c. Adjusted Beginning Fund Balance /Net Position		0.00	0.00	0.00
2. Ending Fund Balance /Net Position, June 30 (E+F1c)		1,531,703.64	14,716.64	1,546,420.28
Components of Ending Fund Balance (Modified Accrual Basis only)				
a. Nonspendable				
1. Revolving Cash (equals Object 9130)	9711			0.00
2. Stores (equals Object 9320)	9712			0.00
3. Prepaid Expenditures (equals Object 9330)	9713			0.00
4. All Others	9719			0.00
b. Restricted	9740			0.00
c. Committed				
1. Stabilization Arrangements	9750			0.00
2. Other Commitments	9760			0.00
d. Assigned	9780			0.00
e. Unassigned/Unappropriated				
1. Reserve for Economic Uncertainties	9789			0.00
2. Unassigned/Unappropriated Amount	9790M			0.00
3. Components of Ending Net Position (Accrual Basis only)				
a. Net Investment in Capital Assets	9796	0.00	0.00	0.00
b. Restricted Net Position	9797		14,716.64	14,716.64
c. Unrestricted Net Position	9790A	1,531,703.64	0.00	1,531,703.64

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**CHARTER SCHOOL UNAUDITED ACTUALS
 FINANCIAL REPORT -- ALTERNATIVE FORM**

July 1, 2019 to June 30, 2020

Charter School Name: Peak Prep Pleasant Valley

CDS #: 56 72553 0139592

Description	Object Code	Unrestricted	Restricted	Total
G. ASSETS				
1. Cash				
In County Treasury	9110	1,455,274.81	0.00	1,455,274.81
Fair Value Adjustment to Cash in County Treasury	9111	0.00	0.00	0.00
In Banks	9120	0.00	0.00	0.00
In Revolving Fund	9130	0.00	0.00	0.00
With Fiscal Agent/Trustee	9135	0.00	0.00	0.00
Collections Awaiting Deposit	9140	0.00	0.00	0.00
2. Investments				
Investments	9150	0.00	0.00	0.00
3. Accounts Receivable				
Accounts Receivable	9200	186,848.01	0.00	186,848.01
4. Due from Grantor Governments				
Due from Grantor Governments	9290	652,342.12	14,716.64	667,058.76
5. Stores				
Stores	9320	0.00	0.00	0.00
6. Prepaid Expenditures (Expenses)				
Prepaid Expenditures (Expenses)	9330	0.00	0.00	0.00
7. Other Current Assets				
Other Current Assets	9340	0.00	0.00	0.00
8. Capital Assets (accrual basis only)				
Capital Assets (accrual basis only)	9400-9489	0.00	0.00	0.00
9. TOTAL ASSETS				
		2,294,464.94	14,716.64	2,309,181.58
H. DEFERRED OUTFLOWS OF RESOURCES				
1. Deferred Outflows of Resources				
Deferred Outflows of Resources	9490	0.00	0.00	0.00
2. TOTAL DEFERRED OUTFLOWS				
		0.00	0.00	0.00
I. LIABILITIES				
1. Accounts Payable				
Accounts Payable	9500	762,761.30	0.00	762,761.30
2. Due to Grantor Governments				
Due to Grantor Governments	9590	0.00	0.00	0.00
3. Current Loans				
Current Loans	9640	0.00	0.00	0.00
4. Unearned Revenue				
Unearned Revenue	9650	0.00	0.00	0.00
5. Long-Term Liabilities (accrual basis only)				
Long-Term Liabilities (accrual basis only)	9660-9669	0.00	0.00	0.00
6. TOTAL LIABILITIES				
		762,761.30	0.00	762,761.30
J. DEFERRED INFLOWS OF RESOURCES				
1. Deferred Inflows of Resources				
Deferred Inflows of Resources	9690	0.00	0.00	0.00
2. TOTAL DEFERRED INFLOWS				
		0.00	0.00	0.00
K. FUND BALANCE /NET POSITION				
Ending Fund Balance /Net Position, June 30 (G9 + H2) - (I6 + J2) (must agree with Line F2)				
		1,531,703.64	14,716.64	1,546,420.28

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CHARTER SCHOOL UNAUDITED ACTUALS
FINANCIAL REPORT -- ALTERNATIVE FORM

July 1, 2019 to June 30, 2020

Charter School Name: Peak Prep Pleasant Valley

CDS #: 56 72553 0139592

L. FEDERAL EVERY STUDENT SUCCEEDS ACT (ESSA) MAINTENANCE OF EFFORT REQUIREMENT

NOTE: IF YOUR CHARTER SCHOOL RECEIVED FEDERAL FUNDING, AS REPORTED IN SECTION A2, THE FOLLOWING ADDITIONAL INFORMATION MUST BE PROVIDED IN ORDER FOR THE CDE TO CALCULATE COMPLIANCE WITH THE FEDERAL EVERY STUDENT SUCCEEDS ACT (ESSA) MAINTENANCE OF EFFORT REQUIREMENT:

1. Federal Revenue Used for Capital Outlay and Debt Service

Included in the Capital Outlay and Debt Service expenditures reported in sections B6 and B7 are the following amounts paid out of federal funds:

Federal Program Name (If no amounts, indicate "NONE")	Capital Outlay	Debt Service	Total
a. NONE			0.00
b. _____			0.00
c. _____			0.00
d. _____			0.00
e. _____			0.00
f. _____			0.00
g. _____			0.00
h. _____			0.00
i. _____			0.00
j. _____			0.00
TOTAL FEDERAL REVENUES USED FOR CAPITAL OUTLAY AND DEBT SERVICE	0.00	0.00	0.00

2. Community Services Expenditures

Provide the amount of State and Local funds reported in Section B that were expended for Community Services Activities:

Objects of Expenditures	Amount (Enter "0.00" if none)
a. Certificated Salaries 1000-1999	0.00
b. Noncertificated Salaries 2000-2999	0.00
c. Employee Benefits 3000-3999	0.00
d. Books and Supplies 4000-4999	0.00
e. Services and Other Operating Expenditures 5000-5999	0.00
TOTAL COMMUNITY SERVICES EXPENDITURES	0.00

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**CHARTER SCHOOL UNAUDITED ACTUALS
 FINANCIAL REPORT -- ALTERNATIVE FORM
 July 1, 2019 to June 30, 2020**

Charter School Name: Peak Prep Pleasant Valley
 CDS #: 56 72553 0139592

3. State and Local Expenditures to be Used for ESSA Annual Maintenance of Effort Calculation:

Results of this calculation will be used for comparison with 2018-19 expenditures. Failure to maintain the required 90 percent expenditure level on either an aggregate or per capita expenditure basis may result in reduction to allocations for covered programs in 2021-22.

a. Total Expenditures (B8)	1,561,152.66
b. Less Federal Expenditures (Total A2) [Revenues are used as proxy for expenditures because most federal revenues are normally recognized in the period that qualifying expenditures are incurred]	0.00
c. Subtotal of State & Local Expenditures [a minus b]	1,561,152.66
d. Less Community Services [L2 Total]	0.00
e. Less Capital Outlay & Debt Service [Total B6 plus objects 7438 and 7439, less L1 Total]	0.00
TOTAL STATE & LOCAL EXPENDITURES SUBJECT TO MOE [c minus d minus e]	\$ 1,561,152.66

Exhibit 4

Nonclassroom-Based Funding Determination Form - Fiscal Year 2019-20

Information collected on this form is pursuant to *California Code of Regulations*, Title 5 (5 CCR)

Section I. Charter School Information (Complete fields 1-18) 5 CCR 11963.3(a)(1) to (4)

1. Charter School Name

2. Charter School Authorizer

3. Charter School Number 4. CDS Code

5. Street Address

6. City 7. County 8. Zip Code

9. Contact Name 10. Title

11. Phone Number ext. 12. Email

13. Grade Levels Served 14. Date Charter Expires (MM/DD/YYYY)

15. Funding Requested (Select one) 100% 85% 70%
16. Years Requested (Select one) 2 3 4 5

Note: New charter schools are limited to two years pursuant to 5 CCR 11963.6(a)

17. Funding Determination Period Requested FY to

18. Charter School Deadline - Select one (See notes below for charter school type selection)

- Due Date: 12/2/2019 New Charter School in Fiscal Year 2019-20
- Due Date: 2/3/2020 Existing Charter School Renewal
- Due Date: 9/30 New Charter School 90 Day Reporting, 5 CCR 11963.6(a)
- Other Funding Determination Select FY Source Data

- For a New Charter School in FY 2019-20, use FY 2019-20 budget data.
- For an Existing Charter School, with a Funding Determination Form (FDF) expiring at the end of FY 2019-20, use FY 2018-19 audited financial data.
- For a New Charter School 90 Day Reporting, within 90 days after the end of a charter school's first year of operation, two reports must be filed with the CDE: (1) FDF (based on the charter school's actual second year budget data), and (2) Unaudited actual report (based on the actual first year unaudited data).
- If a New Charter School or an Existing Charter School misses the deadline, the charter school will need to obtain a waiver from the State Board of Education (SBE). Information on the waiver process is posted on the CDE waiver web page at <http://www.cde.ca.gov/re/lr/wr>. The governing board of the charter school's authorizing local educational agency will need to request a waiver and conduct a public hearing. The SBE may approve such waivers under the general waiver authority, under California *Education Code (EC)* sections 33050-33053.

Section II. Financial Information (Complete sections A, B, D, and E)

A. Total Resources (Complete lines A.1.a to A.1.d)

1. Revenues and Other Resources	5 CCR 11963.3(a)(5)(A) and (6)	
a. Federal Revenues		\$0
(i) Enter amount of Public Charter Schools Grant Program included under Federal Revenues (Line A.1.a)	\$0	
b. State Revenues		\$3,105,538
c. Local Revenues		\$2,035
d. Other Financing Sources		
e. Total Revenues (Sum of lines A.1.a to A.1.d)		\$3,107,573

B. Total Expenditures and Other Uses (Complete lines B.1 to B.4)

1. Instruction and Related Services	5 CCR 11963.3(a)(5)(B) and (6)	
a. Salaries and Benefits		
(i) Certificated		\$368,646
(ii) Classified		\$10,948
b. Books, Supplies, and Equipment		\$77,175
c. Services and Other Operating Costs		
(i) Contracts for Instructional Services		\$998,862
(ii) Contracts for Instructional Support		\$0
(iii) All Other Instruction Related Operating Costs		\$14,585
d. Total Instruction and Related Services		\$1,470,216
2. Operations and Facilities	5 CCR 11963.3(a)(5)(C) and (6)	
a. Salaries and Benefits		
(i) Certificated		\$0
(ii) Classified		\$0
b. Books, Supplies, and Equipment		\$0
c. Services and Other Operating Costs		\$9,332

B. Total Expenditures and Other Uses (Complete lines B.1. to B.4), continued

d. Facility Acquisition and Construction

\$0

e. Total Operation and Facilities

\$9,332

f. Allowable Facility Costs

5 CCR 11963.3(b)(7)

(i) Enter the total facility square footage occupied
 by the charter school

0 sqft.

(ii) Enter the total Classroom-Based P-2 ADA reported
 in the prior FY. DO NOT INCLUDE NCB ADA

0

(iii) Enter the total Student Hours attended by the NCB
 pupils at the school site in the prior FY

0

(iv) Calculated Facilities Costs

Lesser of line B.2.e or [(B.2.fii+(B.2.fiii/868)]*1000

\$0.00

Allowable (Lesser of line B.2.e or B.2.fiv)

\$0.00

3. Administration and All Other Activities

5 CCR 11963.3(a)(5)(D) and (6)

a. Salaries and Benefits

(i) Certificated

\$51,149

(ii) Classified

\$0

b. Books, Supplies, and Equipment

\$0

c. Services and Other Operating Costs

(i) Contracts for Other Administrative Services

\$0

(ii) Supervisorial Oversight Fee

\$30,456

(iii) All Other Administration and Other Activities,
 Services and Operating Costs

\$0

d. Total Administration and Other Activities

\$81,604

4. Other Outgo and Other Financing Uses

5 CCR 11963.3(a)(5)(E) and (6)

a. Debt Service

\$0

b. Transfers to local educational agencies

\$0

c. All Other Transfers and Outgo

\$0

d. Total Other Outgoing and Other Financing Uses

\$0

B. Total Expenditures and Other Uses, continued

5. Total Expenditures \$1,561,153
(Sum of lines B.1.d, B.2.e, B.3.d, and B.4.d)

C. Revenues Over Expenditures - Surplus or (Deficit)

(Line A.1.e minus Line B.5) \$1,546,420

D. Fund Balance (Complete line D.a)

a. Enter Beginning Fund Balance (July 1) 5 CCR 11963.3(a)(5)(A)

b. Ending Fund Balance - June 30 (Line C plus Line D.a) \$1,546,420

E. Reserves (Complete lines E.a. to E.e)

If reserves in line E.a or E.b are more than \$50,000 or over 5% of total expenditures, provide an explanation in Section III.6, pursuant to 5 CCR 11963.3(a)(5)(F).

	% of Expenditures	
a. Designated for Economic Uncertainties	0%	\$0
b. Facilities Acquisition or Capitol Projects	0%	\$0
c. Reserves Required by Charter Authorizer		\$0
d. Other Reserves (Explain in Section III.5 below)		\$14,717
e. Unassigned/Unappropriated Fund Balance		\$1,531,704
f. Total (Sum of lines E.a to E.e)		\$1,546,420

Note - Line E.f must agree with Line D.b

Section III. Supplemental Information (Complete lines 1 through 8)

1. Pupil to Teacher Ratio (PTR), pursuant to EC Section 51745.6 and 5 CCR Section 11704

a. Enter the charter school's PTR: 0.00:1 24.33

b. If the charter school's PTR in line III.1.a exceeds 25:1, enter the name of the largest unified school district in the county or counties in which the charter school operates:

c. Enter the PTR for the unified school district listed on line III.1.b: 0.00:1

2. Did any entity receive \$50,000 or more OR 10% or more of total expenditures (Line B.5) in the FY 2018-19 OR will receive in the FY 2019-20? (5 CCR 11963.3[b][3]) Yes
 No

If yes to line III.2, list the name of each entity and the cumulative amount received by each entity in Box 2.a on Page 5. Are contract payments made by the charter school based on specific services rendered or upon an amount per unit of average daily attendance (ADA) or some other percentage of the charter school's revenues, enrollment, etc? If yes, identify on Page 5 Box 2.a.

6. If reserves reported on line E.a (designated to economic uncertainties) OR E.b (facilities acquisition or capital projects) exceed the greater of \$50,000 or 5% of total expenditures, explain the reason for the need of such excess reserves.

E.a \$0

Percentage 0%

E.b \$0

Percentage 0%

7. Enter the full-time equivalent (FTE) employees working at the charter school that possess a valid teaching certificate, permit, or other document equivalent to that which a teacher in other public schools would be required to hold, issued by the Commission on Teacher Credentialing, and are required to provide direct instruction or direct instructional support to students.

FY 2018-19 FTE (0.0)	<input type="text"/>	FY 2019-20 FTE (0.0)	<input type="text" value="23.5"/>
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8. Enter the average daily attendance (ADA).

FY 2018-19 P-2 ADA	<input type="text"/>	FY 2019-20 P-2 ADA	<input type="text" value="290.68"/>
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Section IV. Nonclassroom-Based Virtual or On-line Charter Schools (Complete lines 1 and 2)

1. Is this charter school a virtual or on-line charter school as defined pursuant to 5 CCR 11963.5? (A virtual or on-line charter school is one in which at least 80% of teaching and student interaction occurs via the Internet.) Yes No
2. If Yes to line IV.1, can the charter school demonstrate compliance with 5 CCR sections 11963.5(b)(2) to (8)? Regulations are available on the CDE Charter School Regulations web page at <http://www.cde.ca.gov/sp/ch/csregsmar04.asp>. Yes No N/A

Section V. Calculated Funding Determination Percentage

a. Charter School Name

b. Charter School Number

1. Percent spent on Certificated Employee Salaries and Benefits to Total Public Revenues 5 CCR 11963.3(c)(1)

Certificated Salaries and Benefits costs Line B.1.a(i)/Federal Revenues Lines A.1.a - PCSGP A.1.a(i) + State Revenues A.1.b

2. Percent spent on Instruction and Instruction-Related Services to Total Revenues 5 CCR 11963.3(c)(2)

Instructional and Related Services costs Line B.1.d + Allowable Facilities costs 2.f.(iv)/Total Revenues Line A.1.e

Funding Determination Criteria

If the percentages from lines V.1 or V.2 do not meet the spending criteria of the funding level requested as shown below, complete Section VI. Mitigating Circumstances, for consideration by the Advisory Commission on Charter Schools (ACCS) for making a recommendation other than one that results from the criteria specified in regulations.

100%	1) Line V.1 must equal or exceed 40 percent, 2) Line V.2 must equal or exceed 80 percent, AND 3) Line III.1.a. PTR cannot exceed 25:1 OR the PTR on Line III.1.c, the ACCS shall recommend approval at 100%, unless there is a reasonable basis to recommend otherwise (5 CCR 11963.4[a][3]).
85%	1) Line V.1 must equal or exceed 40 percent, AND 2) Line V.2 must equal or exceed 70 percent but less than 80 percent, the ACCS shall recommend approval at 85%, unless there is a reasonable basis to recommend otherwise (5 CCR 11963.4[a][2]).
70%	1) Line V.1 must equal or exceed 35 percent, AND 2) Line V.2 must equal or exceed 60 percent but less than 70 percent, the ACCS shall recommend approval at 70%, unless there is a reasonable basis to recommend otherwise (5 CCR 11963.4[a][1]).
Denied	1) Line V.1 is less than 35 percent, AND 2) Line V.2 is less than 60 percent, the ACCS shall recommend that the SBE deny the request, unless there is a reasonable basis to recommend otherwise (5 CCR 11963.4[a][4]).

Section VI. Mitigating Circumstances (Complete lines 1-3 and attach any supporting documentation)

1. Explain why the charter school did not meet the criteria for the funding determination requested. Include specific measures or actions taken by the charter school to comply.

Peak Prep used Accel Schools to provide its back office services in 2019-20. This company had experience managing charter schools across the country but was new to California charter schools. Accel helped Peak find teachers, but those teachers started off as employees of Accel who were contracted to Peak. These contracted employees were converted to Peak employees once the charter authorizer pointed out this area of non-compliance. If these teachers had been employees for the whole year, then the 40% threshold would have been satisfied.

As for the 80% threshold, it is incomplete for now due to the ongoing litigation that Peak has with Accel Schools. Over the course of the 2019-20 school year, it became apparent that Accel was not compliant in its fiscal management due to inexperience and the employment of business (continued in section 2)

2. List and explain the mitigating circumstance(s) to be considered by the CDE and ACCS.

practices that may have been acceptable in other states but not California. Peak contracted with the Ventura County Schools Business Services Authority (BSA), a company with a solid 10+ year track record of managing California charter schools in Ventura County, to provide Peak's back office services in 2020-21 and beyond. The BSA generated Peak's 2019-20 unaudited actuals based on the available information, but Peak's 2019-20 fiscal picture will be incomplete until matters are settled with Accel.

Peak is confident in the BSA's fiscal management going forward and doesn't expect any further issues with remaining compliant with SB 740. The BSA already submitted a 90-day funding determination form that is compliant with the SB 740 requirements, and Peak is diligently monitoring its expenses to ensure that the appropriate amount of expenses are allocated towards instructional-related personnel and purchases.

3. Provide any other pertinent information that may assist the CDE and ACCS in conducting a detailed review or develop a reasonable basis for a recommendation.

As Peak continues to serve its students during the current fiscal year, the school continues to work diligently to settle matters with Accel Schools. The hope is that it can be settled soon so that a full audit of the 2019-20 fiscal year can be conducted, which will paint a more complete picture of Peak's finances during its first year of operation. There is much more that can be said regarding Peak's relationship with Accel. For further details, please contact Peak's Superintendent, Shalen Bishop. However, Peak does not expect any of the fiscal management issues that affected the 2019-20 fiscal year to be a concern going forward.

Section VII. Certification (Review, sign, and date)

5 CCR 11963.3(b)(1)

I certify that:

1. The information provided is true and correct to the best of my ability and knowledge.
2. This charter school's nonclassroom-based instruction is conducted for and substantially dedicated to the instructional benefit of the school's students.
3. This charter school's governing board has adopted and implemented conflict of interest policies.
4. All of the charter school's transactions, contracts, and agreements are in the best interest of the school and reflect a reasonable market rate for all good, services, and considerations rendered for or supplied to the school.

Shalen Bishop

Enter Name of Charter School's Director, Principal, or Governing Board Chairperson

Superintendent

Title of Authorized Individual

Before certifying with electronic/digital signature below, please be sure to check all numerical entries and information provided, and save a copy of this form. Modifications to the information reported on this form cannot be made after the signature field below has been completed.

Signature of Charter School's Director, Principal, or Governing Board Chairperson

Submit completed and electronically signed forms via email to charter-sb740@cde.ca.gov.

As of FY 2019-20, the CDE is no longer requiring the following:

- Hard copy of the FDF
- Hard or soft copy of the Conflict of Interest Policy

As such, please do not submit these documents to the CDE.

Exhibit 5



**CALIFORNIA DEPARTMENT
OF EDUCATION**

TONY THURMOND
STATE SUPERINTENDENT OF
PUBLIC INSTRUCTION

1430 N STREET, SACRAMENTO, CA 95814-5901 • 916-319-0800 • WWW.CDE.CA.GOV

December 23, 2020

Shalen Bishop, Superintendent
Peak Prep Pleasant Valley
2150 Pickwick Drive, #304
Camarillo, CA 93010

Dear Dr. Bishop:

Subject: 90 Day Report (Funding Determination Form) Submitted by Peak Prep Pleasant Valley

This letter serves to notify you of the California Department of Education's (CDE's) anticipated action on the 90 day report submitted by Peak Prep Pleasant Valley. Additionally, this letter serves to request a further explanation of the information included in Peak Prep Pleasant Valley's 90 day report.

Pursuant to *California Code of Regulations*, Title 5 (5 CCR) Section 11963.6(a), within 90 days after the end of its first year of operation, a charter school shall submit unaudited actual expense reports and a funding determination form (FDF) based on its actual second-year budget.

On September 28, 2020, Peak Prep Pleasant Valley submitted its 90 day report to the CDE. To supplement its review of the school's 90 day report, on December 4, 2020, the CDE requested an additional FDF be submitted based on Peak Prep Pleasant Valley's first-year unaudited actual expense report. Peak Prep Pleasant Valley provided this FDF to the CDE on December 11, 2020.

Upon its review of all information submitted by Peak Prep Pleasant Valley, the CDE found the spending percentages provided in the 90 day report to significantly differ from the spending percentages provided in school's initial FDF. The expenditure percentages indicated on both reports are as follows:

Report	Source	Percent Spent on Certificated Salaries and Benefits	Percent Spent on Instruction-Related Services
Initial FDF	2019–20 Budget	42.43 Percent	80.01 Percent
90 Day Report	2019–20 Unaudited Actual Expenses	11.87 Percent	47.31 Percent

Shalen Bishop, Superintendent
December 23, 2020
Page 2

Pursuant to 5 CCR Section 11963.4(a)(3), to qualify for 100 percent funding for its nonclassroom-based instruction, a charter school must meet the following spending criteria:

- Spend at least 40 percent of the school's public revenues on salaries and benefits for all employees who possess a valid teaching certificate.
- Spend at least 80 percent of all revenues on instruction and related services.

At the March 2020 State Board of Education (SBE) meeting, Peak Prep Pleasant Valley was approved for 100 percent funding for its nonclassroom-based instruction for fiscal year 2019–20 through fiscal year 2020–21. However, pursuant to 5 CCR Section 11963.6(a), if it is determined that the actual expenditures of the charter school or the second-year funding determination form do not support the funding determination for the second year, the Advisory Commission on Charter Schools (ACCS) shall recommend that the SBE revise the school's funding determination.

Due to the discrepancies found between Peak Prep Pleasant Valley's initial FDF and 90 day report, the CDE plans to present this funding determination request to the ACCS for its consideration at the February 11, 2021, meeting. Prior to presenting this item to the ACCS, the CDE requests further clarification from Peak Prep Pleasant Valley of the discrepancies between the school's initial FDF and the school's 90 day report (i.e., its FDF based on unaudited actual expenses). Please provide a written response explaining the significant differences in expenditure percentages on the two reports to the Charter Schools Division via email to charter-sb740@cde.ca.gov by **4 p.m. on Friday, January 8, 2021**.

If you have any questions regarding this letter, please contact the Charter Schools Division by phone at 916-322-6029 or by email at charter-sb740@cde.ca.gov.

Sincerely,

/s/

Stephanie Farland, Director
Charter Schools Division

SF:mh

cc: Brooks Allen, Executive Director, California State Board of Education
Lisa Constancio, Deputy Superintendent, Operations and Administration Branch,
California Department of Education

Sent via Email to:

shalen.bishop@peak-prep.org

Exhibit 6



January 8, 2021

*Sent via email:
sfarland@cde.ca.gov*

Stephanie Farland, Director
Charter Schools Division
California Department of Education
1430 N Street, Suite 5401
Sacramento, CA 95814

**RE: 90 Day Report (Funding Determination Form) Submitted by
Peak Prep Pleasant Valley**

Dear Director Farland:

I write in response to your letter dated December 23, 2020 to address the California Department of Education's ("CDE") concern regarding the apparent variance in Peak Prep Pleasant Valley's ("Peak Prep") 2019-20 expenditures as budgeted on its initial funding determination form and as booked in its unaudited actual financial statements. I hope that the information Peak Prep is providing will demonstrate that the variance is a reflection of prudent stewardship of public dollars and transparency, and not an incorrect funding determination level due to Peak Prep not meeting the 40/80 rule last year or this year. In the interest of providing a fulsome response, Peak Prep is providing this letter alongside a letter prepared by its financial backoffice provider, Ventura County Schools Business Services Authority ("BSA"). Peak Prep respectfully asks that these letters be considered together as part of Peak Prep's submission in response to your letter.

A. Executive Summary

As detailed below, the reason that a variance appears is that there is pending litigation in Ventura Superior Court with a former vendor that relates to the amount of Peak Prep's 2019-20 expenses that are creditable towards the 40/80 rule, precluding Peak Prep from confirming those amounts and reporting them as actuals before the litigation concludes. **Peak Prep thus respectfully asks that the CDE defer action on this matter until the litigation concludes so that any decision can be made with all of the facts.** Peak Prep believes that the presence of litigation makes this matter unlike a typical funding determination variance i.e., where actual expenses truly do fall short of budgeted amounts. **Peak Prep also requests the opportunity to discuss these issues**

Peak Prep Pleasant Valley
2150 Pickwick Drive #304 Camarillo, CA 93010
www.peak-prep.org



with you and your colleagues in advance of any decision the CDE makes, as we believe it would be useful to address these issues in a conversation.

In summary, it is not the case that Peak Prep has failed to meet the 40/80 rule in the 2019-20 school year. This only appears to be the case, i.e., a variance with the budget, because of Peak Prep's decision to (i) contest in litigation personnel and instruction-related services expenses that were invoiced to Peak Prep by a vendor in 2019-20 that Peak Prep is no longer doing business with, due to that vendor's failure to perform as contracted and deliver adequate backup documentation for the amounts it is demanding; and (ii) ensure that its unaudited financial statements fairly reflect *currently known information*, and that expenses are properly categorized. If Peak Prep had booked the invoiced amounts as actual expenses, Peak Prep believes it would have demonstrated that it had met the 40/80 test in 2019-20. But Peak Prep also believes that doing so would have been inappropriate given that those amounts are contested and could have compromised Peak Prep's position in ongoing litigation.

However, as Peak Prep's second-year funding determination shows, and as BSA confirms, Peak Prep will satisfy the 40/80 rule in the 2020-21 school year. Because Peak Prep is no longer working with the vendor it is in litigation with and has resolved the operational challenges related to that vendor in 2020-21, Peak Prep's second-year funding determination form stands on its own, and should not be measured against Peak Prep's 2019-20 unaudited actuals given that they are not settled.

B. Background of Peak Prep's Relationship with Accel: Former Backoffice Provider, Co-Employer of Peak Prep's Teachers, and Vendor of Instruction-Related Services in the 2019-20 School Year

As background, Peak Prep's charter was authorized in April 2019 by the Pleasant Valley School District (the "District") and began serving students in August 2019. Peak Prep is operated as a non-profit public benefit corporation and is not managed by or affiliated with a charter management organization or network of charter schools. As of July 2020, Peak Prep's fiscal backoffice operations have been provided by BSA, a joint powers authority originally created to serve small school districts of Ventura County. BSA also contracts with several charter schools in Ventura County.



However, prior to working with BSA, in July 2019, Peak Prep’s then-Board of Directors^[1] (“Board”) entered into a services agreement with Accel Online California, LLC (“Accel”), to provide financial backoffice operations, comprehensive instructional support services and tools, and human resources services, among other functions (the “Services Agreement”), a copy of which I have attached as **Exhibit A**. I refer you to the specific list of instruction-related services that Accel was to provide, on pages 1-2. At the same time, Peak Prep entered into an agreement with an Accel affiliate, Education Staffing Services, LLC (“ESS”), a copy of which I have attached as **Exhibit B**, which provided that ESS would lease employees to Peak Prep (the “Leasing Agreement”) as part of a co-employment/dual employment model, including Peak Prep’s certificated teaching staff.

Accel is operated by Pansophic Learning, a firm that markets itself on its website as, among other things, working to “[e]xpand technology based learning globally to generate better outcomes and more efficient educational models” and “[u]tilize technology to expand access, improve the quality of outcomes and lower the cost of education.” Accel represented to Peak Prep’s Board that it had the technical expertise and capabilities necessary to support Peak Prep’s fiscal and instructional operations according to California law and conventions, and that it would do so at a cost that would provide savings and value to Peak Prep. For example, Accel represented that by leasing employees to Peak Prep, and taking advantage of economies of scale in procuring benefits, insurance, and human resources services, Peak Prep would realize a lower payroll expense. Accel represented the same to be true as to the procurement of curriculum and related services through Accel.

In reality, Accel was unable to adequately support Peak Prep’s operations in accordance with the laws, regulations, and standards applicable to California charter schools, as well as Peak Prep’s charter, which led to the issuance of a notice of violation (the “NOV”) by the District in January 2020. Peak Prep and Accel attempted to work together through May 2020 to address the District’s concerns, including by terminating the Leasing Agreement (see **Exhibit C**, agreement to terminate the Leasing Agreement) and transitioning Peak Prep’s leased employees to its own payroll, and having Accel attend trainings by legal experts on California charter school laws. Accel also promised that it would conform to various financial controls proposed to the District and provide Peak Prep with detailed line-item invoices sufficient to confirm to which services its fees related – and by extension, to allow Peak Prep to correctly book those expenses on its financial statements.



However, deep concerns regarding Accel’s performance made it untenable for Peak Prep and Accel to continue their contractual relationship. In late May 2020, Peak Prep gave notice to Accel that the agreement would be considered terminated at the end of the fiscal year, as of June 30, 2020, and that Peak Prep was unwilling to do business with Accel going forward. On June 4, 2020, Peak Prep and the District entered into an agreement to finally dispose of the issues raised in the NOV, which included becoming a client of BSA and submitting a plan to address the outstanding amounts that may be owed to Accel and ESS under the Services Agreement and Leasing Agreement, respectively (the “District Agreement”).

C. Peak Prep Disputes Accel’s Charges That Relate to Peak Prep’s Certificated Payroll Expenses and Instruction-Related Services in the 2019-20 School Year; Accel Files a Lawsuit to Collect \$2.6 Million in Purported Service Fees

As of the summer of 2020, Accel continued to demand payment from Peak Prep for approximately \$2.6 million for services Accel/ESS purportedly rendered in the 2019-20 school year. In July 2020, Peak Prep’s Board directed myself, Peak Prep’s counsel Young, Minney & Corr, LLP (“YMC”), and BSA to assess whether and to what extent the amounts invoiced had been actually earned by Accel. A review of Accel’s performance under the Services Agreement against Accel’s invoices, generated serious doubt that Accel had earned the fees it was seeking, not only in terms of calculation (as was an initial concern), but also substantively, in light of Accel’s troubled performance in the 2019-20 school year, the fact that Accel had not performed all of the services for which it was contracted, and questions regarding the value of the services that Accel did perform.

As to the Leasing Agreement, Peak Prep came to learn that Accel was marking up the cost of payroll, which was not authorized under the Services Agreement or Leasing Agreement or indicated on the payroll invoices. Thus, Peak Prep’s Board made the decision to consider the invoices and amounts contested until Peak Prep received satisfactory documentation and reached a resolution with Accel as to the amounts Accel may be due.

Although Peak Prep had hoped that the issues with Accel could be resolved amicably and through a transparent process, Accel preempted that route by filing a lawsuit seeking payment of \$2.6 million for its purported services in the 2019-20 school year. I am attaching a copy of the complaint in Accel’s lawsuit as **Exhibit D** (the “Complaint”). I refer you to page five, line five of the Complaint, which confirms the amount Accel is seeking. I am also attaching a copy of Peak Prep’s answer to the Complaint as **Exhibit E** (the “Answer”), which, as listed on pages 2-5,



reflects Peak Prep's numerous defenses to paying that \$2.6 million in full, including breach of contract, unclean hands, unlawful gift of public funds, offset, and unjust enrichment, among others. Peak Prep recently propounded comprehensive discovery requests on Accel, seeking evidence from Accel justifying the amounts it is seeking in the Complaint. Accel has not yet responded to Peak Prep's discovery.

D. Peak Prep's Satisfaction of the 40/80 Rule in 2019-20 Cannot Be Finally Determined Until the Resolution of Litigation with Accel

Because of the uncertainty of litigation, it is unclear what amount, if any, the Court (or jury as applicable) may decide that Accel earned on account of the services it rendered in the 2019-20 school year, and in turn, the extent of expenses that may be considered to satisfy the 40/80 rule. However, Peak Prep believes that the litigation will require Accel to account precisely for the amounts it is demanding and demonstrate that it provided fair value to Peak Prep commensurate with those amounts. Peak Prep trusts that upon consideration of all of the facts and Peak Prep's defenses and applicable law, the amount the Court (or jury) may decide Accel is due will reflect a fair and final determination. To the extent there is an opportunity to settle the amounts among the parties outside of court, Peak Prep's Board will engage in a process with Peak Prep's legal counsel and BSA to ensure that such a settlement is fair and permits Peak Prep to put to rest its expenditures related to the 2019-20 school year.

While the payable amounts remain in dispute – again, amounts relating to certificated salaries and benefits and instruction-related services – Accel has also complicated Peak Prep's efforts to close out its 2019-20 fiscal records by failing to prepare Peak Prep's unaudited financial statements for 2019-20, provide other financial records and backup, and support Peak Prep's audit process, as were its duties under the Services Agreement. As such, BSA, whose contract began July 1, 2020, was put in the unusual position of having to prepare Peak Prep's unaudited financial statements for 2019-20 based on incomplete information.

As addressed by BSA in the letter included with Peak Prep's submission, BSA prepared the unaudited financial statements based on the best information available to it, recognizing that Peak Prep's 2019-20 financial statements could not be finalized with confidence without documentation from Accel and resolution of the litigation. BSA's letter provides a technical explanation for the variance between the initial funding determination form and Peak Prep's unaudited financial statements, both as to the 40% rule and the 80% rule, which Peak Prep incorporates as part of its response to the CDE's inquiry. (See BSA Letter at p. 6.)



To be sure, while the precise amounts subject to the 40/80 rule for the 2019-20 school year remain unfinalized, Peak Prep believes that it did satisfy the 40% rule by incurring and booking actual salary and benefit expenses that meet that threshold, as explained by BSA. (See BSA Letter at p. 6.) While the employee leasing/co-employment model was of Accel’s sole design, the certificated employees that served Peak Prep’s students were selected, directed, and supervised by me and they functioned as Peak Prep’s employees. As soon as the District raised its concerns over the arrangement, Peak Prep worked to transition them to its own payroll. The arrangement with Accel that led to the District’s NOV will not be repeated. However, Peak Prep understands from its legal counsel that under California law (see *State ex rel. Dep’t of Cal. Highway Patrol v. Superior Court* (2015) 60 Cal. 4th 1002, 1004), the main factor for whether joint employment exists is whether one “employer . . . lends an employee to another employer and relinquishes to [the] borrowing employer all right of control over the employee’s activities,” which perfectly describes Peak Prep’s relationship with its employees last year who were co-employed with ESS. I note that the agreement terminating the employee leasing agreement confirmed that this was the case. (See **Exhibit C** at p. 1 [“Peak Prep has at all times been ultimately responsible for directing and supervising the work of the Employees during the 2019-2020 school-year.”])

Again, because expenditures that may be creditable towards the 40/80 rule have not been finally determined for the 2019-20 school year, Peak Prep believes it would be appropriate for the CDE to defer the possible action discussed in its letter until the litigation with Accel has concluded,

E. Peak Prep Will Satisfy the 40/80 Rule in 2020-21 and Should Continue to Receive a 100% Funding Determination

Critically, going forward, as Peak Prep’s second-year funding determination form indicates, Peak Prep remains eligible for a 100% funding determination level for the 2020-21 school year. That form presents a reasonable budget of expenditures that Peak Prep expects to incur in satisfaction of the 40/80 rule. (See BSA Letter at pp. 7-8.) Unlike Peak Prep’s initial funding determination form in 2019-20, which relied almost exclusively on services provided by Accel (and was itself prepared by Accel), the second-year funding determination form should be considered substantially more reliable. Unlike for most of the 2019-20 school year, Peak Prep is now the sole employer of all of its employees and is responsible for directly funding their payroll and benefits; Peak Prep is now procuring all of its instructional materials and services directly



from the applicable vendors; and Peak Prep’s second funding determination form has been prepared by the highly qualified and experienced BSA – not Accel. In short, the amounts driving the budget on the second-year funding determination form are now squarely under Peak Prep’s immediate control and supervision.

Under these circumstances – litigation affecting the 2019-20 unaudited actuals and a second-year funding determination form that solves for and eliminates those issues from 2019-20 – Peak Prep believes that there is no basis for a finding that “the actual expenditures of the charter school or the second year funding determination form **do not support the funding determination for the second year**,” (emphasis added) as is required for a revision to Peak Prep’s funding determination under 5 CCR § 11963.6(a).

* * *

Peak Prep acknowledges that the underlying issues which led to the appearance of the variance are complex, and appreciates the CDE’s time in reviewing Peak Prep’s submission. Again, given the litigation, which adds a unique complication to finalizing Peak Prep’s 2019-20 actuals, Peak Prep asks that the CDE defer this matter until the litigation concludes. And, in advance of any recommendation that may be made by the Advisory Commission on Charter Schools to the State Board of Education regarding Peak Prep’s funding determination, I respectfully request the opportunity meet (virtually) with you and your colleagues, joined by representatives from YMC and BSA, to discuss these complex issues in real time.

7

Sincerely,

Dr. Shalen Bishop
Superintendent

Enclosures

Cc: Jonathan Yu, Brooks Allen, Lisa Constancio, SB740 email group



[1] None of the original members of the Board who approved the agreements with Accel remain on the Board. As of July 2020, Peak Prep's Board has been chaired by the District's representative, Marlo Hartsuyker, Director of Charter School Support and Oversight for the Ventura County Office of Education.

Exhibit 7



Rudy Calasin
Director of School Business Services
Ventura County Schools
Business Services Authority
5189 Verdugo, Suite BSA
Camarillo, CA 93012

Stephanie Farland, Director
Charter Schools Division
California Department of Education
1430 N. Street
Sacramento, CA 95814

January 8, 2021

**Re: 90 Day Report (Funding Determination Form) Submitted by
Peak Prep Pleasant Valley Charter School**

Dear Director Farland:

This letter is in response to the California Department of Education's ("CDE") request for further explanation of the information included in charter school Peak Prep Pleasant Valley's ("Peak Prep") 90-day report. My name is Rudy Calasin, and I am the Director of the Ventura County Schools Business Services Authority ("BSA"). My organization is currently the back-office service provider for Peak Prep, and we are responsible for helping Peak Prep prepare its 2019-20 unaudited actuals report as well as the updated 2019-20 funding determination form ("FDF"). I understand that there are significant differences between the initial FDF that was submitted during the 2019-20 school year and the updated FDF, which is based on unaudited actuals, and by the end of this letter, I hope that you will have a clear understanding of why the subject variances exist.

Before I explain the details surrounding the 90-day report, I think it would be beneficial to provide some background information on Peak Prep's situation, from BSA's perspective, which BSA came to learn in the course of working with Peak Prep beginning in July 2020. I believe this background will add some much-needed context to the differences between the initial FDF and the unaudited actuals. If you prefer to turn directly to the explanations relating to the two areas of apparent variance with the initial FDF raised in your letter, I refer you to page 6.

I. **Background**

a. **Overview of Peak Prep's Operations in the 2019-20 School Year**

As you know, Peak Prep began operating during the 2019-20 school year. As part of the start-up process, Peak Prep's original Board of Directors ("Board") chose a back-office provider, Accel Online California LLC (Accel). Even though Accel had limited experience managing California charter schools, I understand that Peak Prep's Board chose Accel because Accel did have extensive experience in managing non-classroom-based charter schools throughout the country. Accel appeared to possess the resources and infrastructure to help Peak Prep hit the ground running, particularly in the areas of enrollment and the deployment of Peak Prep's core curriculum in a virtual environment.

With Accel being new to the California charter school environment, issues with Accel's compliance monitoring began to show right away. With a late school year launch, Peak Prep did not start receiving its Local Control Funding Formula ("LCFF") apportionments until the P-1 apportionment was certified. Since the first apportionment check did not arrive until February 2020, Accel thus financed certain expenditures including the salary of its Superintendent, Dr. Shalen Bishop, which Peak Prep has since repaid with interest.

Another issue that arose during the 2019-20 school year was the fact that the teachers that were working for Peak Prep were not directly and solely employed by Peak Prep. Although Peak Prep's Superintendent hired, managed, and supported them, they were on Accel's payroll. In practice, they were "co-employees" subject to a dual or joint employment arrangement. . Due to their inexperience with California charter schools, Accel was clearly unaware that this was not viewed as a compliant practice in California. However, as Peak Prep's back-office provider, it was Accel's responsibility to make sure Peak Prep remained compliant in all areas of finance and payroll. The issue was rectified after Peak Prep's authorizer, Pleasant Valley School District ("PVSD"), became aware of it and issued a notice of violation raising the practice, among other issues. Accel's leased employees were converted to direct employees of Peak Prep, and solely employed by Peak Prep, as of May 2020. This issue explains why Peak Prep did not appear to meet the 40% threshold for certificated salaries and benefits, which I will clarify in more detail further down in this letter.

Other issues started to mount with Accel over the 2019-20 school year, including insufficient interim reporting, questionable service charges, inaccurate billings, etc., and it became clear to Peak Prep that this business relationship could not continue.

b. BSA Begins Working with Peak Prep as of the 2020-21 Fiscal Year

Peak Prep was encouraged by its authorizer, PVSD, to begin looking at other options for back-office services. The Ventura County Office of Education ("VCOE") was aware of the situation with Peak Prep and Accel and encouraged PVSD and Peak Prep to strongly consider a new back office provider that had significant California school experience. With the support of its authorizer, and after reviewing multiple proposals from other providers, Peak Prep chose BSA because of BSA's strong, 10+ year track record of managing charter schools' fiscal operations in Ventura County (the "County").

BSA started as a branch within VCOE but eventually became a separate joint powers authority ("JPA") that was in charge of consolidating back-office services for the 5 smallest school districts in the County, including Briggs Elementary, Mesa Union, Mupu Elementary, Santa Clara Elementary, and Somis Union. About 10-years ago, BSA began managing charter schools using the same management and oversight standards it had employed with its school district members, and this standard of managing charter schools as if they were districts has served BSA's charter school clients well. In addition to Peak Prep, BSA manages Ventura Charter School, Meadows Arts & Technology Elementary School ("MATES"),

Architecture, Construction & Engineering (“ACE”) High School, Bridges Charter School and River Oaks Academy. The latter school is a non-classroom-based charter, like Peak Prep, and thus, BSA became well-versed in the idiosyncrasies of SB 740 prior to working with Peak Prep.

BSA began exploring a business relationship with Peak Prep in the Spring of 2020 at the behest of the VCOE. My organization was informed of the details of Peak Prep’s situation involving Accel, and although we knew we had the knowledge and expertise to help Peak Prep, we also understood the enormous challenge ahead of us. Not only did we have to transition Peak Prep into the 2020-21 school year on extremely short notice, but we would also have to help them navigate through all the issues that would inevitably arise from the 2019-20 school year. After numerous conversations with Dr. Bishop, Peak Prep’s Head of School, it became clear to BSA that he had a sincere desire to serve Peak Prep’s students and that he could lead the school in the right direction as long as Peak Prep had the proper fiscal management and oversight. As such, BSA committed to working with Peak Prep by mid-June 2020, and this began the expedited ramp-up period to get everything in place for the 2020-21 school year.

It is important to note that BSA’s agreement with Peak Prep started with the 2020-21 fiscal year. It was BSA’s intention to avoid involving itself in matters relating to the 2019-20 fiscal year in which Peak Prep worked with Accel, and we assumed that Peak Prep and its legal counsel from Young, Minney & Corr (“YMC”) would address any issues from the previous year. Of course, we knew that there would be some overlap between fiscal years, and we were willing to handle that accordingly. However, BSA’s initial focus was squarely on 2020-21, and this included creating a 2020-21 Adopted Budget. This budget should have been completed by Accel by June 30, 2020, pursuant to Accel’s agreement with Peak Prep, but Accel failed to do so.

c. BSA Prepares a 2020-21 Budget for Peak Prep Based on the Best Information Available to Peak Prep

Peak Prep was able to get an extension from PVSD to prepare its 2020-21 budget, and it was agreed that Peak Prep would submit it by the end of July 2020. At the BSA, the budget adoption process is normally at least a three-month process, but we were tasked with putting a budget together in about a month. With no mechanisms in place to carry over the prior-year budget, as that responsibility had rested with Accel, BSA had to create everything driving the budget from scratch. This included creating brand new positions, calendars, pay cycles, salary schedules, etc. with regards to the payroll budget. We also had to piece together a non-salary budget, which was difficult given that many of Peak Prep’s non-salary costs from the previous year were not itemized in the documentation that Accel provided. Instead, they were embedded within management fees charged by Accel that did not detail how those management fees were allocated towards non-salary expenses like online curriculum. However, in the end, BSA, in collaboration with Dr. Bishop, was able to present Peak Prep’s Board with an adopted budgeted that included a multi-year plan for the next two years out and an SB 740 projection that showed compliance with both the 40% and 80% thresholds. This budget was Board-approved and submitted to PVSD before the July deadline.

d. BSA Reconstructs 2019-20 Unaudited Actuals That Accel Failed to Prepare

The only element missing from the adopted budget was an estimated actuals budget from the previous year. The estimated actuals budget provides an approximation of Peak Prep’s final financial position from the previous fiscal year and establishes a starting point for the new budget year. It was assumed that Peak Prep and Accel would settle their differences fairly quickly and that Accel would be able

to put together an unaudited actuals report by the September 2020 deadline. As such, BSA felt that financial data from the previous fiscal year would be available once it was time to start putting together the 1st interim budget in November 2020. Unfortunately, as the 2020-21 school year moved forward, the situation between Peak Prep and Accel became embroiled in litigation, with both sides claiming the other breached the subject contract, among other defenses to payment that I understand Peak Prep's legal counsel is raising on Peak Prep's behalf.

Again, it was BSA's intention to stay out of the legal matter between Peak Prep and Accel and distance itself from anything related to the 2019-20 fiscal year. When the 90-day report came around, BSA filled out the new FDF based on the 2020-21 budget, which was an easy task because an SB 740 estimate had already been generated as part of the 2020-21 Adopted Budget. However, as it became more apparent that Accel would not be able to provide Peak Prep's 2019-20 unaudited actuals in time for the 90-day report, BSA felt compelled to intervene and assist Peak Prep in addressing that challenge. We did not want to see Peak Prep get penalized for not turning in an unaudited actuals report although we knew that other questions might be forthcoming since it would not be possible to put together a completely accurate unaudited actuals report because the actual expenses related to Accel were in dispute in litigation. Peak Prep's auditor is aware of these issues.

In the interest of transparency, I want to disclose that I have been the primary point of contact with Peak Prep as a representative of BSA. Peak Prep's Superintendent and I have worked very closely over the last six+ months, and I am responsible for building Peak Prep's adopted and 1st interim budgets. I have also been responsible for filing and generating reports for Peak Prep including the CARES Act reports, the Consolidated Application, the Budget Overview for Parents, etc. It should be no surprise then that I was tasked with putting together Peak Prep's 2019-20 unaudited actuals report, which ended up being an exercise in frustration. It also exposed me to various problems that Peak Prep faced as a result of how Accel operated Peak Prep's fiscal affairs.

This frustration stemmed from several issues. The first being that it was clear that Accel did not utilize a financial system capable of handling the demands of California school accounting. For instance, BSA uses Escape Online, which is a comprehensive fund accounting and HR/payroll system that was designed from the ground up for California-based districts, county offices and charter schools. This software is used by hundreds of local educational agencies across the State, and I can attest to its effectiveness since I utilize it every day. In the case of Accel, it appears they used multiple pieces of software for separate areas of finance and HR/payroll, and for reporting purposes, they relied on exporting data to Excel and manually arranging/editing data using a spreadsheet.

In terms of basic functionality, it appears they do not have a general ledger system capable of properly coding expenditures. I have not independently confirmed this assumption, but everything I have seen leads me to believe that Accel does not have a system capable of breaking down the salaries and benefits, for example, of an employee and properly coding those expenses to accounts that are in compliance with the California School Accounting Manual ("CSAM").

Not having an adequate financial system and relying too much on edited spreadsheet reports creates two major issues – inaccuracy and a lack of transparency. This was evident as I tried to reconcile Peak Prep's payroll charges from 2019-20. As noted earlier, most of Peak Prep's employees were co-employees leased from Accel and on Accel's payroll for the better part of last fiscal year. As such, Accel billed Peak Prep for these employee-related charges. However, the bills that were sent to Peak Prep were lump sum

bills that provided no detail regarding salaries and benefits for each individual employee, which speaks to the lack of transparency I mentioned earlier.

When Peak Prep asked for a labor distribution detail report that tied to the lump sum invoices, we were sent a heavily edited and convoluted spreadsheet that was difficult to parse through. Peak Prep's Superintendent discovered that Accel had included an unauthorized 21% mark-up fee (based on gross salaries) that we would not have known about had we not asked for the detail. As Peak Prep and I went through the salary spreadsheet, we discovered numerous errors and inconsistencies. This made it very difficult for me to consolidate the payroll data because one worksheet of payroll data was not formatted the same way as the next sheet of data. As a result, I had to edit an already heavily edited spreadsheet to come up with what I thought was an accurate picture of how much Peak Prep might owe to Accel's affiliate, Education Staffing Services LLC ("ESS") for its payroll expenses. Ultimately, direct salary payment by Peak Prep would be less than what Accel/ESS billed for due to the removal of the 21% mark-up fee plus other erroneous charges. I ended up shaving almost \$300,000 off of Accel's payroll invoice based on my analysis. I understand that the final determination of amounts owed to Accel are subject to the ongoing litigation, and it is unclear whether amounts claimed by ESS will be addressed in the litigation as well.

In terms of non-salary expenses, these were a bit easier to navigate since there were so few of them, and legitimate non-salary expenses were recorded in the unaudited actuals report. Accel covered a lot of Peak Prep's non-salary expenses under the umbrella of several different fees. These fees comprise the bulk of the total amount that Accel billed to Peak Prep, and they are currently at the center of the litigation between Peak Prep and Accel due to questions relating to the accuracy and fairness of these charges, and whether they reflect services that were performed at all or performed as required. Due to this dispute, these fees are not included in the unaudited actuals report, and it is the primary reason why the expenditures in the unaudited actuals report come out to a little more than half of the revenues that are reported. It is also worth noting that if a settlement is reached, Peak will ask Accel to provide an itemized list of charges that are covered by these fees so that they can be properly allocated for purposes of SB 740.

The revenues were the simplest piece of the unaudited actuals report to deal with since Peak Prep only received LCFF and lottery funds in the 2019-20 school year, although Peak's 2019-20 lottery funds did not arrive until this fiscal year. I was able to use the apportionment data provided on the CDE website to accurately record revenues. However, it is worth pointing out that Accel originally budgeted special education revenues without realizing that Peak would not be eligible to receive this funding until the 2020-21 school year, which again, speaks to Accel's lack of experience with regards to California school funding.

Again, while Peak Prep's 2019-20 revenues were easy enough to reconcile, the challenge I faced was figuring out the expense side of the ledger. If Peak Prep paid all the bills issued by Accel, then Peak Prep would have overspent its revenue budget by several hundred thousand dollars. Again, this calls into question Accel's fiscal management of Peak Prep because a sound back-office provider would not steer a first-year charter school towards deficit-spending. As I sifted through Peak Prep's expenditures, which included actual and accrued expenditures, my goal was to come up with a baseline amount that was fair. The \$1,561,152.66 reflected in the unaudited actuals report is my best estimate as to what Peak Prep should have minimally spent during the 2019-20 school year. However, my confidence in this number is tenuous at best due to the inaccuracy and lack of transparency in the expenditure data that I was working with from Accel.

Keep in mind that the \$1.56 million figure noted above is a starting point as to Peak Prep's potential expenditures for the 2019-20 school year. Peak Prep is aware that it vastly underspent its revenue budget

and that it may be required to pay Accel for justifiable expenses related to Accel's fees/school expenses, as will be determined in the course of the ongoing litigation. I understand that the burden of proof will ultimately be on Accel to prove what is legitimately owed to them, especially given all the issues that have arisen as a result of Accel's work for Peak Prep last year.

II. Explanation Regarding Variances Between the Initial FDF and 90-Day Report

I hope that the background information provided in the preceding pages provides context as to why there are discrepancies in the initial FDF and the 90-day report. The 90-day report shows that Peak Prep spent less than 12% (\$430,742.67) of its revenues on certificated salaries and benefits. This percentage includes salaries and benefits for Peak Prep's Superintendent, who was a Peak Prep employee for all of 2019-20, and the salaries and benefits for all employees in May and June when they were converted from co-employed employees of Peak Prep and Accel to direct employees of Peak Prep, solely employed by Peak Prep.

What is missing from this calculation are the salaries and benefits of the co-employed employees from the start of the year through April 2020. In compliance with CSAM procedures, I recorded the expenses for these leased employees as subagreements for services: \$877,770.45 was recorded under object 5100 and \$25,000 in object 5800. The total cost of the leased employees is estimated to be \$902,770.45, per my analysis as discussed above. Again, all of these leased employees were eventually converted to direct employees of Peak Prep, and most of them remain currently employed with Peak Prep. If this amount were added to the salaries and benefits reflected in the unaudited actuals report, then the total salaries and benefits would come out to \$1,333,513.12, which equals 42.91% of revenues. This percentage is in alignment with the initial FDF, and I believe that the CDE should recognize the co-employed employee costs as part of the 40% requirement for certificated salaries and benefits, given that these employees were ultimately selected, supervised, and directed by Peak Prep's Superintendent to teach and support Peak Prep's students, and acted for all practical purposes as though they were directly employed by Peak Prep. Ultimately, Peak Prep expects to be responsible for reimbursing Accel's affiliate, ESS, for the actual cost of those salaries and benefits (without markup), as explained above.

The reason that Peak Prep appeared to have missed the 80% threshold is also straightforward. As discussed above, the unaudited actuals report only accounts for the expenses that Peak Prep finds justifiable, subject to any determination in the course of the ongoing litigation, which includes audited payroll expenses and itemized non-salary expenses that Accel billed to Peak Prep or that were directly paid for by Peak Prep. The missing piece of the equation is the nearly \$1.76 million in "management fees" that Accel is charging Peak Prep, which necessarily includes amounts that would be creditable towards the 80% threshold, including, for example, the expense of obtaining and delivering the curriculum to students. These charges remain in dispute, and again, if Peak Prep were to pay the entire amount, which is extremely unlikely, it would result in huge deficit spending for 2019-20. The question remains: what will the final settlement or decision of the Court end up being, and how much of that settlement or judgment can be applied towards the 80% threshold?

Unfortunately, we will not know the answers to these questions for some time given that the litigation between Peak Prep and Accel is ongoing. However, on behalf of BSA, I can assure you that Peak Prep's finances for 2020-21 are stable, and I do not anticipate any issues with meeting either the 40% or 80% threshold going forward, as indicated on the second-year FDF. My hope is that the CDE will permit Peak Prep's legal situation to play out, and we can report back regarding the 80% threshold once a

settlement has been reached or a judgment has been issued and a full audit of the 2019-20 fiscal year has been conducted.

III. Peak Prep's Budgeted Expenditures for 2020-21 Warrant a 100% Funding Determination

In conclusion, for the reasons discussed above, it would be premature to conclude at this time that Peak Prep did not meet the 80% threshold in 2019-20. Pursuant to 5 CCR § 11963.6(a), “[i]f the Advisory Commission on Charter Schools determines that the actual expenditures of the charter school or the second year funding determination form do not support the funding determination for the second year, the Advisory Commission on Charter Schools shall recommend that the State Board of Education revise the funding determination,” however, as addressed above, the “actual expenditures” from 2019-20 have not been finally determined due to ongoing litigation, and the expenditures in the 2019-20 school not bear on the funding determination for the second year given all of the changes that have been made to Peak Prep’s operations as of the second year.

Again, Accel’s management of Peak Prep’s fiscal operations (and other aspects of its operations) during its first year of operation was clearly substandard, but the problems that plagued Peak Prep in 2019-20 have not been an issue in the current year. This is due to heightened oversight and engagement in operations from both Peak Prep and its authorizer, PVSD, as well as experienced and diligent financial management and guidance from BSA. The second-year FDF is an accurate reflection of the expenses, and categorization of expenses, that Peak Prep will incur in the 2020-21 school year, and support a 100% funding determination. The expenses budgeted in the second-year FDF are now directly under Peak Prep’s purview (unlike last year when Accel served as an intermediary) and are a highly reasonable projection going forward.

I am available to provide more details regarding the issues that Peak Prep faced with Accel and provide assurances that such past issues have been addressed. Peak Prep and its legal counsel at YMC are also available to answer any questions. Rest assured that the CDE has our full cooperation, and we hope to put 2019-20 behind us so that Peak Prep can move forward and continue to serve students in California. Thank you for your time.

Sincerely,

Rudy Calasin
Director of School Business Services
Ventura County Schools
Business Services Authority
805-383-9317
rucalasin@vcoe.org

Exhibit 8

EXHIBIT A

EDUCATIONAL PRODUCTS, ADMINISTRATIVE AND TECHNOLOGY SERVICES AGREEMENT

This Educational Products, Administrative and Technology Services Agreement (the "**Agreement**") is entered into as of the 25th day of July, 2019 ("**Effective Date**") by and between Accel Online California LLC, a Delaware limited liability company ("**Consultant**"), and Peak Prep Pleasant Valley (the "**School**"), a California nonprofit public benefit corporation and public charter school.

RECITALS

Whereas, the School is organized as a California nonprofit public benefit corporation under the laws of California and the School has entered into a Charter with Pleasant Valley School District Board of Education (the "**Sponsor**") pursuant to which the School is authorized to operate a public charter school under the laws of California;

Whereas, the Consultant was established, among other reasons, to provide manage support for charter schools, and is expected to provide invaluable assistance and expertise, including educational products, administrative, marketing, technology, regulatory, financial, facilities, and other advice, in connection with the operation of the School;

Whereas, the School and the Consultant (individually, a "**Party**" and collectively, the "**Parties**") desire to create an enduring educational relationship whereby they will pursue and provide educational excellence at the School based on an agreed upon school design, comprehensive educational program and management principles; and

Whereas, the School's Board of Directors (the "**Board**"), as well as its faculty and staff, shall actively support and assist Consultant so that together they may strive to achieve academic excellence. Similarly, Consultant and its Affiliates shall actively support and assist the Board and the School so that together they may strive to achieve academic excellence.

NOW THEREFORE, in consideration of their mutual promises and covenants, and intending to be legally bound hereby the Parties agree to the following terms:

ARTICLE I. EDUCATIONAL PRODUCTS, ADMINISTRATIVE AND TECHNOLOGY SERVICES

1.1 Educational Products and Services.

- (a) During the Term (as defined in ARTICLE II below), Consultant will provide to the School the following educational products and services (the "**Educational Services**"):
 - (i) Curriculum and Assessment. Support for implementing the educational goals and programs set forth in the Charter (the "**Educational Program**") by providing curriculum, assessment tools, a learning management system, a student information system and a content management system in all subject sand grades Consultant generally offers to its manage programs customer; curriculum for all other subjects required by applicable law; and additional curriculum or educational

programs Consultant recommends to achieve the goals of the Educational Program. In the event Consultant determines it is advisable to modify the Educational Program, Consultant shall inform the Head of School (“**HOS**”) of the proposed changes and obtain School approval, and if required under the Charter, approval of the Sponsor.

- (ii) Instruction. Oversight and coordination of the services to be provided by instructional personnel, and the School's leadership team and its teachers and support staff, all in accordance with ARTICLE VI below.
 - (iii) Instructional Tools. Selection of instructional tools, equipment and supplies, including textbooks, computers, monitors, computer peripherals, curriculum, printers, software and multi-media teaching tools as Consultant determines to be necessary in its reasonable discretion, with advice and input from the Board.
 - (iv) Workforce Development Program. Upon agreement of the Parties, provide Workforce Innovation Opportunities Act programs to reach out to disengaged youth and provide new learning opportunities tailored to the needs of disengaged youth and provide new learning opportunities tailored to the needs of disenfranchised and withdrawn youth who are interested in reclaiming their education through workforce education led by specialized teachers and counselors resulting in career pathway certification, pre-employment skill development, remediation of academic skills, credit recovery and high school diploma requirement completion.
 - (iv) Extra-Curricular and Co-Curricular Programs. Oversight of appropriate extra-curricular and co-curricular activities and programs (but not Supplemental Programs as defined in ARTICLE V below).
- (b) Additional Educational Services. Any other services required by the Sponsor and/or the state of California (the “**State**”) Department of Education (the “**CDE**”) and such other services as are necessary or expedient for the provision of teaching and learning at the School as agreed to from time to time between Consultant and the School and directed by the HOS. The Educational Services will be provided in accordance with the educational goals, curriculum, methods of pupil assessment, admissions policy, student recruitment policy, school calendar, school day schedule, and age and grade range of pupils to be enrolled at the School as adopted by the School and as provided for in the Charter, as the same may be amended.
- (c) Consultant will be responsible and accountable to the School for the provision of the Educational Services, provided, however, that such obligations, duties and responsibilities are limited by the School Budget established pursuant to Section 1.2(a)(vi) below, and Consultant will not be required to expend funds on such services in excess of the amounts set forth in such School Budget.

1.2 Administrative Services.

- (a) During the Term, Consultant will provide to the School the following administrative services (the “**Administrative Services**”):
 - (i) Personnel Management Support. Management and professional development support of all personnel providing Educational Services, Administrative Services and Technology Services in accordance with ARTICLE VI below.

- (ii) Business Administration. Administration of all business operations of the School subject to the direction of the School.
- (iii) Payroll. Management of the School's payroll. Consultant will be responsible for all data input.
- (iv) Public Relations. Coordination and assistance with any and all advertising, branding, media and public relations efforts, including parent and community outreach programs and local community relationship building. All public relations will be subject to the mutual approval of both Parties, which approval may not be unreasonably withheld.
- (v) Budgeting and Financial Reporting.
 - (A) A proposed annual budget will be prepared by Consultant in a mutually agreeable format by June 1st of the immediately preceding fiscal year and will be subject to the approval of the School which shall not to be unreasonably withheld or delayed and in all cases shall be provided no later than June 30 of the immediately preceding fiscal year. The approved budget is the "**Budget**". The Consultant shall be responsible for the preparation of other financial statements as required by and in compliance with the Charter and applicable laws and regulations, including such documentation as may be required by the independent certified public accountants retained by the School to perform annual audits of the School's financial statements. The cost of the audit will be the responsibility of the School, and will be provided for in the Budget.
 - (B) The Consultant will provide the School with monthly financial forecast and analysis reports (Forecasted P&L / Cash Balances) and all other support as needed. The Consultant will provide the following accounting information and services: accounts payable coding; payroll journal entries; expense accrual journal entries; support for grant writing / reporting / draw down; assist the fiscal officer with the preparation of monthly financial reporting to the Board; and support for all State reporting requirements. The Consultant will prepare a five-year financial plan.
 - (C) On behalf of the School, the Consultant is responsible for preparation of (i) such other reports on the finances and operation of the School as requested or required by the CDE, the School or the Sponsor to ensure compliance with the terms of the Charter; (ii) monthly unaudited financial statements; and (iii) year-end unaudited financial statements which will be provided within forty-five (45) days after the end of the fiscal year.
 - (D) The Consultant will provide other information on a periodic basis or as requested with reasonable notice as may be reasonably necessary to enable the School to monitor Consultant's performance under this and related agreements including the effectiveness and efficiency of its operations at the School.
 - (E) On behalf of the School, the Consultant will maintain accurate financial records pertaining to its operation of the School, together with all School financial records, and retain all such records for a period of five (5) years (or longer if required by applicable laws and regulations) from the close of the fiscal year to which such books, accounts and records relate. All the School financial records retained by the Consultant pertaining to the School will be available to the School, the Sponsor, the Auditor of State, the CDE or the United States

Department of Education (the “*USDOE*”) and to all other appropriate regulatory authorities for inspection and copying upon reasonable request, it being understood that in most cases such copies will be made available within thirty (30) business days of request.

- (vi) School's Right to Audit. The School reserves the right to conduct or to appoint others to conduct examinations, at the School's expense, of the books and records maintained for the School.
- (viii) Maintenance of Student and Other Records.
 - (A) Consultant will maintain accurate student records pertaining to the students enrolled at the School as is required and in the manner provided by the Charter and applicable laws and regulations, together with all additional School student records prepared by or in the possession of Consultant, and retain such records on behalf of the School, until this Agreement expires or is terminated, at which time such records will be delivered to the School which shall thereafter be solely responsible for the retention and maintenance of such records (it being understood that such student records are and shall be at all times the property of the School). Consultant and the School will maintain the proper confidentiality of such records as required by law and the Charter.
 - (B) Consultant will maintain accurate employment, business and other records pertaining to the operation of the School as is required and in the manner provided by the Charter and applicable laws and regulations, together with all additional School employment, business and other records prepared by or in the possession of Consultant, and retain such records on behalf of the School until this Agreement expires or is terminated, at which time such records will be delivered to the School which shall thereafter be solely responsible for the retention and maintenance of such records (it being understood that such employment, business, and other records are and shall be at all times the property of the School). Consultant and the School will maintain the proper confidentiality of such records as required by law and the Charter.
 - (C) The financial, educational and student records pertaining to the School are the property of the School, and such records are subject to the applicable provisions of State and federal law. Consultant shall help ensure that to the extent requested by the School, all School records shall be physically or electronically available, upon request, at the School.
 - (D) Consultant shall provide such other information, including a written report, as reasonably requested by the School.
- (ix) Admissions. Implementation of the School's admission policy in accordance with the Charter and applicable laws and regulations.
- (x) Student Hearings. Administration and enforcement of student disciplinary and special education hearings in conformity with the requirements of the procedures established by the School, and other applicable laws and regulations (including, but not limited to, requirements involving due process and confidentiality) to the extent consistent with the School's duties and obligations under the Code and other applicable laws and regulations.
- (xi) Academic Progress Reports. Provide to the School on a periodic basis as necessary or appropriate for the School to satisfy its obligations under the Charter and

applicable laws and regulations, a report detailing (A) the School's students' academic performance, (B) Consultant's performance against mutually acceptable criteria of the Educational Services and Administrative Services, and (C) such other reports reasonably requested by the School.

- (xii) Rules and Procedures. Recommend rules, regulations and procedures applicable to the School and its students and enforce such rules, regulations and procedures adopted by the School that are not in direct conflict with this Agreement, the Charter and applicable laws and regulations.
- (xiii) Student Recruitment and Admissions. Recruitment and admission of students subject to agreement on general recruitment and admission policies to the extent as budgeted for in the Budget or as otherwise approved by the School. Students shall be enrolled in compliance with the procedures set forth in the Charter and State and federal laws. Recruitment via lead generation, lead qualification and lead conversion to application and enrollment will take place via a contact strategy by phone, email, and in-person events. Consultant will implement the School's admission policy, including management of the application and enrollment process as well as orientation. Consultant will maintain a call center function to facilitate recruitment and admissions.
- (xiv) Administrative Facility Management. Management of the School's Administrative Facility to the extent consistent with any leases or other documents pertaining to the Administrative Facility.
- (xv) Additional Administrative Services. Any other services reasonably necessary or expedient for the effective administration of the School as agreed to from time to time by Consultant and the School.
 - (A) The Administrative Services will be provided in a manner consistent with the Educational Program, the Charter, and local, State and federal laws and applicable regulations and policies.
 - (B) Subject to this Agreement, the Charter, and applicable laws and regulations, Consultant may modify the methods, means and manner by which such Administrative Services are provided at any time, provided that Consultant supplies the School with written notice of such modifications.
 - (C) Consultant will be responsible and accountable to the HOS for the provision of the Administrative Services, provided that such obligations, duties, and responsibilities are limited by the Budget established in Section 1.2(a)(vi) above, and Consultant will not be required to expend funds on such services in excess of the amounts set forth in such Budget.

1.3 Technology Services. During the Term, Consultant or its Affiliates will provide or cause to be provided to the School the following technology services (the "**Technology Services**") using the proceeds set forth in Section 4.1(a) of this Agreement:

- (a) Monitor production services, i.e., the learning management and content management systems;
- (b) Monitor and analyze data to fix production issues as they arise;
- (c) Generate reports on student academic performance, attendance and progress;

- (d) Seek and secure competitive pricing and centralized purchase discounts for computers, monitors, printers, software and other peripherals (“Computer Equipment”) for the School;
- (e) Develop, design, publish and maintain the School’s website;
- (f) Determine hardware configurations (including software and operating systems) for the School’s technology needs;
- (g) Provide support for School administration in troubleshooting system errors; and
- (h) Other technology support services requested and mutually agreed upon by the Board and Consultant.

- 1.4 Place of Performance; Provision of Offices. The School will provide Consultant with necessary and reasonable office space at an address in California to be determined (the “*Administrative Facility*”) to perform all services described in this Agreement that are not otherwise provided online or remotely at Consultant’s usual place of business. Consultant may provide other services elsewhere, unless prohibited by the Charter or applicable laws and regulations.
- 1.5 Authority. By this Agreement, the School provides Consultant such authority and power as is necessary and proper for Consultant to undertake its responsibilities, duties and obligations provided for in this Agreement, except in cases wherein such authority may not be delegated by applicable laws and regulations.

ARTICLE II. TERM

- 2.1 Term. The term of this Agreement will commence on upon the School’s approval of this Agreement (the “*Start Date*”) and shall continue thereafter through the terms of the Charter (the “*Initial Term*”) unless sooner terminated pursuant to ARTICLE VII or mandated by regulation or statute. In the event the Sponsor and/or the Charter changes, this Agreement shall automatically survive and be performed in accordance with the new Charter, these terms and conditions and applicable law, unless this Agreement is otherwise terminated in accordance with ARTICLE VII herein.
- 2.2 Renewal. This Agreement will automatically extend for successive additional periods consistent with the length of the new or renewal term from the Sponsor (each such period a “*Renewal Term*”), unless (a) either Party provides the other with written notice of non-renewal at least eighteen (18) months before the applicable Renewal Date; or (b) the Agreement is sooner terminated under ARTICLE VII. The Initial Term and any Renewal Terms will be referred to collectively as the “*Term*”.

ARTICLE III. RELATIONSHIP OF THE PARTIES

- 3.1 Status of the Parties. Consultant is not a division or any part of the School. The School is a separate and distinct corporation authorized under California law and is not a division or a part of Consultant. The relationship between the Parties was developed and entered

into through arms-length negotiations and is based solely on the terms of this Agreement and those of any other agreements that may exist from time to time between the Parties. Nothing herein will be construed to create a partnership or joint venture by or between the School and Consultant or to make one the agent or fiduciary of the other. Neither the School nor Consultant will hold itself out as a partner or agent of the other or otherwise state or imply by advertising or otherwise any relationship between it and the other in any manner contrary to the terms of this Agreement. Neither the School nor Consultant has, and neither will represent that it has, the power to bind or legally obligate the other. No employee of Consultant will be considered an employee of the School by either Party for any purpose whatsoever.

- 3.2 Consultant Attendance at Board Meetings. Consultant shall use commercially reasonable efforts to attend Board meetings in person and, if unable to attend in person, may attend them telephonically. The Board shall use reasonable efforts to schedule any regular, special or emergency Board meeting so that Consultant has the opportunity to attend the same. The Board shall provide Consultant with notice of any regular, special or emergency meeting of the Board when it provides members of the Board with notice of the meetings.
- 3.3 No Related Parties or Common Control. Consultant will not have any role or relationship with the School that, in effect, substantially limits the School's ability to exercise its rights, including cancellation rights, under this Agreement. Any director, officer or employee of Consultant shall be prohibited from serving on the Board. None of the voting power of the Board will be vested in Consultant or its directors, members, Consultants, officers, shareholders and employees, and none of the voting power of the Board or shareholders of Consultant will be vested in the School or its directors, members, Consultants, officers, shareholders (if any) and employees. Furthermore, the School and Consultant will not be members of the same control group, as defined in Section 1.150-(f) of the regulations under the Internal Revenue Code of 1986, as amended (or its successor) (the "***Internal Revenue Code***"), or related persons, as defined in Section 144(a)(3) of the Internal Revenue Code.
- 3.4 Other Schools. The Parties acknowledge that this arrangement is not exclusive and that Consultant will have the right to render similar services to other persons or entities including other public or private schools or institutions.
- 3.5 Exclusivity. During the Term, Consultant and its Affiliates shall be the sole provider of the products and services set forth herein for the School unless otherwise waived in writing by an authorized officer of Consultant.

ARTICLE IV. CONSIDERATION

- 4.1 Compensation for Services.
- (a) Services Fee. The School will pay to Consultant an annual fee of eight percent (8%) of the federal, State and local funds the School receives, directly or indirectly, for the particular students enrolled in the School pursuant and subject to applicable law and regulations, exclusive of Free and Reduced Lunch Revenues (the "***Services Fee***"). The Services Fee

calculation shall not include charitable contributions, facility funding, or proceeds from fundraisers ("*Non-Qualified Gross Revenue*"), which shall be retained entirely by the School. Such consideration will not preclude the payment of additional consideration if additional consideration is permitted or specified elsewhere in this Agreement or in other agreements between the Parties. If the School has no debt to the Consultant and is able to timely pay the Services Fee, the School may, at its sole discretion, agree to pay to the Consultant an incentive as a result of the School meeting the Incentive Goals identified in Appendix A attached hereto and in the Charter.

- (b) Reasonable Compensation. The Services Fee under this Agreement is reasonable compensation for services rendered. Consultant's compensation for services under this Agreement will not be based, in whole or in part, on a share of net profits from the operation of the School.
- (c) Annual Reconciliation. The Services Fee shall be subject to annual reconciliation based upon actual enrollment and actual revenue received (including the final month of the Term, even though the payment may be made beyond expiration or termination of the Term). If the School receives written notice of a review of the enrollment being completed by the State, the School shall provide Consultant with a copy of the written notice upon receipt of same. If the review results in a finding that additional funding is owed to the School, the School shall make payment to Consultant of eight percent (8%) of the amount received or such other amount due to Consultant within five (5) business days after receiving an invoice for such amount. If the review results in a finding that the School owes money to the State, the School will work with the Consultant to initiate an appeal of the State's determination in accordance with applicable laws and regulations. Consultant shall select legal counsel and a strategy for the appeal and pay any and all expenses and costs related to the appeal including attorneys' fees. The School shall cooperate with Consultant and selected legal counsel's efforts to appeal. Should the review result in the School owing money to the State, Consultant agrees to contribute eight percent (8%) or such other amount overpaid to Consultant.

4.2 Payment of Costs.

- a. The School shall pay Consultant the following: (i) \$1,200.00 for enrollment of each new student and \$150.00 for enrollment of each School student from the immediately prior school year who re-enrolls; (ii) \$350.00 per student per year for access to the curriculum, learning management system, student information system, and content management system provided by Consultant; and (iii) cost of Computer Equipment plus 20% of cost for student computer services (selection, deployment, reclamation, refurbishment and tracking).
- b. In addition to the Services Fee described in Section 4.1 above, the School will reimburse Consultant for all costs incurred and paid by Consultant in providing the Educational Services, Administrative Services and Technology Services. Such costs may include, but are not limited to, mortgage, rent and/or lease payments (including costs pursuant to any equipment lease or Administrative Facility lease that the Parties may enter into), Administrative Facility maintenance and utility costs, payments due under the Employee Leasing Agreement (Exhibit B), Sponsor fee, costs related to curriculum, instructional

materials, textbooks, software, supplies, special education and psychological services, and specialty services.

4.3 Prior to or simultaneously with executing this Agreement, a school enrolling students for the first time ("New School") shall enter into a startup Line of Credit Agreement and Promissory Note attached hereto as Exhibit A for costs associated with opening a new school or as otherwise approved by lender thereunder.

4.4 Time and Priority of Payments.

- (a) Each installment of the Services Fee will be due and payable by the School upon receipt of invoice.
- (b) Consultant will notify the School of any payments due and owing to Consultant pursuant to Section 4.2 above as soon as possible after the end of each month and the School will make such payments to Consultant upon receipt of invoice.
- (c) New School shall pay amounts due under the Line of Credit Agreement and Promissory Note as required by the Line of Credit Agreement and Promissory Note.
- (d) The School will satisfy its payment obligations under this ARTICLE IV to Consultant in the following order of priority: (i) payments due and owing under the Line of Credit Agreement and Promissory Note referenced in Section 4.3 above; (ii) payments due and owing under the Employee Leasing Agreement (Exhibit B); (iii) payments due and owing under Section 4.2 above for rent pursuant to Facility lease; (iv) payments due and owing under Section 4.2 above for Sponsor fee; (v) all other payments due and owing under Section 4.2 above, with the oldest amounts due first; and (vi) payments due and owing pursuant to Section 4.1 above with the oldest amounts due first.

4.4 Interest Rate and Fee Carryovers.

- (a) Unless otherwise agreed by the Parties, unpaid Services Fees will accrue interest at rate of eight percent (8%) for the time overdue.
- (b) There will be no limits to fees owed to Consultant that may be carried over from year to year unless expressly provided otherwise in this Agreement.

**ARTICLE V.
SUPPLEMENTAL PROGRAMS**

Supplemental Programs. In addition to the Educational Services, Administrative Services and Technology Services provided by Consultant to the School, Consultant may, subject to School approval (which approval shall not be unreasonably withheld), provide additional services, which may benefit the School by increasing its exposure in the community to students and non-students of the School (the "**Supplemental Programs**"), provided that nothing herein shall require Consultant to provide any such Supplemental Programs. Consultant may retain the full amount of any and all revenues collected from or for such Supplemental Programs, and Consultant will be responsible for the full cost of providing such Supplemental Programs.

**ARTICLE VI.
PERSONNEL AND TRAINING**

6.1 Personnel Responsibility.

- (a) Subject to Sections 1.1 and 1.2 above, the Charter and applicable laws and regulations, Consultant will have the sole responsibility and authority to determine staffing levels, and select, evaluate, assign, discipline, supervise, manage, transfer and terminate personnel, except HOS, necessary to carry out the Educational Services, the Administrative Services, the Technology Services, the Supplemental Programs (if any) and all other services provided under this Agreement. The HOS shall contact Consultant to, in its reasonable discretion, reject or request removal of any staff member from assignment at the School.
- (b) Except as specified in this Agreement or as required by the Charter, the teachers and support staff recommended by Consultant pursuant to this Agreement will be employees or subcontractors of Consultant. Consultant will be responsible for conducting reference checks, employment checks, criminal background checks and unprofessional conduct checks on its employees and subcontractors to the extent required under applicable laws and regulations as if the employees and subcontractors were employed by the School. Upon request, Consultant will provide the School with documentary evidence of such background checks. Consultant will share on a confidential basis with the School its performance reviews and assessment of the HOS.
- (c) School shall not pay a bonus or other form of compensation to any employee or subcontractor of Consultant without advance consultation with and written approval from Consultant.

6.2 Head of School. The HOS will be an employee of the Board and the Board will determine the employment terms of the HOS.

6.3 Teachers. Consultant will provide to the School such teachers as are required to provide the Educational Services, Administrative Services and Supplementary Programs (if any). Consultant, in consultation with the HOS, will determine the number and assignments of such teachers. Such teachers may work on a full or part time basis. Each teacher assigned to the School will be qualified in his or her grade levels and subjects, and, to the extent required under applicable laws and regulations, hold a valid teaching certificate issued by the CDE. Further, to the extent required under applicable laws and regulations, such teachers shall have undergone a criminal background check and unprofessional conduct check as if such teachers were employees of the School. Upon request, Consultant shall provide the School with documentary evidence of its compliance with this Section 6.3. Consultant shall keep the School informed of all teaching staff related actions and decisions on a regular basis.

6.4 Support Staff. Consultant will provide the School with such support staff as are required to provide the Educational Services, Administrative Services, Technology Services and Supplementary Programs (if any). Such support staff may include, among others, teachers' aides, clerical staff, administrative assistants to the HOS and bookkeepers. Such support staff may work on a full or part time basis.

- 6.5 Training. Consultant will provide training in instructional methods, curriculum, educational program and support technology to its instructional personnel on a regular and continuous basis. Such training will enable the School's instructional staff to provide in-service training to each other. Non-instructional personnel will receive such training as Consultant determines to be reasonable and necessary under the circumstances.
- 6.6 Non-Solicitation/Non-Hiring.
- (a) During the Term and one (1) year thereafter, each Party may not directly or indirectly solicit, recruit for employment, offer employment to, offer subcontracting opportunities to, or otherwise employ or use the services of any current or former consultant or employee of the other Party or Affiliate if that consultant, employee, former consultant or employee had been assigned to or worked under this Agreement. "*Affiliate*" means any entity that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the Consultant whether through ownership of voting securities, by contract interest or otherwise. Former consultant or employee means a consultant or employee who worked for a Party within six (6) months prior to hire or potential hire by the prohibited Party.
- (b) Unpermitted Solicitation/Hiring Remedies. In the event of such unpermitted use or engagement by a Party of such consultant, employee, former consultant or former employee whether directly or indirectly, in contravention of the clause immediately above, the other Party, at its option, may seek receipt of a sum equivalent to one hundred percent (100%) of that consultant, employee, former consultant or former employee's compensation during their first year with the new employer, or seek any legal or equitable relief against such actions including, but not be limited to, immediate injunctive relief in any court of competent jurisdiction. The one (1) year period of time in this Section will be extended by the amount of time that a Party engages in any activity in violation of this Agreement and while the aggrieved Party seeks enforcement of this Agreement. The School acknowledges and agrees that no advances or past uncollected fees shall be issued by Consultant to cover any penalty, damages or other relief owed by the School upon a violation of this provision.
- (c) Solicitation Exceptions. For the avoidance of doubt, newspaper, periodical or Internet-based listings of employment opportunities by a Party shall not be considered direct or indirect solicitation of an employee, consultant, former employee or former consultant of the other Party or Affiliate. However, such Party shall continue to be precluded from engaging or otherwise using a Party's and Affiliate's employee, former employee, consultant or former consultant provided for in this Section 6.6.

ARTICLE VII. TERMINATION OF AGREEMENT

7.1 Termination By Consultant.

- (a) Consultant may terminate this Agreement effective at the end of the then-current school year if the School fails to make any payment of money due to the Consultant within five (5) days of written notice from Consultant to School that such payment is

overdue, excluding overdue payments resulting from a payment dispute or delay between the School and any funding entity.

- (b) Consultant may terminate this Agreement in the event that the School is in material default under any other condition, term or provisions of this Agreement (except late payment which is addressed above) or the Charter, and the default remains uncured for thirty (30) days after the School receives written notice from the Consultant or Sponsor, as applicable, of the default. However, if the default cannot be reasonably cured within thirty (30) days, and the School promptly undertakes or continues efforts to cure the material default within a reasonable time, the failure shall not be grounds for termination.
- (c) Consultant may terminate this Agreement if there is any adverse and material change in local, State or federal funding for the School's students; provided that any notice of termination delivered to the School based upon an adverse and material change in funding shall be effective when the funding change goes into effect or such later date as designated by the Consultant.
- (d) Consultant may terminate this Agreement effective immediately upon written notice to the School in the event that the School adopts or amends a policy, and the effect of such amendment or policy would reasonably be determined by Consultant to increase materially the financial risk to Consultant arising from its performance of its obligations hereunder, thus rendering Consultant's performance economically unviable. In the event the School adopts such an adverse policy in the middle of the school year, Consultant agrees to use its best efforts to complete its obligations for the then-current school year without waiving any rights and remedies hereunder.
- (e) Consultant may terminate this Agreement effective immediately upon written notice to the School in the event that the School undergoes adverse change that makes the School financially unviable.

7.2 Termination By the School. The School may terminate this Agreement in the event that Consultant fails to remedy a material breach of this Agreement within ninety (90) days after written notice from the School. Termination by the School will not relieve the School of any obligations to pay Services Fees and costs, whether accrued, pending or outstanding, to Consultant as of the effective date of the termination, nor will it relieve Consultant for liability for financial damages suffered by the School as a consequence of Consultant's breach (or of the School's termination as a result thereof) of this Agreement.

7.3 Termination of the Charter. This Agreement will terminate upon the School's ceasing to be a party to a valid and binding charter, provided, however, that this Agreement will continue to remain in effect until the date of termination or expiration of a Term (as applicable) if (i) the School has entered into a subsequent charter, and (ii) this Agreement has not been terminated pursuant to this ARTICLE VII. Termination pursuant to this paragraph will not relieve the School of any obligations to pay Services Fees, and costs, whether accrued, pending or outstanding, to Consultant as of the effective date of termination.

7.4 Change in Law. If any federal, State or local law or regulation, court or administrative decision or Attorney General's opinion could reasonably be expected to have an adverse

effect on the ability of either Party to carry out its obligations under this Agreement, such Party, upon written notice to the other Party, may request renegotiation of this Agreement. That notice may be given at any time following enactment of such change in applicable law, whether or not such change is effective on the date of such enactment or thereafter. Renegotiation will be undertaken in good faith. If the Parties are unable to renegotiate and agree upon revised terms within thirty (30) days after such notice of renegotiation, then this Agreement will be terminated effective at the end of the academic year in which such notice was given. Consultant may terminate this Agreement effective immediately upon written notice to School in the event Consultant undergoes or is required to undergo a change that makes Consultant, as determined in its sole judgment, financially unviable.

7.5 Real and Personal Property. Upon termination or expiration of this Agreement by either Party for any reason, all real and personal property leased by Consultant to the School will remain the real and personal property and leases of Consultant, and all other personal property purchased by Consultant with the funds provided to Consultant by the School pursuant to Section 4.2 above will be the personal property of the School provided that the School has fulfilled all repayment obligations in any Line of Credit Agreement and Promissory Note between the Parties. Notwithstanding the above, if any lease shall contain a buy-out or purchase option, the School shall have the right to exercise such option and purchase such equipment.

7.6 Return of Materials and Records. On the later of (a) five (5) business days after any termination or expiration of this Agreement by either Party for any reason, and (b) the effective date of termination as established in this ARTICLE VII, the School shall (i) assemble in a safe place all operational, systems and other administrative manuals and material, and copies thereof, and (ii) the President of the School shall certify to Consultant in writing that the School has ceased use of any proprietary materials relating to the Educational Program and has deleted the materials from all databases and storage media maintained by the School. At Consultant's direction, the School will promptly permit representatives of Consultant or its Affiliate to pick up all such materials at a mutually agreeable location. Consultant shall return to the School all student educational records and all School-titled equipment and material (if any). Notwithstanding the foregoing, in the event that the School closes for any reason, the Consultant shall, if required by applicable law or regulation, instead transmit the educational records of each student to said student's school district of residence.

ARTICLE VIII. PROPRIETARY INFORMATION, OWNERSHIP AND LICENSE

8.1 Proprietary Information and Ownership. The School acknowledges that Consultant owns the intellectual property rights and interests in the curriculum, learning systems, assessment systems and pedantic methods licensed to or utilized by the School during the Term (“*Protected Materials*”) and to the name “ACCEL™” (such name being a trademark of Consultant). The School acknowledges and agrees that it has no intellectual or property

interest or claims in the Protected Materials or name, and has no right to use the Protected Materials or name unless expressly agreed to in writing by Consultant. In accordance with all laws and regulations, Consultant shall have the right to install signs on the Administrative Facilities, including under the name of the School, describing the services provided by Consultant or its assignees, including "Managed by ACCEL Schools" or "Educational Services Provided by ACCEL Schools." Upon any expiration or termination of this Agreement, those signs shall be promptly removed.

- 8.2 License. The Consultant developed and owns proprietary rights to the Protected Materials. The Consultant hereby grants the School a limited revocable license to use the Protected Materials in connection with the School during the Term. When this Agreement is terminated or expires, the license granted herein shall automatically terminate and the School shall immediately cease using the Protected Materials. The School may not use the Protected Materials for any purpose other than strictly within the scope of the license granted in this Agreement without the prior written consent of the Consultant.

ARTICLE IX. INDEMNIFICATION AND LIMITATIONS OF LIABILITIES

- 9.1 Indemnification of Consultant. To the extent permitted by California law, the School will indemnify, defend and save and hold Consultant and its Affiliates and all of their respective employees, officers, directors, subcontractors and agents (collectively, "**Representatives**") harmless against any and all third party Claims (including reasonable attorney's fees and costs) that may arise out of, or by reason of, any wrongdoing, misconduct or negligence by the School or its Representatives; noncompliance by any of them with any agreements, covenants, or undertakings of the School contained in or made pursuant to this Agreement; any misrepresentations of the School contained in or made pursuant to this Agreement; any action or omission by the School or its Representatives that results in injury, death or loss to person or property; and any violation by them of State or federal law. In addition, the School will reimburse Consultant, its Affiliates and their Representatives for any and all reasonable legal expenses and costs associated with the defense of any third-party Claim. Further, the Parties acknowledge and agree that Consultant and its Affiliates shall have no liability or responsibility for activities of the School that occurred prior to the Start Date, including, but not limited to, management of the School by any third parties. This indemnification obligation shall survive the termination or expiration of this Agreement.
- 9.2 Indemnification of the School. Consultant will indemnify, defend and save and hold the School and its Representatives harmless against any and all third party Claims (including reasonable attorney's fees and costs) that may arise out of, or by reason of, any wrongdoing, misconduct, or negligence of Consultant, its agents, employees or assigns or noncompliance by Consultant with any agreements, covenants, or undertakings of Consultant contained in or made pursuant to this Agreement, and any misrepresentation of the Consultant contained in or made pursuant to this Agreement. In addition, Consultant will reimburse the School for any and all reasonable legal expenses and costs associated with the defense of any third-party Claim. This indemnification obligation shall survive the termination or expiration of this Agreement.

9.3 Defense. A Party seeking indemnification under this ARTICLE IX (the "**Indemnitee**") shall give notice to the indemnifying Party (the "**Indemnitor**") of a Claim or other circumstances likely to give rise to a request for indemnification, promptly after the Indemnitee becomes aware of the same. The Indemnitor, with Indemnitee consent, which shall not be unreasonably withheld, conditioned or delayed, shall be afforded the opportunity to undertake the defense of and to settle by compromise or otherwise any Claim for which indemnification is available under this ARTICLE IX. The Indemnitor's selection of legal counsel is subject to the Indemnitee's approval (which approval shall not be unreasonably withheld). If an Indemnitor so assumes the defense of any Claim, the Indemnitee may participate in such defense with legal counsel of the Indemnitee's selection and at the expense of the Indemnitee. Indemnitor may not settle any Claim against Indemnitee or otherwise consent to any final order or judgement regarding same if such settlement, final order or judgement includes an admission of wrongdoing in Indemnitee's or Affiliate's name unless Indemnitee or Affiliate, as applicable, consents in writing. If the Indemnitor, upon the expiration of the fifteen (15) days after receipt of notice of a Claim by the Indemnitee under this ARTICLE IX, has not assumed the expense of the defense thereof, the Indemnitee may thereupon undertake the defense thereof on behalf of, and at the risk and expense of, the Indemnitor, with all reasonable costs and expenses of such defense to be paid by the Indemnitor.

9.4 Limitations of Liabilities.

- (a) Immunities and Statutory Limitations. The School will assert all immunities and statutory limitations of liability in connection with any third-party Claims arising from its operations, and will not waive any immunities or limitations without the prior written consent of Consultant. Notwithstanding this ARTICLE IX, to the fullest extent permitted by law, the School will waive the defense of governmental immunity in any dispute between the Parties.
- (b) MAXIMUM OBLIGATIONS. EXCEPT AS TO THE PARTIES' INDEMNIFICATION OBLIGATIONS, TO THE EXTENT PERMITTED BY LAW EACH PARTY'S MAXIMUM LIABILITY AND OBLIGATION TO THE OTHER PARTY AND THE EXCLUSIVE REMEDY FOR ANY CAUSE WHATSOEVER, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT OR IN TORT, INCLUDING NEGLIGENCE, RELATING TO THIS AGREEMENT SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DIRECT DAMAGES UP TO THE AMOUNT OF FEES PAID UNDER THIS AGREEMENT IN THE TWELVE (12) MONTHS IMMEDIATELY PRECEDING THE DATE A CLAIM IS MADE.
- (c) ECONOMIC DAMAGES. EXCEPT IN CONNECTION WITH ITS INDEMNITY OBLIGATIONS EXPRESSLY SET FORTH HEREIN, NEITHER PARTY SHALL BE LIABLE FOR ANY INDIRECT, EXEMPLARY, PUNITIVE, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, ANY LOST SAVINGS, LOST PROFITS, LOST SALES, BUSINESS INTERRUPTIONS, DELAY DAMAGES, OR LOST OR DESTROYED DATA, EVEN IF THAT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

(d) REASONABLENESS. NEITHER OCCASIONAL SHORT-TERM INTERRUPTIONS OF SERVICE OR PRODUCTS, WHICH ARE NOT UNREASONABLE UNDER COMPARABLE INDUSTRY STANDARDS NOR INTERRUPTIONS OF SERVICE OR PRODUCTS RESULTING FROM EVENTS OR CIRCUMSTANCES BEYOND CONSULTANT'S OR ITS AFFILIATES' REASONABLE CONTROL SHALL BE CAUSE FOR ANY LIABILITY OR CLAIM AGAINST CONSULTANT HEREUNDER, NOR SHALL ANY SUCH OCCASION RENDER CONSULTANT IN BREACH OF THIS AGREEMENT.

9.5 Right of Set-Off. Either Party may, but shall not be obligated to, set off against any and all payments due the other Party under this Agreement, any amount to which the Party is entitled to be indemnified hereunder provided that there has been a final judicial determination thereof.

ARTICLE X. INSURANCE

10.1 Insurance Coverage. The School will maintain the types of and limits on insurance policies as follows unless different types and/or higher requirements are set forth in the Charter: commercial general liability in amounts no less than \$1 million per occurrence and \$2 million in the aggregate; excess or umbrella extending coverage as broad as primary commercial general liability coverage in an amount no less than \$3 million; automobile in the amount of \$1 million; directors and officers/school leaders, employment practices liability and errors and omission, in amounts no less than \$1 million per occurrence and \$1 million in the aggregate; and employers liability in an amount no less than \$1 million. The insurance coverage shall be not only for the School, its directors, officers and employees, but also such policies shall name Consultant, its Affiliates and their respective Representatives as additional insureds under such policies. Pleasant Valley School District shall be named as an additional insured on the commercial general liability policy. All insurance policies shall (a) be issued by companies in good standing and authorized to do business in the State and having an AM Best rating of A or better, (b) be written in standard form, and (c) provide that the policies may not be canceled except after thirty (30) days' written notice to the Consultant and Sponsor. Upon Consultant's request, the School shall deliver to the Consultant a copy of such policies.

10.2 Workers' Compensation Insurance. Each Party will maintain workers' compensation insurance as required by law, covering its respective employees.

10.3 Cooperation. Each Party will, upon request, present evidence to the other that it maintains the requisite insurance in compliance with the provisions of this ARTICLE X. Each Party will comply with any information or reporting requirements applicable to or required by the other Party's insurer(s), to the extent reasonably practicable.

**ARTICLE XI.
REPRESENTATIONS AND WARRANTIES**

- 11.1 Representations and Warranties of Consultant. Consultant hereby represents and warrants to the School:
- (a) Consultant is a duly formed limited liability company in good standing and is authorized to conduct business in the State.
 - (b) To the best of its knowledge, Consultant has the authority under applicable laws and regulations to execute, deliver, and perform this Agreement, and to incur the obligations provided for under this Agreement.
 - (c) Consultant's actions under this Agreement have been and will be duly and validly authorized, and it will adopt any and all further resolutions or expenditure approvals required for execution of this Agreement.
 - (d) The services to be performed under this Agreement will be performed in a professional and workmanlike manner in accordance with commercially reasonable industry standards. THE FOREGOING WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. CONSULTANT AND ITS AFFILIATES MAKE NO GUARANTEES AS TO THE GRADES OR TEST RESULTS TO BE OBTAINED BY THE STUDENTS. WITHOUT LIMITING THE FOREGOING, CONSULTANT AND ITS AFFILIATES MAKE NO GUARANTEES AND SHALL NOT BE LIABLE FOR NON-ACCESIBILITY OF ANY WEBSITE, SYSTEM OR PROGRAM, END-USER CONNECTION SPEED OR CONNECTIVITY PROBLEMS, REGARDLESS OF THE REASON.
- 11.2 Representations and Warranties of the School. The School hereby represents and warrants to Consultant:
- (a) The Charter (i) authorizes the School to operate and receive the State, federal and local education funds, as well as other revenues; (ii) approves the Education Program and other activities contemplated by this Agreement; and (iii) vests the School with all authority and powers necessary and desirable for carrying out the Education Program and other activities contemplated in this Agreement.
 - (b) The School has the authority under applicable laws and regulations to contract with a private entity to perform the Educational Services, Administrative Services, Technology Services, Supplemental Programs, and all other services under this Agreement and execute, deliver and perform this Agreement, and to incur the obligations provided for under this Agreement.
 - (c) The School's actions have been duly and validly authorized, and the School will adopt any and all further resolutions or expenditure approvals required for execution of this Agreement; provided, however, that with regard to expenditures, such resolutions and approvals shall be required only if the relevant information is available to the School and the School has sufficient funds in the approved Budget to pay for such expenditures.
 - (d) The School is not in breach of the terms of the Charter.

- (e) The School has no intellectual or property rights or claims in the curriculum or other educational materials provided by Consultant or in the name "ACCEL™" and will make no such claims in the future.
 - (f) After the Effective Date the School shall not incur any indebtedness outside the ordinary course of business or enter into any factoring or other debt arrangements without the prior written consent of the Consultant, which consent shall not be unreasonably withheld, conditioned or delayed.
- 11.3 Mutual Warranties. Each Party to the Agreement warrants to the other that there are no pending actions, claims, suits or proceedings, to its knowledge, threatened or reasonably anticipated against or affecting it, which if adversely determined, would have a material adverse effect on its ability to perform its obligations under this Agreement.

ARTICLE XII. CONFIDENTIALITY AND NON-DISCLOSURE

- 12.1 Confidential Information. Without the prior written consent of the other Party, neither Party will at any time: (a) use for its own benefit or purposes or for the benefit or purposes of any other person, corporation or business organization, entity or enterprise; or (b) disclose in any manner to any person, corporation or business organization, entity or enterprise any trade secret, proprietary information, data, know-how or knowledge (including but not limited to curricula information, financial information, marketing information, cost information, vendor information, research, marketing plans, educational concepts and employee information), whether transferred in writing or other tangible form, or transferred orally, visually, electronically or by any other means, belonging to, or relating to the affairs of a Party or any of its Affiliates (the "**Disclosing Party**") or received through association with the Disclosing Party (collectively, "**Confidential Information**"), whether the Confidential Information was received by the Receiving Party before or after the commencement of this Agreement. Confidential Information does not include information a Party receives (the "**Receiving Party**") and can show that it: (i) was known to the Receiving Party prior to its association with the Disclosing Party; (ii) had become available to the public other than by a breach of this Agreement by the Receiving Party; or (iii) was disclosed to the Receiving Party by a third person or entity that was not prohibited by a contractual, fiduciary or other legal obligation to the Disclosing Party from disclosing the Confidential Information.
- 12.2 Care and Authorized Use. Receiving Party will use at least the same degree of care to prevent unauthorized use and disclosure of Confidential Information as that Party uses with respect to its own confidential information (but in no event less than a reasonable degree of care); use Confidential Information only in performance of its obligations under this Agreement; and not disclose or grant access to such Confidential Information to any third party except on a need-to-know basis and based on a confidentiality agreement with terms at least as strict as those contained in this Agreement. This Agreement does not prohibit the Receiving Party from disclosing Confidential Information it is legally compelled to

disclose by oral questions, interrogatories, requests for information or documents, subpoenas, investigative demands, judicial orders or similar process. However, if the Receiving Party is legally compelled to disclose any Confidential Information, the Receiving Party covenants to use its best efforts to provide the Disclosing Party with prompt written notice (not more than forty-eight (48) hours after learning it will be compelled to disclose) so that the Disclosing Party may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. In the event a protective order or other remedy is not obtained, or the Disclosing Party waives compliance with the provisions of this Agreement, the Receiving Party covenants to furnish only that portion of the Confidential Information that the Receiving Party is legally required to disclose, and to exercise its best efforts to obtain reliable assurance that the Confidential Information will be treated confidentially.

- 12.3 Survival. This ARTICLE 12 shall survive any expiration or termination of this Agreement.

ARTICLE XIII MISCELLANEOUS

- 13.1 Integration, Sole Agreement, and Third-Party Beneficiaries. This Agreement (together with any exhibits, schedules or documents referred to herein) is the entire agreement between the Parties, sets forth all of the promises, covenants, agreements, conditions and undertakings of the Parties with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings, negotiations, inducements or conditions, express or implied, oral or written, if any, between the Parties with respect to the subject matter hereof. Except as limited by Section 13.7 (Assignment) below, this Agreement shall be binding upon and is for the exclusive benefit of the Parties, and their respective affiliates, successors and permitted assigns, and not for the benefit of any third party, nor shall it be deemed to confer or have conferred any rights, express or implied, upon any other third party including a relationship in the nature of a third party beneficiary or fiduciary.
- 13.2 Force Majeure. In the event that either Party is delayed, hindered, or prevented from performing any act required under this Agreement by reason of fire or other casualty, acts of God, strike, lockout, labor dispute, inability to procure services or materials, failure of power, riots, terrorism, insurrection, war or other reason of like nature not the fault of the delayed Party, its performance shall be excused for the period of the delay and the time for performance shall be extended for a period equivalent to the period of the delay. This Section shall not excuse School from prompt payment of any amounts required by the terms of this Agreement. As soon as practicable, the Party experiencing a force majeure event shall: (a) notify the other Party about the event, and (b) resume performance of its obligations under this Agreement upon conclusion of the event.
- 13.3 Governing Law, Jurisdiction and Waiver of Jury Trial. The laws of the state of California, without regard to conflict of law principles, will govern this Agreement, its construction, and the determination of any rights, duties and remedies of the Parties arising out of or

relating to this Agreement. Jurisdiction and venue are proper in the county in which the School is located. The Parties each waive any right to trial by jury in any litigation involving this Agreement, including breach, interpretation or performance thereof.

- 13.4 Construction. The Parties acknowledge and agree that this Agreement is the result of extensive negotiations between the Parties and their respective counsel, and that this Agreement shall not be construed against either Party by virtue of its role or its counsel's role in the drafting hereof. Paragraph captions or headings of various articles, sections and other subdivisions are used herein for convenience of reference only and are not intended to be used, nor shall they be used, in interpreting this instrument or modifying, defining or limiting any of the terms or provisions hereof.
- 13.5 Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but both of which will constitute one and the same instrument. Each Party may rely on facsimile signature pages as if such facsimile pages were originals.
- 13.6 Notices. Either Party may change the address to which notice to it, or copies thereof, shall be addressed by giving notice thereof to the other Party hereto in conformity with the following. All notices and other communications permitted or required by the terms of this Agreement shall be in writing and sent via any of the following methods to the Parties hereto at the addresses set forth below. Notice shall be deemed given: (a) upon receipt if sent by certified or registered mails, postage prepaid, return receipt requested, (b) on the day it is sent if by facsimile (with confirmation of transmission by sender's facsimile machine) and a copy simultaneously sent by nationally recognized overnight courier on a business day during normal business hours, or the next business day thereafter if sent on a non-business day or after normal business hours, (c) upon delivery if sent by personal delivery (with written confirmation of delivery), or (d) upon delivery if by sent by nationally recognized overnight carrier (with written confirmation of delivery). The addresses of the Parties are:

To:

Peak Prep Pleasant Valley
Attn: Board President
P.O. Box 1536
Novato, CA 94948

With a copy to:

To:

Accel Online California LLC
Attn: Chief Operating Officer
1650 Tysons Boulevard, Suite 600
McLean, VA 22102

With a copy to:

Pansophic Learning US LLC
Attn: General Counsel
1650 Tysons Boulevard, Suite 600
McLean, VA 22102

- 13.7 Assignment. Neither Party may assign this Agreement without the prior written consent of the other Party (which consent shall not be unreasonably withheld). Notwithstanding the foregoing, Consultant may, without prior written consent from or notice to the School, assign this Agreement to its Affiliates or in connection with a merger, acquisition, asset sale or corporate reorganization and may without the consent of the School, delegate the performance of but not responsibility for any duties and obligations of Consultant hereunder to any Affiliate, independent contractors, experts or professional advisors.
- 13.8 Amendment and Cumulative Effect. This Agreement will not be altered, amended, modified or supplemented except in a written document approved by the School and signed by both the Board President or other authorized officer of the School and an authorized officer of Consultant. The rights and remedies of the Parties hereto are cumulative and not exclusive of the rights and remedies that they otherwise might have now or hereafter, at law, in equity, by statute or otherwise.
- 13.9 Waiver and Delay. Except to the extent that a Party hereto may have otherwise agreed in writing, no waiver by that Party of any condition of this Agreement or breach by the other Party of any condition of this Agreement or breach by the other Party of any of its obligations or representations hereunder or thereunder shall be deemed to be a waiver of any other condition or subsequent or prior breach of the same or any other obligation or representation by the other Party, nor shall any forbearance by a Party to seek a remedy for any noncompliance or breach by the other Party be deemed to be a waiver by the first Party of its rights and remedies with respect to such noncompliance or breach.
- 13.10 Severability. If any term, condition or provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other terms, conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to either Party. Upon such determination that any term, condition or provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the extent that the transactions contemplated hereby are fulfilled to the extent possible.
- 13.11 Assertion of Claims. No Party shall bring any claim relating to this Agreement beyond one year after the date on which the Party became aware, or should reasonably have become aware, of the facts giving rise to any alleged liability of the other Party and, in any event, no later than two (2) years after (a) the last day of the Term, or (b) the earlier termination

of this Agreement for any reason. The provisions of the preceding sentence shall not apply to claims for payment of amounts due under the “Fees” Section of this Agreement or loans.

13.12 Injunctive Relief and Dispute Resolution.

- (a) Injunctive Relief. The School acknowledges that the covenants set forth in Sections “Non-Solicitation/Non-Hiring”, “Proprietary Information and Ownership”, “License”, and “Confidentiality and Non-Disclosure” above are reasonable in scope and content and necessary to protect the Consultant and its business interests. The School understands and agrees that the breach or threatened breach of Sections “Non-Solicitation/Non-Hiring”, “Proprietary Information and Ownership”, “License”, and “Confidentiality and Non-Disclosure” of this Agreement would give rise to the aggrieved Party suffering irreparable harm which harm would be inadequately compensable in money damages. Accordingly, in addition to any other remedies available to it, the aggrieved Party shall be entitled to a restraining order and/or an injunction prohibiting the breach or threatened breach of any provision, requirement or covenant of this Agreement, without the requirement of posting a bond, in addition to and not in limitation of any other legal remedies which may be available.
- (b) Dispute Resolution Procedure. The Parties agree that they will attempt in good faith to settle any and all disputes arising in connection with this Agreement amicably in the ordinary course of business. If a dispute is not resolved in the ordinary course of business, the aggrieved Party will submit its dispute in writing to the Board’s president and Consultant’s Chief Operating Officer or equivalent who shall have ten (10) business days to seek resolution of the matter. The dispute resolution procedures described herein will be deemed complete upon the earlier to occur of the following:
- (i) the Parties mutually agree in writing to discontinue the dispute resolution procedures herein; and
 - (ii) the relevant dispute is not resolved within the time periods provided herein.
- (c) Arbitration. Subject to the provisions of Sections 13.12(a) and 13.12(d), any dispute arising out of or relating to this Agreement, including but not limited to the breach, termination or validity hereof, shall be settled by binding arbitration in accordance with the rules of JAMS with an arbitration panel consisting of a single arbitrator. The need for and scope of formal discovery will be determined by agreement of the Parties or, if the Parties are unable to agree, the arbitrator. The arbitrator will render an opinion/award within thirty (30) days from the date of the hearing, and the opinion/award shall be written and include findings of fact and conclusions of law. The arbitration will be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1-16, and judgment upon the award rendered by the arbitration panel may be entered by any court having jurisdiction thereof. The arbitrator is not empowered to award any damages or losses described in the “Limitations of Liability” Section and each Party expressly waives and foregoes any right to the damages or losses.
- (d) Exceptions. Notwithstanding anything else in this Agreement, claims for monies due and claims for injunctive relief as provided for in Section 13.12(a) above, and/or claims for grant or financial assistance reimbursement due may at either Party's option be brought separately and immediately in a court of competent jurisdiction or pursued through arbitration as set forth above.
- (e) Shared Fees and Expenses. The fees and expenses of the arbitration panel should be shared equally by the Parties before the arbitration award is made. The arbitration award shall


require the Party which does not prevail in the arbitration to reimburse the prevailing Party for the one half of the fees and expenses of arbitration panel paid by the prevailing Party.


- 13.13 Survival on Termination or Expiration. The following Articles and/or Sections shall survive termination or expiration of this Agreement: Consideration and Supplemental Programs (to the extent they relate to amounts owing for periods through the expiration or termination of this Agreement); Non-Solicitation/Non-Hiring; Termination of Agreement (to the extent they relate to obligations after expiration and termination); Proprietary Information, Ownership and License; Indemnification and Limitations of Liabilities; Confidentiality and Non-Disclosure; Interpretation, Sole Agreement and Third Party Beneficiaries; Governing Law, Jurisdiction and Waiver of Jury Trial; Construction; Counterparts; Notices; Assignment; Amendment and Cumulative Effect; Waiver and Delay; Severability; Assertion of Claims; Injunctive Relief and Dispute Resolution; Survival on Termination or Expiration; payment obligations and any provision that, based on its nature, should survive.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date and year first above written.

Accel Online California LLC

Peak Prep Pleasant Valley

By: 
Name: Ronald J Packard
Title: CEO

By: 
Name: Jon GUNDRY
Title: Board Chair

APPENDIX A

INCENTIVE GOALS

The Board may issue to Consultant an additional two percent (2%) Services Fee annual bonus to acknowledge academic gains and achievement by the students enrolled in the School.

EXHIBIT B

EMPLOYEE LEASING AGREEMENT

This Employee Leasing Agreement (“**Agreement**”) is made as of July 25, 2019 (“**Effective Date**”) by and between Education Staffing Services, LLC (“**Lessor**”), and Peak Prep Pleasant Valley, a California 501(c)(3) corporation (“**Lessee**”).

WITNESSETH:

WHEREAS, in order for Lessee to obtain the human resources it requires in order to operate a virtual charter school (“**School**”) in the state of California, Lessor has agreed to execute this Agreement pursuant to which Lessor shall lease the services of school teachers, administrators and other staff that have been recruited and hired by Lessor (the “**Employees**” or individually, an “**Employee**”).

NOW, THEREFORE, in consideration of the covenants, promises, representations and warranties set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. **Leased Employees.**

1.1. **Scope.** Lessee hereby agrees to exclusively lease Employees as necessary to enable Lessor to render services, including without limitation instructional, administrative and financial services, pursuant to a separate Educational Products, Administrative, Marketing and Technology Services Agreement (“**Services Agreement**”) of even date herewith between the parties (the “**Services**”) during the Term (as defined below) in accordance with the terms herein; provided however, that all Services assigned to an Employee shall be in accordance with and shall not violate the terms and conditions of any written employment contract between Lessor and the Employee. Lessor shall cause the Employees to provide the Services to Lessee and Lessor shall use its commercially reasonable efforts to ensure that the Employees comply with: (i) all reasonable directions and instructions, internal regulations and policies and procedures of Lessee; and (ii) all applicable laws, rules and regulations.

1.2. **Payment.** Following the conclusion of each month during the Term (as defined below), Lessor shall send Lessee an itemized invoice listing the Employees who performed Services for Lessee and the associated cost for such Employee’s services, allocated, if necessary, based on amount of time the employee typically works for Lessee on a periodic basis. Lessee shall remit payment for such invoice to Lessor within thirty (30) days of the date of invoice receipt. If any portion of any amount payable to Lessor under this Agreement is not paid when due, Lessee shall owe to Lessor, in addition to such past due amount, interest on such past due amount, until paid, at the annual rate of eight percent (8%), with such interest compounding monthly.

2. **Term and Termination.** This Agreement shall be effective on the Effective Date and end on June 30, 2022 (the “**Initial Term**”). At the end of the Initial Term, and thereafter each five (5) years (the “**Renewal Date**”), this Agreement will automatically extend for successive additional periods of five (5) years or consistent with the length of the new or renewal term from the School’s Sponsor (each such period a “**Renewal Term**”), unless either party provides the other with written notice of non-renewal at least three (3) months before the applicable Renewal Date. The Initial Term and any Renewal Terms will be referred to collectively as the “**Term**”. Any termination or expiration of this Agreement does not affect any payment obligations hereunder, which obligations shall survive the termination or expiration of this Agreement. This Agreement will automatically terminate upon the Lessee ceasing to be a party to a valid and binding charter school sponsorship agreement.

3. **Supervision.** During the Term, Lessee shall manage the School operations in accordance with Lessee’s standard business and operations policies. Lessor shall have the exclusive right to make hiring and termination decisions with respect to the Employees and may in its discretion solicit input from

Lessee. All Employees hired to work at the School will be subject to Lessor's employment policies then in effect. Lessee shall have the right to direct the Employees to perform (or refrain from performing) any act or omission where, in the reasonable opinion of Lessee, the issue of such formal direction without notice or prior referral to Lessor is necessary to secure compliance with or pre-empt a breach of any applicable law, rule or regulation or any policy or procedure of Lessee. To the extent that Lessee employs any individual directly, such employee is required to report any personnel matters through Lessor's responsible Human Resources Generalist.

4. **Payments to Employees.**

4.1. **Wages.** During the Term, Lessor shall pay the Employees in accordance with its applicable polices, all applicable laws and the federal, state and local income and employment tax withholdings related to or associated with the employment of the Employees during the Term, and Lessor will timely pay such amounts directly to the Employees. Lessor shall provide the wages and pay the associated tax withholdings under this Section 4.1 in accordance with all applicable laws.

4.2. **Employee Benefits.** During the Term, Lessor shall maintain and provide to Employees the employee benefits under its employee benefit plans. Lessor shall provide the employee benefits under this Section 4.2 in accordance with all applicable laws and the terms of each Lessor benefit plan.

4.3. **Tax Returns.** Lessor will prepare and file all tax returns required to be filed by Lessor as a result of each Lessor's employment of the Employees during the Term (including withholding tax returns and unemployment tax returns).

5. **Miscellaneous.**

5.1. **Entire Agreement; Assignment.** This Agreement, together with the Services Agreement, contains the entire understanding of the parties hereto with respect to the subject matter contained herein and supersedes all prior agreements and understandings, oral and written, with respect thereto. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of the other party; provided, that the Lessor may assign its rights, interests and obligations hereunder: (a) to any affiliate of the Lessor; and (b) in connection with the transfer by the Lessor or any of its affiliates of all or substantially all of the capital stock and/or assets of the Lessor.

5.2. **Notices**

(a) All notices, requests, claims, demands, waivers and other communications hereunder shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by email transmission as follows and shall be effective and deemed to have been given: (i) immediately when sent by email during regular business hours (and when sent outside of such hours, on the next business day); and (ii) when received if delivered by hand or overnight courier service or certified or registered mail on any business day:

If to Lessor:

Education Staffing Services, LLC
1650 Tysons Boulevard, Suite 600
McLean, Virginia 22102
Attention: Chief Executive Officer

with a copy (which shall not constitute notice or service of process) to:

Pansophic Learning US LLC
1650 Tysons Boulevard, Suite 600
McLean, Virginia 22102
Attention: General Counsel

If to Lessee:

Peak Prep Pleasant Valley
P.O. Box 1536
Novato, CA 94948
Attention: Board Chair

(b) Any party may alter the address to which communications or copies are to be sent by giving notice of such change of address to the other parties in conformity with the provisions of this Section for the giving of notice.

5.3. Governing Law; Jurisdiction. This Agreement shall be governed by the laws of the State of Delaware, without regard for its conflicts of law principles. Courts within Fairfax County, Virginia will have exclusive jurisdiction over all disputes between the parties arising out of or relating to this Agreement.

5.4. Parties in Interest; Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the parties hereto and their respective successors and assigns and are not intended for the benefit of any other person. In particular, nothing expressed by or mentioned in this Agreement or the Services Agreement is intended or shall be construed to give any Employee or his or her respective heirs, assigns and beneficiaries, any legal or equitable right, remedy or claim under or in respect to this Agreement or the Services Agreement.

5.5. Relationship of the Parties. The relationship between the parties to this Agreement is intended to be an independent contractor relationship. The parties hereto do not intend to create by this Agreement an employer-employee, agency, joint venture, partnership or franchise relationship.

5.6. Severability. If any term or other provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect.

5.7. Waiver. Failure by either party to insist upon strict compliance with any of the terms, covenants, or conditions hereof shall not be deemed a waiver of such term, covenant, or condition, nor shall any waiver or relinquishment of any right or power hereunder at any one time or more times be deemed a waiver or relinquishment of such right or power at any other time or times.

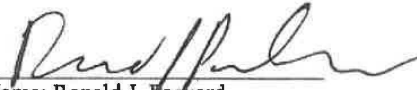
5.8. Execution of this Agreement. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by .pdf or email transmission shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the
Effective Date.

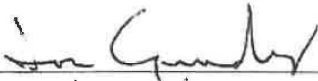
LESSOR:

Education Staffing Services, LLC

By: 
Name: Ronald J. Packard
Title: CEO

LESSEE:

Peak Prep Pleasant Valley

By: 
Name: Jon GUNDRY
Title: Board President

[Signature page to Employee Leasing Agreement]

EXHIBIT C

**AGREEMENT TO TERMINATE
EMPLOYEE LEASING AGREEMENT**

This agreement (“Termination Agreement”) is made 15 day of April, 2020 (the “Effective Date”), between Peak Prep Pleasant Valley (“Peak Prep” or the “School”) and Education Staffing Services, LLC (“ESS”) (together, the “Parties”).

WHEREAS, on July 25, 2019, Peak Prep and ESS entered into the Employee Leasing Agreement (the “Leasing Agreement”);

WHEREAS, the purpose of the Leasing Agreement was to allow Peak Prep to employ a high quality teaching, administrative, and support staff, quickly, using ESS’ existing infrastructure, reduce overall employment costs, and provide excellent benefits to Peak Prep’s employees by leveraging ESS’ buying power and ESS’ resources;

WHEREAS, pursuant to the Leasing Agreement, ESS executed employment agreements with the individual employees identified on **Attachment A** (the “Employees”), who were hired to work at Peak Prep during the 2019-2020 school year;

WHEREAS, under the Leasing Agreement, ESS has been responsible for onboarding, paying wages, arranging benefits, and handling typical human resources functions as necessary to manage and support the Employees;

WHEREAS, Peak Prep has at all times been ultimately responsible for directing and supervising the work of the Employees during the 2019-2020 school-year;

WHEREAS, Peak Prep and ESS agree and acknowledge that they have jointly employed the Employees throughout the 2019-2020 school year;

WHEREAS, on January 30, 2020, Peak Prep’s authorizer, the Pleasant Valley School District (the “District”) Board of Trustees issued a Notice of Violation (“NOV”) that, among other things, took the position that Peak Prep was required to be the direct and exclusive employer of its teachers;

WHEREAS, after reviewing the NOV and conferring with legal counsel, Peak Prep and ESS agreed to comply with the District’s request, terminate the Leasing Agreement and achieve an orderly transition for the Employees to be directly and exclusively employed by Peak Prep without any gaps in wages or benefits;

WHEREAS, on March 3, 2020, Peak Prep responded to the District with a commitment to terminate the Leasing Agreement and to transition employment of teachers to Peak Prep as soon as practicable;

NOW, THEREFORE, in consideration of the covenants, promises, representations and warranties set forth herein, and for other good and valuable

consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. The Leasing Agreement is terminated immediately as of the Effective Date.

2. Within 30 days of the Effective Date, ESS shall send Peak Prep an itemized invoice for any outstanding amounts owed under the Leasing Agreement for the actual cost of leasing the Employees to Peak Prep prior to the Effective Date. Peak Prep shall pay or use its credit line to satisfy such amounts within 30 days of receiving such invoice, upon confirming that the amount invoiced reflects the correct amount owed for services rendered under the Leasing Agreement.

3. In the period between the Effective Date and the date Peak Prep is operationally ready to act as the sole and exclusive employer of the Employees (the "Wind Down Period"), Peak Prep shall be solely responsible for supervising and directing the employees, as though they were exclusively employed by Peak Prep, and ESS shall ensure that the Employees continue to be paid and receive benefits to which they have ordinarily been entitled, that all reports to government entities that employers are required to file are timely filed, that any necessary insurance policies, including workers' compensation insurance, are maintained, that employment records are properly maintained, and that all local, state, and federal laws related to employing the Employees are observed during the Wind Down Period.

4. The Wind Down Period shall conclude, and ESS' employment relationship with the Employees shall completely end at 11:59 p.m. on the business day prior to the date that Peak Prep's Board of Directors (the "Board") determines Peak Prep is operationally ready to act as the sole and exclusive employer of the Employees (the "Ready Date"). The Parties acknowledge that the Ready Date will depend on various factors that may be out of Peak Prep's control, including when Employees furnish employment documents to Peak Prep and whether any follow-up is required, as well as the readiness of third-party payroll providers, third-party benefits administrators, insurance companies, retirement benefits providers, and relevant government entities. The Parties also specifically acknowledge that the COVID-19 pandemic that is ongoing as of this date may impact the timing of the Ready Date.

5. After the Wind Down Period ends, ESS shall remain responsible for providing any required notices or tax documents to the Employees, for complying with any and all filing obligations imposed by local, state, and federal government entities related to the period of time prior to the Ready Date, when ESS jointly employed the Employees with Peak Prep.

6. No later than thirty (30) days following the Ready Date, ESS shall transfer to Peak Prep all employment records related to the Employees, including payroll and benefits records, and accurate records accounting for vacation days and sick days accrued and expended since the date each Employee was hired and through the Ready Date.

Should Peak Prep require a particular record for an employee on an as-needed basis prior to the completion of this transfer, ESS agrees to provide such record promptly.

7. As of the Ready Date, Peak Prep shall assume the responsibility for honoring vacation days and sick days for Employees earned on account of their work for Peak Prep and that were unexpended by the Employees prior to the Ready Date. Such transferred vacation days and sick days, if any, may be utilized by the Employees after the Ready Date consistent with Peak Prep's operative policies.

8. Peak Prep agrees to reimburse ESS for the actual cost of employing each Employee during the Wind Down Period. Within 30 days of the Ready Date, ESS shall send Peak Prep an itemized invoice for any such costs for services rendered after the Effective Date. Peak Prep shall pay or use its credit line to satisfy such amounts, within 30 days of receiving such invoice, upon confirming (i) that the amount invoiced reflects the correct amount owed for services rendered during the Wind Down Period, and (ii) that Peak Prep has received the employment records described in 6.

9. To the extent any issues arise during or after the Wind Down Period that relate to the employment of the Employees by Peak Prep and/or ESS, and such issues are not specifically addressed in this Termination Agreement, Peak Prep and ESS agree to cooperate and work in good faith as necessary and appropriate to give full effect to the purpose of this Termination Agreement and to comply with the terms of Peak Prep's charter petition, Peak Prep's response to the NOV, requests made by the District, and applicable laws and regulations.

10. ESS shall cooperate with Peak Prep to prepare and provide any reports or information as necessary to comply with requests from or submissions to government entities for documents or information regarding employment of the Employees and the costs of Employing the employees during the 2019-2020 school year, including but not limited to, for purposes of Peak Prep qualifying for funding from any governmental entity.

11. Each Party shall indemnify, defend and hold harmless the other Party and its affiliates, and their respective directors, officers, employees and agents (each, an "Indemnified Party") from and against all losses, liabilities, damages, settlements, claims, actions, suits, penalties, fines, costs or expenses (including reasonable attorneys' fees, experts' fees and other costs of investigation or defense at any stage of the proceedings) as a result of a third party claim, action or demand (any of the foregoing, a "Loss") to the extent arising out of or resulting from the indemnifying Party's act or omission in connection with the Leasing Agreement, the Termination Agreement, or the employment of the Employees, whether such act or omission negligent or not.


12. This Termination Agreement, contains the entire understanding of the parties hereto with respect to the subject matter contained herein, the leasing of the Employees, and the co-employment of the Employees, and supersedes all prior agreements and understandings, oral and written, with respect thereto.

DocuSign Envelope ID: 56FE5C3E-0772-49E7-8ED7-D4B0FDC4DA9E

13. This Termination Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement. The exchange of copies of this Termination Agreement and of signature pages by .pdf or email transmission shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes.

IN WITNESS WHEREOF, the undersigned have executed this Termination Agreement as of the Effective Date.

Education Staffing Services, LLC

By: DocuSigned by:


Print: Maria A. Szalay

Title: COO

Peak Prep Pleasant Valley

By: 

Print: _____

Title: _____

ATTACHMENT A

**Employees Jointly Employed by ESS and Peak Prep
Through the Effective Date**

First Name	Last Name	Role
Amy	Altman	PE/Health Teacher
Tanya	Audish	Counselor
Sabrina	Ciolino	Deputy Head of School
Allison	Cordero	Enrollment Specialist
Laura	Dinanno	High School Mentor
Victor	Gomez	Physical Science Teacher
Darla	Hanson	Office Manager/Registrar
Irene	Hseih	Math Teacher
Amreen	Karmali	Biology/Life Science Teacher
Brad	Larsen	Education Specialist
Esther	Lee	High School Mentor
Kyle	McKoy	Mentor
Molly	McLean	K-5 Teacher
Qui	Nguy	CTE Teacher
Rebecca	Nuckles	Enrollment Specialist
Peggy	Paules	K-5 Teacher
Stephanie	Smith	High School Mentor
Nichole	Tannous	Mentor
Jesse	Taylor	English Teacher
Jesse	Tinkler	History Teacher
Emily	Vizzo	English/History Teacher
Ariel	White	Administrative Assistant
Brittany	Williams	Education Specialist

EXHIBIT D

SUM-100

SUMMONS (CITACION JUDICIAL)

NOTICE TO DEFENDANT: (AVISO AL DEMANDADO): PEAK PREP PLEASANT VALLEY, a California nonprofit public benefit corporation; and DOES 1 through 10, inclusive

YOU ARE BEING SUED BY PLAINTIFF: (LO ESTÁ DEMANDANDO EL DEMANDANTE): ACCEL ONLINE CALIFORNIA, LLC, a Delaware limited liability company,

FOR COURT USE ONLY (SOLO PARA USAR EN LA CORTE) VENTURA SUPERIOR COURT FILED JUN 26 2020 MICHAEL D. PLANET Executive Officer and Clerk BY: VANESSA OROZCO Deputy

NOTICE! You have been sued. The court may decide against you without your being heard unless you respond within 30 days. Read the information below. You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court. There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site (www.lawhelpcalifornia.org), the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), or by contacting your local court or county bar association. NOTE: The court has a statutory lien for waived fees and costs on any settlement or arbitration award of \$10,000 or more in a civil case. The court's lien must be paid before the court will dismiss the case. ¡AVISO! Lo han demandado. Si no responde dentro de 30 días, la corte puede decidir en su contra sin escuchar su versión. Lea la información a continuación. Tiene 30 DÍAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California (www.sucorte.ca.gov), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes sin más advertencia. Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio web de California Legal Services, (www.lawhelpcalifornia.org), en el Centro de Ayuda de las Cortes de California, (www.sucorte.ca.gov) o poniéndose en contacto con la corte o el colegio de abogados locales. AVISO: Por ley, la corte tiene derecho a reclamar las cuotas y los costos exentos por imponer un gravamen sobre cualquier recuperación de \$10,000 ó más de valor recibida mediante un acuerdo o una concesión de arbitraje en un caso de derecho civil. Tiene que pagar el gravamen de la corte antes de que la corte pueda desechar el caso.

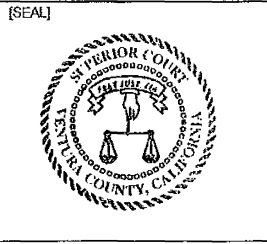
The name and address of the court is: (El nombre y dirección de la corte es): SUPERIOR COURT OF THE STATE OF CALIFORNIA VENTURA HALL OF JUSTICE 800 South Victoria Ave. Ventura, CA 93009

CASE NUMBER: (Número del Caso): 56-2020-00542952-CU-BC-VTA

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is: (El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es): Gregory M. Bordo (SBN 156147) Christopher J. Petersen SBN 251439) Phone: 424-239-3400 / Fax: 424-239-3434 BLANK ROME LLP 2029 Century Park East, Sixth Floor Los Angeles, CA 90067 Michael D Planet

DATE: (Fecha) JUN 26 2020 Clerk, by (Secretario) VANESSA OROZCO, Deputy (Adjunto)

(For proof of service of this summons, use Proof of Service of Summons (form POS-010).) (Para prueba de entrega de esta citación use el formulario Proof of Service of Summons, (POS-010)).



NOTICE TO THE PERSON SERVED: You are served 1. as an individual defendant. 2. as the person sued under the fictitious name of (specify): 3. on behalf of (specify): under: CCP 416.10 (corporation) CCP 416.20 (defunct corporation) CCP 416.40 (association or partnership) other (specify): CCP 416.60 (minor) CCP 416.70 (conservatee) CCP 416.90 (authorized person) 4. by personal delivery on (date):

1 BLANK ROME LLP
Gregory M. Bordo (SBN 156147)
2 GBordo@BlankRome.com
Christopher J. Petersen (SBN 251439)
3 CJPetersen@BlankRome.com
2029 Century Park East, 6th Floor
4 Los Angeles, CA 90067
Telephone: 424.239.3400
5 Facsimile: 424.239.3434

6 Attorneys for Plaintiff
ACCEL ONLINE CALIFORNIA, LLC

VENTURA
SUPERIOR COURT
FILED

JUN 26 2020

MICHAEL D. PLANET
Executive Officer and Clerk
BY: _____, Deputy
VANESSA OROZCO

8
9 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
10 **COUNTY OF VENTURA**

11 ACCEL ONLINE CALIFORNIA, LLC, a
12 Delaware limited liability company,

13 Plaintiff,

14 vs.

15 PEAK PREP PLEASANT VALLEY, a
16 California nonprofit public benefit corporation;
and DOES 1 through 10, inclusive,

17 Defendants.

Case No.: 56-2020-00542952-CU-BC-VTA

COMPLAINT FOR:

- (1) BREACH OF CONTRACT; AND**
(2) DECLARATORY RELIEF

18
19 Plaintiff ACCEL ONLINE CALIFORNIA, LLC ("Plaintiff") alleges as follows:

20 **THE PARTIES**

21 1. Plaintiff Accel Online California, LLC ("Plaintiff" or "ACCEL") is a Delaware
22 limited liability company with its principal place of business located in Fairfax County, Virginia.
23 ACCEL is in the business of providing educational products, administrative and technology
24 services to charter schools operating online educational programs.

25 2. Defendant Peak Prep Pleasant Valley ("Defendant" or "PEAK") is a California
26 nonprofit public benefit corporation doing business in Ventura County, California. PEAK is in the
27 business of operating a charter school authorized to operate pursuant to a charter issued by Pleasant
28 Valley School District.

1 BLANK ROME LLP
Gregory M. Bordo (SBN 156147)
2 GBordo@BlankRome.com
Christopher J. Petersen (SBN 251439)
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6 Attorneys for Plaintiff
ACCEL ONLINE CALIFORNIA, LLC
7

8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **COUNTY OF VENTURA**
10

11 ACCEL ONLINE CALIFORNIA, LLC, a
12 Delaware limited liability company,

13 Plaintiff,

14 vs.

15 PEAK PREP PLEASANT VALLEY, a
16 California nonprofit public benefit corporation;
and DOES 1 through 10, inclusive,

17 Defendants.

Case No.:

COMPLAINT FOR:

- (1) BREACH OF CONTRACT; AND**
(2) DECLARATORY RELIEF

18
19 Plaintiff ACCEL ONLINE CALIFORNIA, LLC (“Plaintiff”) alleges as follows:

20 **THE PARTIES**

21 1. Plaintiff Accel Online California, LLC (“Plaintiff” or “ACCEL”) is a Delaware
22 limited liability company with its principal place of business located in Fairfax County, Virginia.
23 ACCEL is in the business of providing educational products, administrative and technology
24 services to charter schools operating online educational programs.

25 2. Defendant Peak Prep Pleasant Valley (“Defendant” or “PEAK”) is a California
26 nonprofit public benefit corporation doing business in Ventura County, California. PEAK is in the
27 business of operating a charter school authorized to operate pursuant to a charter issued by Pleasant
28 Valley School District.

1 9. Subject to satisfaction of various statutory requirements, Charter schools must be
2 granted charters by public school districts many of which have no actual desire to do so. Thus, in
3 many cases, school districts grant charters only to thereafter undermine the ability of the charter
4 schools to succeed. At the root of this irony is, not surprisingly, money. Believing that charter
5 schools siphon their students and, therefore, dollars it is not unusual for school districts to hobble
6 the charter schools they authorize by attacking them based on false or exaggerated claims. To be
7 sure, many public school districts support the work of the charter schools they authorize.
8 Unfortunately, this case arises, in part, out of one school district's effort to impair a charter school's
9 success by disrupting its contractual relationship with Plaintiff.

10 Peak Prep Pleasant Valley Charter School

11 10. PEAK was incorporated in May 2018 for the purpose of operating a charter school.

12 11. In 2019, PEAK was granted a charter by the Pleasant Valley School District (the
13 "District") authorizing PEAK to operate an independent study online Kindergarten through Grade
14 12 program for the period of July 1, 2019 through June 30, 2022 (the "Charter").

15 12. Pursuant to the terms of the Charter, and as is commonly the case for charter schools
16 in California, PEAK was permitted to contract with an outside service provider for the management
17 of various aspects of its operations.

18 Accel Online California, LLC

19 13. The principals of Accel possess decades of experience operating, managing and
20 supporting charter schools throughout the United States, including California, with a particular
21 expertise in the operation of online learning programs.

22 14. In addition, Accel's principals possess highly specialized experience in assisting
23 charter schools with formation, incubation and early stage development, including navigation of the
24 administrative and financial challenges uniquely associated with the creation and operation of
25 charter schools. By way of example, these challenges include the fact that charter schools in
26 California are funded in arrears. As a result, new charter schools require substantial start-up capital
27 to initiate and maintain operations pending the receipt of state funding.
28

1 15. In addition to its vast experience, Accel offers newly formed charter schools access to
2 funding that bridges the substantial gap between the start-up funds available through grants and
3 publicly funded loans and the costs of initial operations.

4 The Services Agreement

5 16. On July 25, 2019, Accel and PEAK entered into the Educational Products,
6 Administrative and Technology Services Agreement (the “Services Agreement”) pursuant to which
7 PEAK engaged Accel to provide a variety of services to support the operation of its charter school
8 (the “Services”). A true and correct copy of the Services Agreement is attached hereto as Exhibit
9 “A”.

10 17. At or about the same time, Accel assisted PEAK in accessing a substantial amount of
11 start-up and operational funding through and from an affiliated organization of ACCEL.

12 18. Accel would not have entered into the Services Agreement or provided funding
13 assistance unless it was confident that it could and would competently and successfully provide
14 PEAK the services necessary to successfully launch and operate the charter school including by
15 complying with the terms of the Charter and all applicable laws as well as financial and governance
16 best practices.

17 19. Pursuant to Article IV of the Services Agreement, and in consideration for the
18 Services, PEAK is obligated to pay to Accel an annual sum equal to eight percent (8%) of the
19 federal, state and local funds received by PEAK along with various costs specifically described in
20 of the Services Agreement (the “Service Fees and Costs”).

21 20. Pursuant to Sections 2.1 and 2.2 of the Services of Agreement, the term of the
22 Services Agreement commenced upon its approval by PEAK and shall remain in effect for so long
23 as the Charter remains in effect including any renewal periods.

24 21. Section 7.2 of the Services Agreement permits PEAK to terminate the Services
25 Agreement in the event Accel fails to remedy a material breach; provided, however, that such a
26 termination does not relieve PEAK of the obligation to pay the Service Fees and Costs, whether
27 accrued, pending or outstanding as of the effective date of the termination.

1 22. Pursuant to Section 7.4 of the Services Agreement, PEAK may terminate the
2 agreement in the event of an enactment of a ‘change in applicable law’ that could be reasonably
3 expected to have an adverse effect on the ability of either party to carry out its obligations under the
4 agreement; provided, however, that as a condition to invoking said termination right following an
5 enactment of a ‘change in applicable law’, either party may request good-faith renegotiation of the
6 Services Agreement. The Services Agreement may then be terminated by either party if the parties
7 are unable to agree upon a renegotiated agreement within thirty (30) days of a request for
8 renegotiation.

9 The District’s Interference with the Services Agreement

10 23. In 2019, the California charter school industry was rocked by highly publicized
11 instances of fraud and other financial misconduct committed by certain entities providing services
12 to charter schools similar to the types of Services provided by ACCEL to PEAK. Those entities
13 have no relationship with or connection of any kind to PEAK and ACCEL. Among other things,
14 these scandals reflected poorly on the school districts authorizing the effected charter schools and
15 even exposed some school district personnel responsible for oversight of the effected charter
16 schools to criminal liability, leading some other school districts to oppose agreements between
17 charter schools and contractors providing educational and financial management services. ACCEL
18 is informed and believes and, based thereon, alleges that concerns such as these, along with other
19 inappropriate considerations propelled the District to commence an effort to force PEAK to
20 discontinue its relationship with ACCEL.

21 24. Beginning in January 2020, the District raised faulty, baseless and immaterial
22 concerns regarding the nature and quality of the Services provided to PEAK and ultimately
23 threatened PEAK with revocation of its charter unless it terminated the Services Agreement, albeit
24 without regard to whether or not such a termination would constitute a breach of the Services
25 Agreement.

26 25. On May 29, 2020, PEAK informed Accel of its contention that the Services
27 Agreement had terminated “by its own terms” pursuant to Section 7.4. PEAK further advised
28 ACCEL that said purported termination would be effective June 30, 2020. On June 4, 2020, PEAK

1 entered into a written agreement with the District whereby PEAK agreed to terminate the Services
2 Agreement. Accel is informed and believes and, based thereon alleges, that PEAK thereafter made
3 arrangements to improperly replace ACCEL as a service provider to PEAK.

4 26. As of the alleged effective date of the purported termination of the Services
5 Agreement, PEAK is indebted to ACCEL in the principal amount of \$2.6 million for Service Fees
6 and Costs due under the Services Agreement.

7 **FIRST CAUSE OF ACTION**

8 **(For Breach of Contract Against Defendant and Does 1 through 10, inclusive)**

9 27. Plaintiff repeats and realleges each and every allegation set forth in Paragraphs 1
10 through 26, inclusive, of this Complaint as though fully set forth herein.

11 28. At no time was a 'change in applicable law' enacted, as same is contemplated by
12 Section 7.4 of the Services Agreement. Accordingly, PEAK, by way of its improper purported
13 termination of the Services Agreement has breached the Services Agreement.

14 29. In addition to the aforementioned amount of unpaid, but due and owing, Service Fees
15 and Costs PEAK continues to owe Service Fees and Costs based upon revenue received and to be
16 received during the remaining term of the Services Agreement.

17 30. Despite demand by Plaintiff, Defendant has failed and refused and continues to fail
18 and refuse to pay all amounts owed to date.

19 31. Plaintiff has performed all conditions, covenants and promises required to be
20 performed by it pursuant to the Services Agreement except to the extent that its performance was
21 excused or prevented by the conduct of Defendant.

22 32. As a direct and proximate cause of Defendant's material breach of the Agreement,
23 Plaintiff has been damaged in a total amount according to proof at the time of trial, plus interest.

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SECOND CAUSE OF ACTION

(For Declaratory Relief Against Defendant and Does 1 through 10, inclusive)

33. Plaintiff repeats and realleges each and every allegation set forth in Paragraphs 1 through 26, inclusive, of this Complaint as though fully set forth herein.

34. Inasmuch as no ‘change in applicable law’ within the meaning of same under Section 7.4 of the Services Agreement has been enacted, the Services Agreement remains in full force and effect and Defendant remains obligated to continue performing thereunder, including by way of paying the Service Fees and Costs as required by the Services Agreement for so long as the Charter remains in effect.

35. An actual controversy has arisen and now exists between Plaintiff and Defendant as to whether the Services Agreement remains in full force and effect.

36. Plaintiff is informed and believes and, based thereon, alleges that Defendant contends that the Services Agreement has been terminated by its own terms effective June 30, 2020.

37. Plaintiff seeks a judicial declaration of the respective rights and obligations of the parties under the Services Agreement, including that Defendant is required to continue paying the Service Fees and Costs for so long as the Charter remains in effect.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully requests that this Court enter judgment in its favor as follows:

First Cause of Action

1. For damages in an amount to be proven at trial;

Second Cause of Action

2. For a judicial declaration that the Services Agreement remains in effect and that Defendant remains obligated to continue paying the Service Fees and Costs for so long as the Charter remains in effect;


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All Causes of Action

- 3. For interest at the prevailing legal rate as permitted by law; and,
- 4. For such other and further relief that the Court may deem just and proper.

DATED: June 26, 2020

BLANK ROME LLP

By: 

Gregory M. Bordo
Christopher J. Petersen

Attorneys for Plaintiff
ACCEL CALIFORNIA ONLINE, LLC

EXHIBIT A

EDUCATIONAL PRODUCTS, ADMINISTRATIVE AND TECHNOLOGY SERVICES AGREEMENT

This Educational Products, Administrative and Technology Services Agreement (the "**Agreement**") is entered into as of the 25th day of July, 2019 ("**Effective Date**") by and between Accel Online California LLC, a Delaware limited liability company ("**Consultant**"), and Peak Prep Pleasant Valley (the "**School**"), a California nonprofit public benefit corporation and public charter school.

RECITALS

Whereas, the School is organized as a California nonprofit public benefit corporation under the laws of California and the School has entered into a Charter with Pleasant Valley School District Board of Education (the "**Sponsor**") pursuant to which the School is authorized to operate a public charter school under the laws of California;

Whereas, the Consultant was established, among other reasons, to provide manage support for charter schools, and is expected to provide invaluable assistance and expertise, including educational products, administrative, marketing, technology, regulatory, financial, facilities, and other advice, in connection with the operation of the School;

Whereas, the School and the Consultant (individually, a "**Party**" and collectively, the "**Parties**") desire to create an enduring educational relationship whereby they will pursue and provide educational excellence at the School based on an agreed upon school design, comprehensive educational program and management principles; and

Whereas, the School's Board of Directors (the "**Board**"), as well as its faculty and staff, shall actively support and assist Consultant so that together they may strive to achieve academic excellence. Similarly, Consultant and its Affiliates shall actively support and assist the Board and the School so that together they may strive to achieve academic excellence.

NOW THEREFORE, in consideration of their mutual promises and covenants, and intending to be legally bound hereby the Parties agree to the following terms:

ARTICLE I. EDUCATIONAL PRODUCTS, ADMINISTRATIVE AND TECHNOLOGY SERVICES

1.1 Educational Products and Services.

- (a) During the Term (as defined in ARTICLE II below), Consultant will provide to the School the following educational products and services (the "**Educational Services**"):
 - (i) Curriculum and Assessment. Support for implementing the educational goals and programs set forth in the Charter (the "**Educational Program**") by providing curriculum, assessment tools, a learning management system, a student information system and a content management system in all subject sand grades Consultant generally offers to its manage programs customer; curriculum for all other subjects required by applicable law; and additional curriculum or educational

programs Consultant recommends to achieve the goals of the Educational Program. In the event Consultant determines it is advisable to modify the Educational Program, Consultant shall inform the Head of School (“*HOS*”) of the proposed changes and obtain School approval, and if required under the Charter, approval of the Sponsor.

- (ii) Instruction. Oversight and coordination of the services to be provided by instructional personnel, and the School's leadership team and its teachers and support staff, all in accordance with ARTICLE VI below.
- (iii) Instructional Tools. Selection of instructional tools, equipment and supplies, including textbooks, computers, monitors, computer peripherals, curriculum, printers, software and multi-media teaching tools as Consultant determines to be necessary in its reasonable discretion, with advice and input from the Board.
- (iv) Workforce Development Program. Upon agreement of the Parties, provide Workforce Innovation Opportunities Act programs to reach out to disengaged youth and provide new learning opportunities tailored to the needs of disengaged youth and provide new learning opportunities tailored to the needs of disenfranchised and withdrawn youth who are interested in reclaiming their education through workforce education led by specialized teachers and counselors resulting in career pathway certification, pre-employment skill development, remediation of academic skills, credit recovery and high school diploma requirement completion.
- (iv) Extra-Curricular and Co-Curricular Programs. Oversight of appropriate extra-curricular and co-curricular activities and programs (but not Supplemental Programs as defined in ARTICLE V below).
- (b) Additional Educational Services. Any other services required by the Sponsor and/or the state of California (the “*State*”) Department of Education (the “*CDE*”) and such other services as are necessary or expedient for the provision of teaching and learning at the School as agreed to from time to time between Consultant and the School and directed by the HOS. The Educational Services will be provided in accordance with the educational goals, curriculum, methods of pupil assessment, admissions policy, student recruitment policy, school calendar, school day schedule, and age and grade range of pupils to be enrolled at the School as adopted by the School and as provided for in the Charter, as the same may be amended.
- (c) Consultant will be responsible and accountable to the School for the provision of the Educational Services, provided, however, that such obligations, duties and responsibilities are limited by the School Budget established pursuant to Section 1.2(a)(vi) below, and Consultant will not be required to expend funds on such services in excess of the amounts set forth in such School Budget.

1.2 Administrative Services.

- (a) During the Term, Consultant will provide to the School the following administrative services (the “*Administrative Services*”):
 - (i) Personnel Management Support. Management and professional development support of all personnel providing Educational Services, Administrative Services and Technology Services in accordance with ARTICLE VI below.

- (ii) Business Administration. Administration of all business operations of the School subject to the direction of the School.
- (iii) Payroll. Management of the School's payroll. Consultant will be responsible for all data input.
- (iv) Public Relations. Coordination and assistance with any and all advertising, branding, media and public relations efforts, including parent and community outreach programs and local community relationship building. All public relations will be subject to the mutual approval of both Parties, which approval may not be unreasonably withheld.
- (v) Budgeting and Financial Reporting.
 - (A) A proposed annual budget will be prepared by Consultant in a mutually agreeable format by June 1st of the immediately preceding fiscal year and will be subject to the approval of the School which shall not to be unreasonably withheld or delayed and in all cases shall be provided no later than June 30 of the immediately preceding fiscal year. The approved budget is the "**Budget**". The Consultant shall be responsible for the preparation of other financial statements as required by and in compliance with the Charter and applicable laws and regulations, including such documentation as may be required by the independent certified public accountants retained by the School to perform annual audits of the School's financial statements. The cost of the audit will be the responsibility of the School, and will be provided for in the Budget.
 - (B) The Consultant will provide the School with monthly financial forecast and analysis reports (Forecasted P&L / Cash Balances) and all other support as needed. The Consultant will provide the following accounting information and services: accounts payable coding; payroll journal entries; expense accrual journal entries; support for grant writing / reporting / draw down; assist the fiscal officer with the preparation of monthly financial reporting to the Board; and support for all State reporting requirements. The Consultant will prepare a five-year financial plan.
 - (C) On behalf of the School, the Consultant is responsible for preparation of (i) such other reports on the finances and operation of the School as requested or required by the CDE, the School or the Sponsor to ensure compliance with the terms of the Charter; (ii) monthly unaudited financial statements; and (iii) year-end unaudited financial statements which will be provided within forty-five (45) days after the end of the fiscal year.
 - (D) The Consultant will provide other information on a periodic basis or as requested with reasonable notice as may be reasonably necessary to enable the School to monitor Consultant's performance under this and related agreements including the effectiveness and efficiency of its operations at the School.
 - (E) On behalf of the School, the Consultant will maintain accurate financial records pertaining to its operation of the School, together with all School financial records, and retain all such records for a period of five (5) years (or longer if required by applicable laws and regulations) from the close of the fiscal year to which such books, accounts and records relate. All the School financial records retained by the Consultant pertaining to the School will be available to the School, the Sponsor, the Auditor of State, the CDE or the United States

Department of Education (the “*USDOE*”) and to all other appropriate regulatory authorities for inspection and copying upon reasonable request, it being understood that in most cases such copies will be made available within thirty (30) business days of request.

- (vi) School's Right to Audit. The School reserves the right to conduct or to appoint others to conduct examinations, at the School's expense, of the books and records maintained for the School.
- (viii) Maintenance of Student and Other Records.
 - (A) Consultant will maintain accurate student records pertaining to the students enrolled at the School as is required and in the manner provided by the Charter and applicable laws and regulations, together with all additional School student records prepared by or in the possession of Consultant, and retain such records on behalf of the School, until this Agreement expires or is terminated, at which time such records will be delivered to the School which shall thereafter be solely responsible for the retention and maintenance of such records (it being understood that such student records are and shall be at all times the property of the School). Consultant and the School will maintain the proper confidentiality of such records as required by law and the Charter.
 - (B) Consultant will maintain accurate employment, business and other records pertaining to the operation of the School as is required and in the manner provided by the Charter and applicable laws and regulations, together with all additional School employment, business and other records prepared by or in the possession of Consultant, and retain such records on behalf of the School until this Agreement expires or is terminated, at which time such records will be delivered to the School which shall thereafter be solely responsible for the retention and maintenance of such records (it being understood that such employment, business, and other records are and shall be at all times the property of the School). Consultant and the School will maintain the proper confidentiality of such records as required by law and the Charter.
 - (C) The financial, educational and student records pertaining to the School are the property of the School, and such records are subject to the applicable provisions of State and federal law. Consultant shall help ensure that to the extent requested by the School, all School records shall be physically or electronically available, upon request, at the School.
 - (D) Consultant shall provide such other information, including a written report, as reasonably requested by the School.
- (ix) Admissions. Implementation of the School's admission policy in accordance with the Charter and applicable laws and regulations.
- (x) Student Hearings. Administration and enforcement of student disciplinary and special education hearings in conformity with the requirements of the procedures established by the School, and other applicable laws and regulations (including, but not limited to, requirements involving due process and confidentiality) to the extent consistent with the School's duties and obligations under the Code and other applicable laws and regulations.
- (xi) Academic Progress Reports. Provide to the School on a periodic basis as necessary or appropriate for the School to satisfy its obligations under the Charter and

applicable laws and regulations, a report detailing (A) the School's students' academic performance, (B) Consultant's performance against mutually acceptable criteria of the Educational Services and Administrative Services, and (C) such other reports reasonably requested by the School.

- (xii) Rules and Procedures. Recommend rules, regulations and procedures applicable to the School and its students and enforce such rules, regulations and procedures adopted by the School that are not in direct conflict with this Agreement, the Charter and applicable laws and regulations.
- (xiii) Student Recruitment and Admissions. Recruitment and admission of students subject to agreement on general recruitment and admission policies to the extent as budgeted for in the Budget or as otherwise approved by the School. Students shall be enrolled in compliance with the procedures set forth in the Charter and State and federal laws. Recruitment via lead generation, lead qualification and lead conversion to application and enrollment will take place via a contact strategy by phone, email, and in-person events. Consultant will implement the School's admission policy, including management of the application and enrollment process as well as orientation. Consultant will maintain a call center function to facilitate recruitment and admissions.
- (xiv) Administrative Facility Management. Management of the School's Administrative Facility to the extent consistent with any leases or other documents pertaining to the Administrative Facility.
- (xv) Additional Administrative Services. Any other services reasonably necessary or expedient for the effective administration of the School as agreed to from time to time by Consultant and the School.
 - (A) The Administrative Services will be provided in a manner consistent with the Educational Program, the Charter, and local, State and federal laws and applicable regulations and policies.
 - (B) Subject to this Agreement, the Charter, and applicable laws and regulations, Consultant may modify the methods, means and manner by which such Administrative Services are provided at any time, provided that Consultant supplies the School with written notice of such modifications.
 - (C) Consultant will be responsible and accountable to the HOS for the provision of the Administrative Services, provided that such obligations, duties, and responsibilities are limited by the Budget established in Section 1.2(a)(vi) above, and Consultant will not be required to expend funds on such services in excess of the amounts set forth in such Budget.

1.3 Technology Services. During the Term, Consultant or its Affiliates will provide or cause to be provided to the School the following technology services (the "**Technology Services**") using the proceeds set forth in Section 4.1(a) of this Agreement:

- (a) Monitor production services, i.e., the learning management and content management systems;
- (b) Monitor and analyze data to fix production issues as they arise;
- (c) Generate reports on student academic performance, attendance and progress;

- (d) Seek and secure competitive pricing and centralized purchase discounts for computers, monitors, printers, software and other peripherals (“Computer Equipment”) for the School;
- (e) Develop, design, publish and maintain the School’s website;
- (f) Determine hardware configurations (including software and operating systems) for the School’s technology needs;
- (g) Provide support for School administration in troubleshooting system errors; and
- (h) Other technology support services requested and mutually agreed upon by the Board and Consultant.

- 1.4 Place of Performance; Provision of Offices. The School will provide Consultant with necessary and reasonable office space at an address in California to be determined (the “*Administrative Facility*”) to perform all services described in this Agreement that are not otherwise provided online or remotely at Consultant’s usual place of business. Consultant may provide other services elsewhere, unless prohibited by the Charter or applicable laws and regulations.
- 1.5 Authority. By this Agreement, the School provides Consultant such authority and power as is necessary and proper for Consultant to undertake its responsibilities, duties and obligations provided for in this Agreement, except in cases wherein such authority may not be delegated by applicable laws and regulations.

ARTICLE II. TERM

- 2.1 Term. The term of this Agreement will commence on upon the School’s approval of this Agreement (the “*Start Date*”) and shall continue thereafter through the terms of the Charter (the “*Initial Term*”) unless sooner terminated pursuant to ARTICLE VII or mandated by regulation or statute. In the event the Sponsor and/or the Charter changes, this Agreement shall automatically survive and be performed in accordance with the new Charter, these terms and conditions and applicable law, unless this Agreement is otherwise terminated in accordance with ARTICLE VII herein.
- 2.2 Renewal. This Agreement will automatically extend for successive additional periods consistent with the length of the new or renewal term from the Sponsor (each such period a “*Renewal Term*”), unless (a) either Party provides the other with written notice of non-renewal at least eighteen (18) months before the applicable Renewal Date; or (b) the Agreement is sooner terminated under ARTICLE VII. The Initial Term and any Renewal Terms will be referred to collectively as the “*Term*”.

ARTICLE III. RELATIONSHIP OF THE PARTIES

- 3.1 Status of the Parties. Consultant is not a division or any part of the School. The School is a separate and distinct corporation authorized under California law and is not a division or a part of Consultant. The relationship between the Parties was developed and entered

into through arms-length negotiations and is based solely on the terms of this Agreement and those of any other agreements that may exist from time to time between the Parties. Nothing herein will be construed to create a partnership or joint venture by or between the School and Consultant or to make one the agent or fiduciary of the other. Neither the School nor Consultant will hold itself out as a partner or agent of the other or otherwise state or imply by advertising or otherwise any relationship between it and the other in any manner contrary to the terms of this Agreement. Neither the School nor Consultant has, and neither will represent that it has, the power to bind or legally obligate the other. No employee of Consultant will be considered an employee of the School by either Party for any purpose whatsoever.

- 3.2 Consultant Attendance at Board Meetings. Consultant shall use commercially reasonable efforts to attend Board meetings in person and, if unable to attend in person, may attend them telephonically. The Board shall use reasonable efforts to schedule any regular, special or emergency Board meeting so that Consultant has the opportunity to attend the same. The Board shall provide Consultant with notice of any regular, special or emergency meeting of the Board when it provides members of the Board with notice of the meetings.
- 3.3 No Related Parties or Common Control. Consultant will not have any role or relationship with the School that, in effect, substantially limits the School's ability to exercise its rights, including cancellation rights, under this Agreement. Any director, officer or employee of Consultant shall be prohibited from serving on the Board. None of the voting power of the Board will be vested in Consultant or its directors, members, Consultants, officers, shareholders and employees, and none of the voting power of the Board or shareholders of Consultant will be vested in the School or its directors, members, Consultants, officers, shareholders (if any) and employees. Furthermore, the School and Consultant will not be members of the same control group, as defined in Section 1.150-(f) of the regulations under the Internal Revenue Code of 1986, as amended (or its successor) (the "***Internal Revenue Code***"), or related persons, as defined in Section 144(a)(3) of the Internal Revenue Code.
- 3.4 Other Schools. The Parties acknowledge that this arrangement is not exclusive and that Consultant will have the right to render similar services to other persons or entities including other public or private schools or institutions.
- 3.5 Exclusivity. During the Term, Consultant and its Affiliates shall be the sole provider of the products and services set forth herein for the School unless otherwise waived in writing by an authorized officer of Consultant.

ARTICLE IV. CONSIDERATION

- 4.1 Compensation for Services.
- (a) Services Fee. The School will pay to Consultant an annual fee of eight percent (8%) of the federal, State and local funds the School receives, directly or indirectly, for the particular students enrolled in the School pursuant and subject to applicable law and regulations, exclusive of Free and Reduced Lunch Revenues (the "***Services Fee***"). The Services Fee

calculation shall not include charitable contributions, facility funding, or proceeds from fundraisers ("*Non-Qualified Gross Revenue*"), which shall be retained entirely by the School. Such consideration will not preclude the payment of additional consideration if additional consideration is permitted or specified elsewhere in this Agreement or in other agreements between the Parties. If the School has no debt to the Consultant and is able to timely pay the Services Fee, the School may, at its sole discretion, agree to pay to the Consultant an incentive as a result of the School meeting the Incentive Goals identified in Appendix A attached hereto and in the Charter.

- (b) Reasonable Compensation. The Services Fee under this Agreement is reasonable compensation for services rendered. Consultant's compensation for services under this Agreement will not be based, in whole or in part, on a share of net profits from the operation of the School.
- (c) Annual Reconciliation. The Services Fee shall be subject to annual reconciliation based upon actual enrollment and actual revenue received (including the final month of the Term, even though the payment may be made beyond expiration or termination of the Term). If the School receives written notice of a review of the enrollment being completed by the State, the School shall provide Consultant with a copy of the written notice upon receipt of same. If the review results in a finding that additional funding is owed to the School, the School shall make payment to Consultant of eight percent (8%) of the amount received or such other amount due to Consultant within five (5) business days after receiving an invoice for such amount. If the review results in a finding that the School owes money to the State, the School will work with the Consultant to initiate an appeal of the State's determination in accordance with applicable laws and regulations. Consultant shall select legal counsel and a strategy for the appeal and pay any and all expenses and costs related to the appeal including attorneys' fees. The School shall cooperate with Consultant and selected legal counsel's efforts to appeal. Should the review result in the School owing money to the State, Consultant agrees to contribute eight percent (8%) or such other amount overpaid to Consultant.

4.2 Payment of Costs.

- a. The School shall pay Consultant the following: (i) \$1,200.00 for enrollment of each new student and \$150.00 for enrollment of each School student from the immediately prior school year who re-enrolls; (ii) \$350.00 per student per year for access to the curriculum, learning management system, student information system, and content management system provided by Consultant; and (iii) cost of Computer Equipment plus 20% of cost for student computer services (selection, deployment, reclamation, refurbishment and tracking).
- b. In addition to the Services Fee described in Section 4.1 above, the School will reimburse Consultant for all costs incurred and paid by Consultant in providing the Educational Services, Administrative Services and Technology Services. Such costs may include, but are not limited to, mortgage, rent and/or lease payments (including costs pursuant to any equipment lease or Administrative Facility lease that the Parties may enter into), Administrative Facility maintenance and utility costs, payments due under the Employee Leasing Agreement (Exhibit B), Sponsor fee, costs related to curriculum, instructional

materials, textbooks, software, supplies, special education and psychological services, and specialty services.

4.3 Prior to or simultaneously with executing this Agreement, a school enrolling students for the first time ("New School") shall enter into a startup Line of Credit Agreement and Promissory Note attached hereto as Exhibit A for costs associated with opening a new school or as otherwise approved by lender thereunder.

4.4 Time and Priority of Payments.

- (a) Each installment of the Services Fee will be due and payable by the School upon receipt of invoice.
- (b) Consultant will notify the School of any payments due and owing to Consultant pursuant to Section 4.2 above as soon as possible after the end of each month and the School will make such payments to Consultant upon receipt of invoice.
- (c) New School shall pay amounts due under the Line of Credit Agreement and Promissory Note as required by the Line of Credit Agreement and Promissory Note.
- (d) The School will satisfy its payment obligations under this ARTICLE IV to Consultant in the following order of priority: (i) payments due and owing under the Line of Credit Agreement and Promissory Note referenced in Section 4.3 above; (ii) payments due and owing under the Employee Leasing Agreement (Exhibit B); (iii) payments due and owing under Section 4.2 above for rent pursuant to Facility lease; (iv) payments due and owing under Section 4.2 above for Sponsor fee; (v) all other payments due and owing under Section 4.2 above, with the oldest amounts due first; and (vi) payments due and owing pursuant to Section 4.1 above with the oldest amounts due first.

4.4 Interest Rate and Fee Carryovers.

- (a) Unless otherwise agreed by the Parties, unpaid Services Fees will accrue interest at rate of eight percent (8%) for the time overdue.
- (b) There will be no limits to fees owed to Consultant that may be carried over from year to year unless expressly provided otherwise in this Agreement.

**ARTICLE V.
SUPPLEMENTAL PROGRAMS**

Supplemental Programs. In addition to the Educational Services, Administrative Services and Technology Services provided by Consultant to the School, Consultant may, subject to School approval (which approval shall not be unreasonably withheld), provide additional services, which may benefit the School by increasing its exposure in the community to students and non-students of the School (the "***Supplemental Programs***"), provided that nothing herein shall require Consultant to provide any such Supplemental Programs. Consultant may retain the full amount of any and all revenues collected from or for such Supplemental Programs, and Consultant will be responsible for the full cost of providing such Supplemental Programs.

**ARTICLE VI.
PERSONNEL AND TRAINING**

6.1 Personnel Responsibility.

- (a) Subject to Sections 1.1 and 1.2 above, the Charter and applicable laws and regulations, Consultant will have the sole responsibility and authority to determine staffing levels, and select, evaluate, assign, discipline, supervise, manage, transfer and terminate personnel, except HOS, necessary to carry out the Educational Services, the Administrative Services, the Technology Services, the Supplemental Programs (if any) and all other services provided under this Agreement. The HOS shall contact Consultant to, in its reasonable discretion, reject or request removal of any staff member from assignment at the School.
- (b) Except as specified in this Agreement or as required by the Charter, the teachers and support staff recommended by Consultant pursuant to this Agreement will be employees or subcontractors of Consultant. Consultant will be responsible for conducting reference checks, employment checks, criminal background checks and unprofessional conduct checks on its employees and subcontractors to the extent required under applicable laws and regulations as if the employees and subcontractors were employed by the School. Upon request, Consultant will provide the School with documentary evidence of such background checks. Consultant will share on a confidential basis with the School its performance reviews and assessment of the HOS.
- (c) School shall not pay a bonus or other form of compensation to any employee or subcontractor of Consultant without advance consultation with and written approval from Consultant.

6.2 Head of School. The HOS will be an employee of the Board and the Board will determine the employment terms of the HOS.

6.3 Teachers. Consultant will provide to the School such teachers as are required to provide the Educational Services, Administrative Services and Supplementary Programs (if any). Consultant, in consultation with the HOS, will determine the number and assignments of such teachers. Such teachers may work on a full or part time basis. Each teacher assigned to the School will be qualified in his or her grade levels and subjects, and, to the extent required under applicable laws and regulations, hold a valid teaching certificate issued by the CDE. Further, to the extent required under applicable laws and regulations, such teachers shall have undergone a criminal background check and unprofessional conduct check as if such teachers were employees of the School. Upon request, Consultant shall provide the School with documentary evidence of its compliance with this Section 6.3. Consultant shall keep the School informed of all teaching staff related actions and decisions on a regular basis.

6.4 Support Staff. Consultant will provide the School with such support staff as are required to provide the Educational Services, Administrative Services, Technology Services and Supplementary Programs (if any). Such support staff may include, among others, teachers' aides, clerical staff, administrative assistants to the HOS and bookkeepers. Such support staff may work on a full or part time basis.

- 6.5 Training. Consultant will provide training in instructional methods, curriculum, educational program and support technology to its instructional personnel on a regular and continuous basis. Such training will enable the School's instructional staff to provide in-service training to each other. Non-instructional personnel will receive such training as Consultant determines to be reasonable and necessary under the circumstances.
- 6.6 Non-Solicitation/Non-Hiring.
- (a) During the Term and one (1) year thereafter, each Party may not directly or indirectly solicit, recruit for employment, offer employment to, offer subcontracting opportunities to, or otherwise employ or use the services of any current or former consultant or employee of the other Party or Affiliate if that consultant, employee, former consultant or employee had been assigned to or worked under this Agreement. "*Affiliate*" means any entity that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the Consultant whether through ownership of voting securities, by contract interest or otherwise. Former consultant or employee means a consultant or employee who worked for a Party within six (6) months prior to hire or potential hire by the prohibited Party.
- (b) Unpermitted Solicitation/Hiring Remedies. In the event of such unpermitted use or engagement by a Party of such consultant, employee, former consultant or former employee whether directly or indirectly, in contravention of the clause immediately above, the other Party, at its option, may seek receipt of a sum equivalent to one hundred percent (100%) of that consultant, employee, former consultant or former employee's compensation during their first year with the new employer, or seek any legal or equitable relief against such actions including, but not be limited to, immediate injunctive relief in any court of competent jurisdiction. The one (1) year period of time in this Section will be extended by the amount of time that a Party engages in any activity in violation of this Agreement and while the aggrieved Party seeks enforcement of this Agreement. The School acknowledges and agrees that no advances or past uncollected fees shall be issued by Consultant to cover any penalty, damages or other relief owed by the School upon a violation of this provision.
- (c) Solicitation Exceptions. For the avoidance of doubt, newspaper, periodical or Internet-based listings of employment opportunities by a Party shall not be considered direct or indirect solicitation of an employee, consultant, former employee or former consultant of the other Party or Affiliate. However, such Party shall continue to be precluded from engaging or otherwise using a Party's and Affiliate's employee, former employee, consultant or former consultant provided for in this Section 6.6.

ARTICLE VII. TERMINATION OF AGREEMENT

7.1 Termination By Consultant.

- (a) Consultant may terminate this Agreement effective at the end of the then-current school year if the School fails to make any payment of money due to the Consultant within five (5) days of written notice from Consultant to School that such payment is

overdue, excluding overdue payments resulting from a payment dispute or delay between the School and any funding entity.

- (b) Consultant may terminate this Agreement in the event that the School is in material default under any other condition, term or provisions of this Agreement (except late payment which is addressed above) or the Charter, and the default remains uncured for thirty (30) days after the School receives written notice from the Consultant or Sponsor, as applicable, of the default. However, if the default cannot be reasonably cured within thirty (30) days, and the School promptly undertakes or continues efforts to cure the material default within a reasonable time, the failure shall not be grounds for termination.
- (c) Consultant may terminate this Agreement if there is any adverse and material change in local, State or federal funding for the School's students; provided that any notice of termination delivered to the School based upon an adverse and material change in funding shall be effective when the funding change goes into effect or such later date as designated by the Consultant.
- (d) Consultant may terminate this Agreement effective immediately upon written notice to the School in the event that the School adopts or amends a policy, and the effect of such amendment or policy would reasonably be determined by Consultant to increase materially the financial risk to Consultant arising from its performance of its obligations hereunder, thus rendering Consultant's performance economically unviable. In the event the School adopts such an adverse policy in the middle of the school year, Consultant agrees to use its best efforts to complete its obligations for the then-current school year without waiving any rights and remedies hereunder.
- (e) Consultant may terminate this Agreement effective immediately upon written notice to the School in the event that the School undergoes adverse change that makes the School financially unviable.

7.2 Termination By the School. The School may terminate this Agreement in the event that Consultant fails to remedy a material breach of this Agreement within ninety (90) days after written notice from the School. Termination by the School will not relieve the School of any obligations to pay Services Fees and costs, whether accrued, pending or outstanding, to Consultant as of the effective date of the termination, nor will it relieve Consultant for liability for financial damages suffered by the School as a consequence of Consultant's breach (or of the School's termination as a result thereof) of this Agreement.

7.3 Termination of the Charter. This Agreement will terminate upon the School's ceasing to be a party to a valid and binding charter, provided, however, that this Agreement will continue to remain in effect until the date of termination or expiration of a Term (as applicable) if (i) the School has entered into a subsequent charter, and (ii) this Agreement has not been terminated pursuant to this ARTICLE VII. Termination pursuant to this paragraph will not relieve the School of any obligations to pay Services Fees, and costs, whether accrued, pending or outstanding, to Consultant as of the effective date of termination.

7.4 Change in Law. If any federal, State or local law or regulation, court or administrative decision or Attorney General's opinion could reasonably be expected to have an adverse

effect on the ability of either Party to carry out its obligations under this Agreement, such Party, upon written notice to the other Party, may request renegotiation of this Agreement. That notice may be given at any time following enactment of such change in applicable law, whether or not such change is effective on the date of such enactment or thereafter. Renegotiation will be undertaken in good faith. If the Parties are unable to renegotiate and agree upon revised terms within thirty (30) days after such notice of renegotiation, then this Agreement will be terminated effective at the end of the academic year in which such notice was given. Consultant may terminate this Agreement effective immediately upon written notice to School in the event Consultant undergoes or is required to undergo a change that makes Consultant, as determined in its sole judgment, financially unviable.

7.5 Real and Personal Property. Upon termination or expiration of this Agreement by either Party for any reason, all real and personal property leased by Consultant to the School will remain the real and personal property and leases of Consultant, and all other personal property purchased by Consultant with the funds provided to Consultant by the School pursuant to Section 4.2 above will be the personal property of the School provided that the School has fulfilled all repayment obligations in any Line of Credit Agreement and Promissory Note between the Parties. Notwithstanding the above, if any lease shall contain a buy-out or purchase option, the School shall have the right to exercise such option and purchase such equipment.

7.6 Return of Materials and Records. On the later of (a) five (5) business days after any termination or expiration of this Agreement by either Party for any reason, and (b) the effective date of termination as established in this ARTICLE VII, the School shall (i) assemble in a safe place all operational, systems and other administrative manuals and material, and copies thereof, and (ii) the President of the School shall certify to Consultant in writing that the School has ceased use of any proprietary materials relating to the Educational Program and has deleted the materials from all databases and storage media maintained by the School. At Consultant's direction, the School will promptly permit representatives of Consultant or its Affiliate to pick up all such materials at a mutually agreeable location. Consultant shall return to the School all student educational records and all School-titled equipment and material (if any). Notwithstanding the foregoing, in the event that the School closes for any reason, the Consultant shall, if required by applicable law or regulation, instead transmit the educational records of each student to said student's school district of residence.

ARTICLE VIII. PROPRIETARY INFORMATION, OWNERSHIP AND LICENSE

8.1 Proprietary Information and Ownership. The School acknowledges that Consultant owns the intellectual property rights and interests in the curriculum, learning systems, assessment systems and pedantic methods licensed to or utilized by the School during the Term (“*Protected Materials*”) and to the name “ACCEL™” (such name being a trademark of Consultant). The School acknowledges and agrees that it has no intellectual or property

interest or claims in the Protected Materials or name, and has no right to use the Protected Materials or name unless expressly agreed to in writing by Consultant. In accordance with all laws and regulations, Consultant shall have the right to install signs on the Administrative Facilities, including under the name of the School, describing the services provided by Consultant or its assignees, including "Managed by ACCEL Schools" or "Educational Services Provided by ACCEL Schools." Upon any expiration or termination of this Agreement, those signs shall be promptly removed.

- 8.2 License. The Consultant developed and owns proprietary rights to the Protected Materials. The Consultant hereby grants the School a limited revocable license to use the Protected Materials in connection with the School during the Term. When this Agreement is terminated or expires, the license granted herein shall automatically terminate and the School shall immediately cease using the Protected Materials. The School may not use the Protected Materials for any purpose other than strictly within the scope of the license granted in this Agreement without the prior written consent of the Consultant.

ARTICLE IX. INDEMNIFICATION AND LIMITATIONS OF LIABILITIES

- 9.1 Indemnification of Consultant. To the extent permitted by California law, the School will indemnify, defend and save and hold Consultant and its Affiliates and all of their respective employees, officers, directors, subcontractors and agents (collectively, "**Representatives**") harmless against any and all third party Claims (including reasonable attorney's fees and costs) that may arise out of, or by reason of, any wrongdoing, misconduct or negligence by the School or its Representatives; noncompliance by any of them with any agreements, covenants, or undertakings of the School contained in or made pursuant to this Agreement; any misrepresentations of the School contained in or made pursuant to this Agreement; any action or omission by the School or its Representatives that results in injury, death or loss to person or property; and any violation by them of State or federal law. In addition, the School will reimburse Consultant, its Affiliates and their Representatives for any and all reasonable legal expenses and costs associated with the defense of any third-party Claim. Further, the Parties acknowledge and agree that Consultant and its Affiliates shall have no liability or responsibility for activities of the School that occurred prior to the Start Date, including, but not limited to, management of the School by any third parties. This indemnification obligation shall survive the termination or expiration of this Agreement.
- 9.2 Indemnification of the School. Consultant will indemnify, defend and save and hold the School and its Representatives harmless against any and all third party Claims (including reasonable attorney's fees and costs) that may arise out of, or by reason of, any wrongdoing, misconduct, or negligence of Consultant, its agents, employees or assigns or noncompliance by Consultant with any agreements, covenants, or undertakings of Consultant contained in or made pursuant to this Agreement, and any misrepresentation of the Consultant contained in or made pursuant to this Agreement. In addition, Consultant will reimburse the School for any and all reasonable legal expenses and costs associated with the defense of any third-party Claim. This indemnification obligation shall survive the termination or expiration of this Agreement.

9.3 Defense. A Party seeking indemnification under this ARTICLE IX (the "*Indemnitee*") shall give notice to the indemnifying Party (the "*Indemnitor*") of a Claim or other circumstances likely to give rise to a request for indemnification, promptly after the Indemnitee becomes aware of the same. The Indemnitor, with Indemnitee consent, which shall not be unreasonably withheld, conditioned or delayed, shall be afforded the opportunity to undertake the defense of and to settle by compromise or otherwise any Claim for which indemnification is available under this ARTICLE IX. The Indemnitor's selection of legal counsel is subject to the Indemnitee's approval (which approval shall not be unreasonably withheld). If an Indemnitor so assumes the defense of any Claim, the Indemnitee may participate in such defense with legal counsel of the Indemnitee's selection and at the expense of the Indemnitee. Indemnitor may not settle any Claim against Indemnitee or otherwise consent to any final order or judgement regarding same if such settlement, final order or judgement includes an admission of wrongdoing in Indemnitee's or Affiliate's name unless Indemnitee or Affiliate, as applicable, consents in writing. If the Indemnitor, upon the expiration of the fifteen (15) days after receipt of notice of a Claim by the Indemnitee under this ARTICLE IX, has not assumed the expense of the defense thereof, the Indemnitee may thereupon undertake the defense thereof on behalf of, and at the risk and expense of, the Indemnitor, with all reasonable costs and expenses of such defense to be paid by the Indemnitor.

9.4 Limitations of Liabilities.

- (a) Immunities and Statutory Limitations. The School will assert all immunities and statutory limitations of liability in connection with any third-party Claims arising from its operations, and will not waive any immunities or limitations without the prior written consent of Consultant. Notwithstanding this ARTICLE IX, to the fullest extent permitted by law, the School will waive the defense of governmental immunity in any dispute between the Parties.
- (b) MAXIMUM OBLIGATIONS. EXCEPT AS TO THE PARTIES' INDEMNIFICATION OBLIGATIONS, TO THE EXTENT PERMITTED BY LAW EACH PARTY'S MAXIMUM LIABILITY AND OBLIGATION TO THE OTHER PARTY AND THE EXCLUSIVE REMEDY FOR ANY CAUSE WHATSOEVER, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT OR IN TORT, INCLUDING NEGLIGENCE, RELATING TO THIS AGREEMENT SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DIRECT DAMAGES UP TO THE AMOUNT OF FEES PAID UNDER THIS AGREEMENT IN THE TWELVE (12) MONTHS IMMEDIATELY PRECEDING THE DATE A CLAIM IS MADE.
- (c) ECONOMIC DAMAGES. EXCEPT IN CONNECTION WITH ITS INDEMNITY OBLIGATIONS EXPRESSLY SET FORTH HEREIN, NEITHER PARTY SHALL BE LIABLE FOR ANY INDIRECT, EXEMPLARY, PUNITIVE, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, ANY LOST SAVINGS, LOST PROFITS, LOST SALES, BUSINESS INTERRUPTIONS, DELAY DAMAGES, OR LOST OR DESTROYED DATA, EVEN IF THAT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

(d) REASONABLENESS. NEITHER OCCASIONAL SHORT-TERM INTERRUPTIONS OF SERVICE OR PRODUCTS, WHICH ARE NOT UNREASONABLE UNDER COMPARABLE INDUSTRY STANDARDS NOR INTERRUPTIONS OF SERVICE OR PRODUCTS RESULTING FROM EVENTS OR CIRCUMSTANCES BEYOND CONSULTANT'S OR ITS AFFILIATES' REASONABLE CONTROL SHALL BE CAUSE FOR ANY LIABILITY OR CLAIM AGAINST CONSULTANT HEREUNDER, NOR SHALL ANY SUCH OCCASION RENDER CONSULTANT IN BREACH OF THIS AGREEMENT.

9.5 Right of Set-Off. Either Party may, but shall not be obligated to, set off against any and all payments due the other Party under this Agreement, any amount to which the Party is entitled to be indemnified hereunder provided that there has been a final judicial determination thereof.

ARTICLE X. INSURANCE

10.1 Insurance Coverage. The School will maintain the types of and limits on insurance policies as follows unless different types and/or higher requirements are set forth in the Charter: commercial general liability in amounts no less than \$1 million per occurrence and \$2 million in the aggregate; excess or umbrella extending coverage as broad as primary commercial general liability coverage in an amount no less than \$3 million; automobile in the amount of \$1 million; directors and officers/school leaders, employment practices liability and errors and omission, in amounts no less than \$1 million per occurrence and \$1 million in the aggregate; and employers liability in an amount no less than \$1 million. The insurance coverage shall be not only for the School, its directors, officers and employees, but also such policies shall name Consultant, its Affiliates and their respective Representatives as additional insureds under such policies. Pleasant Valley School District shall be named as an additional insured on the commercial general liability policy. All insurance policies shall (a) be issued by companies in good standing and authorized to do business in the State and having an AM Best rating of A or better, (b) be written in standard form, and (c) provide that the policies may not be canceled except after thirty (30) days' written notice to the Consultant and Sponsor. Upon Consultant's request, the School shall deliver to the Consultant a copy of such policies.

10.2 Workers' Compensation Insurance. Each Party will maintain workers' compensation insurance as required by law, covering its respective employees.

10.3 Cooperation. Each Party will, upon request, present evidence to the other that it maintains the requisite insurance in compliance with the provisions of this ARTICLE X. Each Party will comply with any information or reporting requirements applicable to or required by the other Party's insurer(s), to the extent reasonably practicable.

**ARTICLE XI.
REPRESENTATIONS AND WARRANTIES**

- 11.1 Representations and Warranties of Consultant. Consultant hereby represents and warrants to the School:
- (a) Consultant is a duly formed limited liability company in good standing and is authorized to conduct business in the State.
 - (b) To the best of its knowledge, Consultant has the authority under applicable laws and regulations to execute, deliver, and perform this Agreement, and to incur the obligations provided for under this Agreement.
 - (c) Consultant's actions under this Agreement have been and will be duly and validly authorized, and it will adopt any and all further resolutions or expenditure approvals required for execution of this Agreement.
 - (d) The services to be performed under this Agreement will be performed in a professional and workmanlike manner in accordance with commercially reasonable industry standards. THE FOREGOING WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. CONSULTANT AND ITS AFFILIATES MAKE NO GUARANTEES AS TO THE GRADES OR TEST RESULTS TO BE OBTAINED BY THE STUDENTS. WITHOUT LIMITING THE FOREGOING, CONSULTANT AND ITS AFFILIATES MAKE NO GUARANTEES AND SHALL NOT BE LIABLE FOR NON-ACCESIBILITY OF ANY WEBSITE, SYSTEM OR PROGRAM, END-USER CONNECTION SPEED OR CONNECTIVITY PROBLEMS, REGARDLESS OF THE REASON.
- 11.2 Representations and Warranties of the School. The School hereby represents and warrants to Consultant:
- (a) The Charter (i) authorizes the School to operate and receive the State, federal and local education funds, as well as other revenues; (ii) approves the Education Program and other activities contemplated by this Agreement; and (iii) vests the School with all authority and powers necessary and desirable for carrying out the Education Program and other activities contemplated in this Agreement.
 - (b) The School has the authority under applicable laws and regulations to contract with a private entity to perform the Educational Services, Administrative Services, Technology Services, Supplemental Programs, and all other services under this Agreement and execute, deliver and perform this Agreement, and to incur the obligations provided for under this Agreement.
 - (c) The School's actions have been duly and validly authorized, and the School will adopt any and all further resolutions or expenditure approvals required for execution of this Agreement; provided, however, that with regard to expenditures, such resolutions and approvals shall be required only if the relevant information is available to the School and the School has sufficient funds in the approved Budget to pay for such expenditures.
 - (d) The School is not in breach of the terms of the Charter.

- (e) The School has no intellectual or property rights or claims in the curriculum or other educational materials provided by Consultant or in the name "ACCEL™" and will make no such claims in the future.
 - (f) After the Effective Date the School shall not incur any indebtedness outside the ordinary course of business or enter into any factoring or other debt arrangements without the prior written consent of the Consultant, which consent shall not be unreasonably withheld, conditioned or delayed.
- 11.3 Mutual Warranties. Each Party to the Agreement warrants to the other that there are no pending actions, claims, suits or proceedings, to its knowledge, threatened or reasonably anticipated against or affecting it, which if adversely determined, would have a material adverse effect on its ability to perform its obligations under this Agreement.

ARTICLE XII. CONFIDENTIALITY AND NON-DISCLOSURE

- 12.1 Confidential Information. Without the prior written consent of the other Party, neither Party will at any time: (a) use for its own benefit or purposes or for the benefit or purposes of any other person, corporation or business organization, entity or enterprise; or (b) disclose in any manner to any person, corporation or business organization, entity or enterprise any trade secret, proprietary information, data, know-how or knowledge (including but not limited to curricula information, financial information, marketing information, cost information, vendor information, research, marketing plans, educational concepts and employee information), whether transferred in writing or other tangible form, or transferred orally, visually, electronically or by any other means, belonging to, or relating to the affairs of a Party or any of its Affiliates (the "**Disclosing Party**") or received through association with the Disclosing Party (collectively, "**Confidential Information**"), whether the Confidential Information was received by the Receiving Party before or after the commencement of this Agreement. Confidential Information does not include information a Party receives (the "**Receiving Party**") and can show that it: (i) was known to the Receiving Party prior to its association with the Disclosing Party; (ii) had become available to the public other than by a breach of this Agreement by the Receiving Party; or (iii) was disclosed to the Receiving Party by a third person or entity that was not prohibited by a contractual, fiduciary or other legal obligation to the Disclosing Party from disclosing the Confidential Information.
- 12.2 Care and Authorized Use. Receiving Party will use at least the same degree of care to prevent unauthorized use and disclosure of Confidential Information as that Party uses with respect to its own confidential information (but in no event less than a reasonable degree of care); use Confidential Information only in performance of its obligations under this Agreement; and not disclose or grant access to such Confidential Information to any third party except on a need-to-know basis and based on a confidentiality agreement with terms at least as strict as those contained in this Agreement. This Agreement does not prohibit the Receiving Party from disclosing Confidential Information it is legally compelled to

disclose by oral questions, interrogatories, requests for information or documents, subpoenas, investigative demands, judicial orders or similar process. However, if the Receiving Party is legally compelled to disclose any Confidential Information, the Receiving Party covenants to use its best efforts to provide the Disclosing Party with prompt written notice (not more than forty-eight (48) hours after learning it will be compelled to disclose) so that the Disclosing Party may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. In the event a protective order or other remedy is not obtained, or the Disclosing Party waives compliance with the provisions of this Agreement, the Receiving Party covenants to furnish only that portion of the Confidential Information that the Receiving Party is legally required to disclose, and to exercise its best efforts to obtain reliable assurance that the Confidential Information will be treated confidentially.

- 12.3 Survival. This ARTICLE 12 shall survive any expiration or termination of this Agreement.

ARTICLE XIII MISCELLANEOUS

- 13.1 Integration, Sole Agreement, and Third-Party Beneficiaries. This Agreement (together with any exhibits, schedules or documents referred to herein) is the entire agreement between the Parties, sets forth all of the promises, covenants, agreements, conditions and undertakings of the Parties with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings, negotiations, inducements or conditions, express or implied, oral or written, if any, between the Parties with respect to the subject matter hereof. Except as limited by Section 13.7 (Assignment) below, this Agreement shall be binding upon and is for the exclusive benefit of the Parties, and their respective affiliates, successors and permitted assigns, and not for the benefit of any third party, nor shall it be deemed to confer or have conferred any rights, express or implied, upon any other third party including a relationship in the nature of a third party beneficiary or fiduciary.
- 13.2 Force Majeure. In the event that either Party is delayed, hindered, or prevented from performing any act required under this Agreement by reason of fire or other casualty, acts of God, strike, lockout, labor dispute, inability to procure services or materials, failure of power, riots, terrorism, insurrection, war or other reason of like nature not the fault of the delayed Party, its performance shall be excused for the period of the delay and the time for performance shall be extended for a period equivalent to the period of the delay. This Section shall not excuse School from prompt payment of any amounts required by the terms of this Agreement. As soon as practicable, the Party experiencing a force majeure event shall: (a) notify the other Party about the event, and (b) resume performance of its obligations under this Agreement upon conclusion of the event.
- 13.3 Governing Law, Jurisdiction and Waiver of Jury Trial. The laws of the state of California, without regard to conflict of law principles, will govern this Agreement, its construction, and the determination of any rights, duties and remedies of the Parties arising out of or

relating to this Agreement. Jurisdiction and venue are proper in the county in which the School is located. The Parties each waive any right to trial by jury in any litigation involving this Agreement, including breach, interpretation or performance thereof.

- 13.4 Construction. The Parties acknowledge and agree that this Agreement is the result of extensive negotiations between the Parties and their respective counsel, and that this Agreement shall not be construed against either Party by virtue of its role or its counsel's role in the drafting hereof. Paragraph captions or headings of various articles, sections and other subdivisions are used herein for convenience of reference only and are not intended to be used, nor shall they be used, in interpreting this instrument or modifying, defining or limiting any of the terms or provisions hereof.
- 13.5 Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but both of which will constitute one and the same instrument. Each Party may rely on facsimile signature pages as if such facsimile pages were originals.
- 13.6 Notices. Either Party may change the address to which notice to it, or copies thereof, shall be addressed by giving notice thereof to the other Party hereto in conformity with the following. All notices and other communications permitted or required by the terms of this Agreement shall be in writing and sent via any of the following methods to the Parties hereto at the addresses set forth below. Notice shall be deemed given: (a) upon receipt if sent by certified or registered mails, postage prepaid, return receipt requested, (b) on the day it is sent if by facsimile (with confirmation of transmission by sender's facsimile machine) and a copy simultaneously sent by nationally recognized overnight courier on a business day during normal business hours, or the next business day thereafter if sent on a non-business day or after normal business hours, (c) upon delivery if sent by personal delivery (with written confirmation of delivery), or (d) upon delivery if by sent by nationally recognized overnight carrier (with written confirmation of delivery). The addresses of the Parties are:

To:

Peak Prep Pleasant Valley
Attn: Board President
P.O. Box 1536
Novato, CA 94948

With a copy to:

To:

Accel Online California LLC
Attn: Chief Operating Officer
1650 Tysons Boulevard, Suite 600
McLean, VA 22102

With a copy to:

Pansophic Learning US LLC
Attn: General Counsel
1650 Tysons Boulevard, Suite 600
McLean, VA 22102

- 13.7 Assignment. Neither Party may assign this Agreement without the prior written consent of the other Party (which consent shall not be unreasonably withheld). Notwithstanding the foregoing, Consultant may, without prior written consent from or notice to the School, assign this Agreement to its Affiliates or in connection with a merger, acquisition, asset sale or corporate reorganization and may without the consent of the School, delegate the performance of but not responsibility for any duties and obligations of Consultant hereunder to any Affiliate, independent contractors, experts or professional advisors.
- 13.8 Amendment and Cumulative Effect. This Agreement will not be altered, amended, modified or supplemented except in a written document approved by the School and signed by both the Board President or other authorized officer of the School and an authorized officer of Consultant. The rights and remedies of the Parties hereto are cumulative and not exclusive of the rights and remedies that they otherwise might have now or hereafter, at law, in equity, by statute or otherwise.
- 13.9 Waiver and Delay. Except to the extent that a Party hereto may have otherwise agreed in writing, no waiver by that Party of any condition of this Agreement or breach by the other Party of any condition of this Agreement or breach by the other Party of any of its obligations or representations hereunder or thereunder shall be deemed to be a waiver of any other condition or subsequent or prior breach of the same or any other obligation or representation by the other Party, nor shall any forbearance by a Party to seek a remedy for any noncompliance or breach by the other Party be deemed to be a waiver by the first Party of its rights and remedies with respect to such noncompliance or breach.
- 13.10 Severability. If any term, condition or provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other terms, conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to either Party. Upon such determination that any term, condition or provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the extent that the transactions contemplated hereby are fulfilled to the extent possible.
- 13.11 Assertion of Claims. No Party shall bring any claim relating to this Agreement beyond one year after the date on which the Party became aware, or should reasonably have become aware, of the facts giving rise to any alleged liability of the other Party and, in any event, no later than two (2) years after (a) the last day of the Term, or (b) the earlier termination

of this Agreement for any reason. The provisions of the preceding sentence shall not apply to claims for payment of amounts due under the “Fees” Section of this Agreement or loans.

13.12 Injunctive Relief and Dispute Resolution.

- (a) Injunctive Relief. The School acknowledges that the covenants set forth in Sections “Non-Solicitation/Non-Hiring”, “Proprietary Information and Ownership”, “License”, and “Confidentiality and Non-Disclosure” above are reasonable in scope and content and necessary to protect the Consultant and its business interests. The School understands and agrees that the breach or threatened breach of Sections “Non-Solicitation/Non-Hiring”, “Proprietary Information and Ownership”, “License”, and “Confidentiality and Non-Disclosure” of this Agreement would give rise to the aggrieved Party suffering irreparable harm which harm would be inadequately compensable in money damages. Accordingly, in addition to any other remedies available to it, the aggrieved Party shall be entitled to a restraining order and/or an injunction prohibiting the breach or threatened breach of any provision, requirement or covenant of this Agreement, without the requirement of posting a bond, in addition to and not in limitation of any other legal remedies which may be available.
- (b) Dispute Resolution Procedure. The Parties agree that they will attempt in good faith to settle any and all disputes arising in connection with this Agreement amicably in the ordinary course of business. If a dispute is not resolved in the ordinary course of business, the aggrieved Party will submit its dispute in writing to the Board’s president and Consultant’s Chief Operating Officer or equivalent who shall have ten (10) business days to seek resolution of the matter. The dispute resolution procedures described herein will be deemed complete upon the earlier to occur of the following:
 - (i) the Parties mutually agree in writing to discontinue the dispute resolution procedures herein; and
 - (ii) the relevant dispute is not resolved within the time periods provided herein.
- (c) Arbitration. Subject to the provisions of Sections 13.12(a) and 13.12(d), any dispute arising out of or relating to this Agreement, including but not limited to the breach, termination or validity hereof, shall be settled by binding arbitration in accordance with the rules of JAMS with an arbitration panel consisting of a single arbitrator. The need for and scope of formal discovery will be determined by agreement of the Parties or, if the Parties are unable to agree, the arbitrator. The arbitrator will render an opinion/award within thirty (30) days from the date of the hearing, and the opinion/award shall be written and include findings of fact and conclusions of law. The arbitration will be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1-16, and judgment upon the award rendered by the arbitration panel may be entered by any court having jurisdiction thereof. The arbitrator is not empowered to award any damages or losses described in the “Limitations of Liability” Section and each Party expressly waives and foregoes any right to the damages or losses.
- (d) Exceptions. Notwithstanding anything else in this Agreement, claims for monies due and claims for injunctive relief as provided for in Section 13.12(a) above, and/or claims for grant or financial assistance reimbursement due may at either Party's option be brought separately and immediately in a court of competent jurisdiction or pursued through arbitration as set forth above.
- (e) Shared Fees and Expenses. The fees and expenses of the arbitration panel should be shared equally by the Parties before the arbitration award is made. The arbitration award shall


require the Party which does not prevail in the arbitration to reimburse the prevailing Party for the one half of the fees and expenses of arbitration panel paid by the prevailing Party.


- 13.13 Survival on Termination or Expiration. The following Articles and/or Sections shall survive termination or expiration of this Agreement: Consideration and Supplemental Programs (to the extent they relate to amounts owing for periods through the expiration or termination of this Agreement); Non-Solicitation/Non-Hiring; Termination of Agreement (to the extent they relate to obligations after expiration and termination); Proprietary Information, Ownership and License; Indemnification and Limitations of Liabilities; Confidentiality and Non-Disclosure; Interpretation, Sole Agreement and Third Party Beneficiaries; Governing Law, Jurisdiction and Waiver of Jury Trial; Construction; Counterparts; Notices; Assignment; Amendment and Cumulative Effect; Waiver and Delay; Severability; Assertion of Claims; Injunctive Relief and Dispute Resolution; Survival on Termination or Expiration; payment obligations and any provision that, based on its nature, should survive.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date and year first above written.

Accel Online California LLC

Peak Prep Pleasant Valley

By: 
Name: Ronald J Packard
Title: CEO

By: 
Name: Jon GUNDRY
Title: Board Chair

APPENDIX A

INCENTIVE GOALS

The Board may issue to Consultant an additional two percent (2%) Services Fee annual bonus to acknowledge academic gains and achievement by the students enrolled in the School.

EXHIBIT E

1 YOUNG, MINNEY & CORR, LLP
2 PAUL C. MINNEY, SBN 166989
3 WILLIAM J. TRINKLE, SBN 102280
4 JEFFREY L. ANDERSON, SBN 157982
5 655 University Ave. Suite 150
6 Sacramento, CA 95825
7 Telephone: (916) 646-1400
8 Facsimile: (916) 646-1300
9 E-mail: wjtrinkle@mycharterlaw.com
10 janderson@mycharterlaw.com

11 *Attorneys for Defendant,*
12 PEAK PREP PLEASANT VALLEY,
13 A California nonprofit corporation

Exempt from Filing Fees
Gov. Code §6103

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IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF VENTURA

ACCEL ONLINE CALIFORNIA, LLC, a
Delaware limited liability company,

Plaintiff,

v.

PEAK PREP PLEASANT VALLEY, a
California nonprofit public benefit corporation;
and DOES 1 through 10, inclusive,

Defendants.

CASE NO.: 56-2020-00542952-CU-BC-VTA

**DEFENDANT’S GENERAL DENIAL
TO PLAINTIFF’S COMPLAINT**

Complaint filed: June 26, 2020

Defendant PEAK PREP PLEASANT VALLEY, a California nonprofit corporation (“Peak
Prep” or “Defendant”) answers the allegations set forth in in the Complaint filed on behalf of Plaintiff
ACCEL ONLINE CALIFORNIA, LLC, a Delaware limited liability company (“Plaintiff”), as follows:

GENERAL DENIAL

Under the provisions of California Code of Civil Procedure § 431.30, Defendant generally
denies each and every allegation contained in each and every cause of action against it in the
Complaint, and further denies that it is liable to Plaintiff for any sums alleged, or any part thereof, or in
any sum at all.

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AFFIRMATIVE DEFENSES

As separate, distinct, and affirmative defenses to the claims on file herein and to each cause of action thereof, Defendant alleges as follows:

FIRST AFFIRMATIVE DEFENSE

(Failure to State a Cause of Action)

1. The Complaint fails to state facts sufficient to constitute a cause of action upon which relief can be granted against Defendant.

SECOND AFFIRMATIVE DEFENSE

(Unclean Hands)

2. Plaintiff, through its conduct, acts and omissions, is barred by the doctrine of unclean hands from recovering any relief against Defendant.

THIRD AFFIRMATIVE DEFENSE

(Estoppel)

3. Plaintiff is estopped from pursuing the claims in her Complaint, and each purported cause of action pled therein, by reason of Plaintiff's own action and course of conduct.

FOURTH AFFIRMATIVE DEFENSE

(Waiver)

4. Plaintiff has waived its rights, if any, to pursue the claims set forth in the Complaint by reason of Plaintiff's own actions and course of conduct.

FIFTH AFFIRMATIVE DEFENSE

(Voidability As A Matter of Public Policy)

5. Plaintiff's claims are barred, in part or in whole, because the subject contract is void as a matter of public policy.

SIXTH AFFIRMATIVE DEFENSE

(Unconscionability)

6. Plaintiff's claims are barred, in part or in whole, because the subject contract is unconscionable in terms of the amount of money Plaintiff would receive pursuant to its terms, due to the subject contract being overwhelmingly and unfairly in favor of Plaintiff.

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SEVENTH AFFIRMATIVE DEFENSE

(Unlawful Gift of Public Funds)

7. Plaintiff's claims are barred, in part or in whole, because the subject contract operates to confer on Plaintiff a gift of public funds.

EIGHTH AFFIRMATIVE DEFENSE

(Contract Violates Peak Prep's Charter)

8. Plaintiff's claims are barred, in part or in whole, because the terms of the subject contract are contrary to express terms of Peak Prep's approved Charter as authorized by the Pleasant Valley School District.

NINTH AFFIRMATIVE DEFENSE

(Contract Violates Peak Prep's Memorandum of Understanding with District re Charter)

9. Plaintiff's claims are barred, in part or in whole, because the terms of the subject contract are contrary to the terms of Peak Prep's Memorandum of Understanding regarding its Charter as authorized by the Pleasant Valley School District.

TENTH AFFIRMATIVE DEFENSE

(Contract Violates Restriction on Operation of Charter School By a For-Profit Corporation)

10. Plaintiff's claims are barred, in part or in whole, because the terms of the subject contract violate the applicable restrictions on the operation of a charter school by a for-profit corporation.

ELEVENTH AFFIRMATIVE DEFENSE

(Failure of Consideration)

11. Plaintiff's claims are barred, in part or in whole, due to failure of consideration for the subject contract.

TWELFTH AFFIRMATIVE DEFENSE

(Breach of Contract)

12. Plaintiff's claims are barred, in part or in whole, because Plaintiff breached material provisions and failed to perform its obligations pursuant to the subject contract without a legal excuse for its non-performance.

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THIRTEENTH AFFIRMATIVE DEFENSE

(Offset)

13. Plaintiff's claims are barred, in part or in whole, on the basis that the monetary relief that Plaintiff recovers, if any, is subject to an offset for amount owed and creditable by Plaintiff to Defendant.

FOURTEENTH AFFIRMATIVE DEFENSE

(Termination)

14. Plaintiff's claims are barred, in part or in whole, on the ground that the subject contract was terminated according to its own terms.

FIFTEENTH AFFIRMATIVE DEFENSE

(Mutual Cancellation)

15. Plaintiff's claims are barred, in part or in whole, on the ground that the subject contract cancelled by the parties.

SIXTEENTH AFFIRMATIVE DEFENSE

(Mutual Release)

16. Plaintiff's claims are barred, in part or in whole, on the ground that the parties released each other from their duties to perform pursuant to the subject contract.

SEVENTEENTH AFFIRMATIVE DEFENSE

(Limitation of Liabilities Provision of Subject Contract)

17. Plaintiff's claims are barred, in part or in whole, pursuant to Section 9.4 ("Limitations of Liabilities") of the subject contract.

EIGHTEENTH AFFIRMATIVE DEFENSE

(Fraudulent Inducement)

18. Plaintiff's claims are barred, in part or in whole, because Plaintiff, or another party, fraudulently induced Defendant into entering the subject contract and Defendant would not have done so if Defendant had known the true facts.

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TWENTYY-FIFTH AFIRMATIVE DEFENSE

(Reservation of Right to Allege Additional Affirmative Defenses)

25. Defendant has not completed its investigation and/or discovery and therefore lacks sufficient knowledge and information to ascertain the existence of additional affirmative defenses which may be available and therefore reserves the right to raise such additional defenses as supporting information is revealed.

PRAYER

WHEREFORE, Defendant prays as follows:

1. That Plaintiff takes nothing from Defendant by the Complaint;
2. That Defendant be awarded judgment in this action;
3. For costs of suit incurred herein; and,
4. For such other and further relief as the Court deems proper.

Dated: September 9, 2020

YOUNG, MINNEY & CORR, LLP

By: 

JEFFREY L. ANDERSON
Attorney for Defendant,
PEAK PREP PLEASANT VALLEY, a California
nonprofit corporation

PROOF OF SERVICE

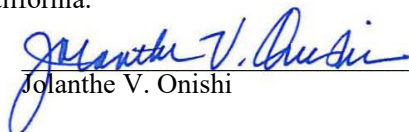
I, Jolanthe V. Onishi, declare:

I am over the age of eighteen years and not a party to the within action. I am employed by the law firm of Young, Minney & Corr, LLP. in the County of Sacramento, California and my business address is 655 University Avenue, Suite 150, Sacramento, CA 95825. On the date set forth below, I served the foregoing document described as **DEFENDANT'S GENERAL DENIAL TO PLAINTIFF'S COMPLAINT**, on the interested parties in this action by placing a true copy thereof enclosed in a sealed envelope and addressed as follows:

See attached Service List

<input checked="" type="checkbox"/>	(VIA U.S. MAIL) I caused such document to be placed in the U.S. Mail at Sacramento, California with postage thereon fully prepaid. I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. It is deposited with the U.S. Postal Service on that same day in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.
<input type="checkbox"/>	(VIA FACSIMILE) I caused such document to be transmitted via facsimile to the addressee from the facsimile machine of Young, Minney & Corr, LLP whose phone number is (916) 646-1300. The transmission by the facsimile was reported as complete and without error.
<input type="checkbox"/>	(VIA ELECTRONIC MAIL) Pursuant to the Emergency Rules related to COVID-19, Emergency Rule 12(b), I caused such document to be transmitted via e-mail to the addressee from the e-mail address of jonishi@mycharterlaw.com. The transmission was reported as complete and without error.
<input type="checkbox"/>	(BY PERSONAL SERVICE) I caused such envelope to be delivered by hand to the offices of the addressee.
<input type="checkbox"/>	(VIA EXPRESS MAIL) I caused such document to be enclosed in a sealed envelope, with delivery fees paid or provided for, in a designated area for outgoing overnight mail, addressed as set forth below. In the ordinary course of business mail placed in that designated area is picked up that same day for delivery the following business day.
<input checked="" type="checkbox"/>	(STATE) I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.
<input type="checkbox"/>	(FEDERAL) I declare that I am employed in the office of a member of the bar of this court at whose direction this service was made.

Executed on September 9, 2020 at Sacramento, California.


Jolanthe V. Onishi

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Service List

BLANKROME LLP
Gregory M. Bordo
GBordo@BlankRome.com
Christopher J. Petersen
CJPetersen@BlankRome.com
2029 Century Park East, 6th Floor
Los Angeles, CA 90067
Telephone: (424) 239-3400
Facsimile: (424) 239-3434

Attorneys for Plaintiff
ACCEL ONLINE CALIFORNIA, LLC

Exhibit 9



**CALIFORNIA DEPARTMENT
OF EDUCATION**

TONY THURMOND
STATE SUPERINTENDENT OF
PUBLIC INSTRUCTION

1430 N STREET, SACRAMENTO, CA 95814-5901 • 916-319-0800 • WWW.CDE.CA.GOV

January 13, 2021

Shalen Bishop, Superintendent
Peak Prep Pleasant Valley
2150 Pickwick Drive, #304
Camarillo, CA 93010

Dear Dr. Bishop:

Subject: California Department of Education's Response to Peak Prep Pleasant Valley's
January 8, 2021, Letter Regarding its 90 Day Report

This letter serves to confirm the California Department of Education's (CDE's) receipt of the documentation provided by Peak Prep Pleasant Valley on January 8, 2021, to clarify the information submitted in its 90 Day Report.

The CDE acknowledges the presence of litigation in Ventura Superior Court with Accel Online California, LLC and Peak Prep Pleasant Valley. However, pursuant to *California Code of Regulations*, Title 5 (5 CCR) Section 11963.6(a), if it is determined that the actual expenditures of the charter school or the second-year funding determination form do not support the funding determination for the second year, the Advisory Commission on Charter Schools (ACCS) shall recommend that the State Board of Education (SBE) revise the school's funding determination.

The 2019–20 unaudited actual expenditure information provided by Peak Prep Pleasant Valley does not support its current level of 100 percent funding for its nonclassroom-based instruction. Pursuant to 5 CCR Section 11963.4(a)(4), a charter school's nonclassroom-based instruction is not substantially dedicated to the instructional benefit of students if the percent spent on certificated salaries and benefits is less than 35 percent, or if the percent spent on instruction and related services is less than 60 percent. The expenditure percentages indicated in Peak Prep Pleasant Valley's 90 Day Report are as follows:

Percent Spent on Certificated Salaries and Benefits	Percent Spent on Instruction-Related Services
11.87 Percent	47.31 Percent

As such, pursuant to 5 CCR, the ACCS shall recommend that the SBE deny the funding determination request (i.e., no funding for nonclassroom-based instruction shall be received).

Shalen Bishop, Superintendent
January 13, 2021
Page 2

Pursuant to 5 CCR Section 11963.4(e), the ACCS is permitted to make a recommendation other than one that results from the spending criteria outlined in 5 CCR Section 11963.4(a) if there is a reasonable basis to recommend otherwise. Peak Prep Pleasant Valley may submit a funding determination form with mitigating circumstances to the CDE for the ACCS and SBE to consider if it wishes to seek continued funding for its nonclassroom-based instruction. A revised funding determination form with mitigating circumstances must be submitted to the Charter Schools Division via email to charter-sb740@cde.ca.gov by **4 p.m. on Friday, February 12, 2021**.

If you have any questions regarding this letter, please contact the Charter Schools Division by phone at 916-322-6029 or by email at charter-sb740@cde.ca.gov.

Sincerely,

/s/

Stephanie Farland, Director
Charter Schools Division

SF:mh

cc: Brooks Allen, Executive Director, California State Board of Education
Lisa Constancio, Deputy Superintendent, Operations and Administration Branch,
California Department of Education

Sent via Email to:
shalen.bishop@peak-prep.org

Exhibit 10

From: Charter-SB740 <Charter-SB740@cde.ca.gov>
Sent: Monday, January 25, 2021 4:02 PM
To: Shalen Bishop <shalen.bishop@peak-prep.org>
Cc: Lisa A. Corr <lcorr@mycharterlaw.com>; Makenna Huey <MHuey@cde.ca.gov>; Charter-SB740 <Charter-SB740@cde.ca.gov>
Subject: Peak Prep Pleasant Valley - 90 Day Report Follow-Up

Hello,

This email serves as a follow-up to the letter sent by the California Department of Education on January 13, 2021.

Please confirm whether Peak Prep Pleasant Valley has plans to submit a revised funding determination form with mitigating circumstances on or before February 12, 2021, or if the CDE should use the previously submitted funding determination form based on the first-year unaudited actual expense reports (See Attachment) to conduct its review and develop a recommendation to present to the Advisory Commission on Charter Schools and the State Board of Education.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Jonathan Yu
Charter Schools Division
[California Department of Education](#)
1430 N Street, Suite 5401
Sacramento, CA 95814

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Exhibit 11

Revised Funding Determination Form and
 Supplemental Documentation from
 Peak Prep Pleasant Valley, Charter #2062

Expenses	2/1/2020	EXP-PEAK20200131	Jul 19 - Jan 20	\$39,317.56				\$39,317.56
Services	2/1/2020	MGT-PEAK20200131	Jul 19 - Jan 20	\$1,045,953.47				\$1,045,953.47
Employees	2/1/2020	PR-PEAK20200131	Jul 19 - Jan 20	\$691,265.00			-\$546,403.00	\$144,862.00
Debt	2/1/2020	DBT-PEAK20200201	Jul 19 - Feb 20	\$17,983.00	\$16,000.00	\$1,983.00	-\$17,983.00	\$0.00
Expenses	3/1/2020	EXP-PEAK20200229	Feb 20	\$15,142.53				\$15,142.53
Services	3/1/2020	MGT-PEAK20200229	Feb 20	\$129,715.86				\$129,715.86
Employees	3/1/2020	PR-PEAK20200229	Feb 20	\$132,796.60				\$132,796.60
Debt	3/1/2020	DBT-PEAK20200301	Mar 20	\$31,894.00	\$31,000.00	\$894.00	-\$31,894.00	\$0.00
Expenses	4/1/2020	EXP-PEAK20200331	Mar 20	\$5,930.52				\$5,930.52
Services	4/1/2020	MGT-PEAK20200331	Mar 20	\$288,314.40				\$288,314.40
Employees	4/1/2020	PR-PEAK20200331	Mar 20	\$127,175.00				\$127,175.00
Debt	4/1/2020	DBT-PEAK20200401	Apr 20	\$42,484.00	\$41,825.00	\$659.00	-\$42,484.00	\$0.00
Expenses	4/30/2020	EXP-PEAK20200430	Apr 20	\$15,614.21				\$15,614.21
Services	4/30/2020	MGT-PEAK20200430	Apr 20	\$73,961.04				\$73,961.04
Employees	4/30/2020	PR-PEAK20200430	Apr 20	\$140,024.71				\$140,024.71
Debt	5/1/2020	DBT-PEAK20200501	May 20	\$42,243.00	\$41,825.00	\$418.00	-\$42,243.00	\$0.00
Debt	6/1/2020	DBT-PEAK20200201	Jun 20	\$42,034.00	\$41,825.00	\$209.00	-\$42,034.00	\$0.00
Expenses	5/31/2020	EXP-PEAK20200531	May 20	\$17,591.72				\$17,591.72
Services	5/31/2020	MGT-PEAK20200531	May 20	\$163,259.81				\$163,259.81
Employees	5/31/2020	PR-PEAK20200531	May 20	\$92,754.59				\$92,754.59
Expenses	6/18/2020	EXP-PEAK20200618	Jun 20	\$1,127.48				\$1,127.48
Services	6/18/2020	MGT-PEAK20200618	Jun 20	\$56,748.52				\$56,748.52
Employees	6/18/2020	PR-PEAK20200618	Jun 20	-\$6,190.10				-\$6,190.10
				<u>\$3,207,140.92</u>	<u>\$172,475.00</u>	<u>\$4,163.00</u>	<u>-\$723,041.00</u>	<u>\$2,484,099.92</u>

Invoice Total net of Loan **\$3,030,502.92**

Expense \$94,724.02
 Employees \$1,177,825.80
 Debt \$176,638.00
 Services \$1,757,953.10

\$3,207,140.92

\$0.00

Exhibit 12

Nonclassroom-Based Funding Determination Form - Fiscal Year 2019-20

Information collected on this form is pursuant to *California Code of Regulations*, Title 5 (5 CCR)

Section I. Charter School Information (Complete fields 1-18) 5 CCR 11963.3(a)(1) to (4)

1. Charter School Name

2. Charter School Authorizer

3. Charter School Number 4. CDS Code

5. Street Address

6. City 7. County 8. Zip Code

9. Contact Name 10. Title

11. Phone Number ext. 12. Email

13. Grade Levels Served 14. Date Charter Expires (MM/DD/YYYY)

15. Funding Requested (Select one) 100% 85% 70% Note: New charter schools are limited to two years pursuant to 5 CCR 11963.6(a)

16. Years Requested (Select one) 2 3 4 5

17. Funding Determination Period Requested FY to

18. Charter School Deadline - Select one (See notes below for charter school type selection)

Due Date: 12/2/2019 New Charter School in Fiscal Year 2019-20

Due Date: 2/3/2020 Existing Charter School Renewal

Due Date: 9/30 New Charter School 90 Day Reporting, 5 CCR 11963.6(a)

Other Funding Determination Select FY Source Data

- For a New Charter School in FY 2019-20, use FY 2019-20 budget data.
- For an Existing Charter School, with a Funding Determination Form (FDF) expiring at the end of FY 2019-20, use FY 2018-19 audited financial data.
- For a New Charter School 90 Day Reporting, within 90 days after the end of a charter school's first year of operation, two reports must be filed with the CDE: (1) FDF (based on the charter school's actual second year budget data), and (2) Unaudited actual report (based on the actual first year unaudited data).
- If a New Charter School or an Existing Charter School misses the deadline, the charter school will need to obtain a waiver from the State Board of Education (SBE). Information on the waiver process is posted on the CDE waiver web page at <http://www.cde.ca.gov/re/lr/wr>. The governing board of the charter school's authorizing local educational agency will need to request a waiver and conduct a public hearing. The SBE may approve such waivers under the general waiver authority, under California *Education Code (EC)* sections 33050-33053.

Section II. Financial Information (Complete sections A, B, D, and E)

A. Total Resources (Complete lines A.1.a to A.1.d)

1. Revenues and Other Resources	5 CCR 11963.3(a)(5)(A) and (6)	
a. Federal Revenues		\$0
(i) Enter amount of Public Charter Schools Grant Program included under Federal Revenues (Line A.1.a)	\$0	
b. State Revenues		\$3,105,538
c. Local Revenues		\$2,035
d. Other Financing Sources		
e. Total Revenues (Sum of lines A.1.a to A.1.d)		\$3,107,573

B. Total Expenditures and Other Uses (Complete lines B.1 to B.4)

1. Instruction and Related Services	5 CCR 11963.3(a)(5)(B) and (6)	
a. Salaries and Benefits		
(i) Certificated		\$1,224,742
(ii) Classified		\$57,622
b. Books, Supplies, and Equipment		\$427,175
c. Services and Other Operating Costs		
(i) Contracts for Instructional Services		\$146,092
(ii) Contracts for Instructional Support		\$0
(iii) All Other Instruction Related Operating Costs		\$14,585
d. Total Instruction and Related Services		\$1,870,216
2. Operations and Facilities	5 CCR 11963.3(a)(5)(C) and (6)	
a. Salaries and Benefits		
(i) Certificated		\$0
(ii) Classified		\$0
b. Books, Supplies, and Equipment		\$0
c. Services and Other Operating Costs		\$9,332

B. Total Expenditures and Other Uses (Complete lines B.1. to B.4), continued

d. Facility Acquisition and Construction

\$0

e. Total Operation and Facilities

\$9,332

f. Allowable Facility Costs

5 CCR 11963.3(b)(7)

(i) Enter the total facility square footage occupied
 by the charter school

0 sqft.

(ii) Enter the total Classroom-Based P-2 ADA reported
 in the prior FY. DO NOT INCLUDE NCB ADA

0

(iii) Enter the total Student Hours attended by the NCB
 pupils at the school site in the prior FY

0

(iv) Calculated Facilities Costs

Lesser of line B.2.e or $[(B.2.fii+(B.2.fiii/868)]*1000$

\$0.00

Allowable (Lesser of line B.2.e or B.2.fiv)

\$0.00

3. Administration and All Other Activities

5 CCR 11963.3(a)(5)(D) and (6)

a. Salaries and Benefits

(i) Certificated

\$51,149

(ii) Classified

\$0

b. Books, Supplies, and Equipment

\$0

c. Services and Other Operating Costs

(i) Contracts for Other Administrative Services

\$0

(ii) Supervisorial Oversight Fee

\$30,456

(iii) All Other Administration and Other Activities,
 Services and Operating Costs

\$0

d. Total Administration and Other Activities

\$81,604

4. Other Outgo and Other Financing Uses

5 CCR 11963.3(a)(5)(E) and (6)

a. Debt Service

\$0

b. Transfers to local educational agencies

\$0

c. All Other Transfers and Outgo

\$0

d. Total Other Outgoing and Other Financing Uses

\$0

B. Total Expenditures and Other Uses, continued

5. Total Expenditures \$1,961,153
 (Sum of lines B.1.d, B.2.e, B.3.d, and B.4.d)

C. Revenues Over Expenditures - Surplus or (Deficit)

(Line A.1.e minus Line B.5) \$1,146,420

D. Fund Balance (Complete line D.a)

a. Enter Beginning Fund Balance (July 1) 5 CCR 11963.3(a)(5)(A)

b. Ending Fund Balance - June 30 (Line C plus Line D.a) \$1,146,420

E. Reserves (Complete lines E.a. to E.e)

If reserves in line E.a or E.b are more than \$50,000 or over 5% of total expenditures, provide an explanation in Section III.6, pursuant to 5 CCR 11963.3(a)(5)(F).

	% of Expenditures	
a. Designated for Economic Uncertainties	0%	\$0
b. Facilities Acquisition or Capitol Projects	0%	\$0
c. Reserves Required by Charter Authorizer		\$0
d. Other Reserves (Explain in Section III.5 below)		\$14,717
e. Unassigned/Unappropriated Fund Balance		\$1,531,704
f. Total (Sum of lines E.a to E.e)		\$1,546,420

Note - Line E.f must agree with Line D.b

Section III. Supplemental Information (Complete lines 1 through 8)

1. Pupil to Teacher Ratio (PTR), pursuant to EC Section 51745.6 and 5 CCR Section 11704

a. Enter the charter school's PTR: 0.00:1 24.33

b. If the charter school's PTR in line III.1.a exceeds 25:1, enter the name of the largest unified school district in the county or counties in which the charter school operates:

c. Enter the PTR for the unified school district listed on line III.1.b: 0.00:1

2. Did any entity receive \$50,000 or more OR 10% or more of total expenditures (Line B.5) in the FY 2018-19 OR will receive in the FY 2019-20? (5 CCR 11963.3[b][3]) Yes
 No

If yes to line III.2, list the name of each entity and the cumulative amount received by each entity in Box 2.a on Page 5. Are contract payments made by the charter school based on specific services rendered or upon an amount per unit of average daily attendance (ADA) or some other percentage of the charter school's revenues, enrollment, etc? If yes, identify on Page 5 Box 2.a.

2. a Provide information regarding entity and contract information below.

Name of Entity	Amount	Purpose/Explanation	Are contract payments based on specific services rendered?	If no, are payments based on amount per ADA or some other percentage?
Accel Schools	\$902,770	Contracted Payroll	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Accel Schools	\$63,649	Student Computers	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Young, Minney & Corr	\$53,871	Legal Services	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Accel Schools	\$350,000	Curriculum	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Accel Schools	\$50,000	Student information system, learning management system, content management system	<input type="checkbox"/> Yes	<input type="checkbox"/> No
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>

6. If reserves reported on line E.a (designated to economic uncertainties) OR E.b (facilities acquisition or capital projects) exceed the greater of \$50,000 or 5% of total expenditures, explain the reason for the need of such excess reserves.

E.a \$0

Percentage 0%

E.b \$0

Percentage 0%

7. Enter the full-time equivalent (FTE) employees working at the charter school that possess a valid teaching certificate, permit, or other document equivalent to that which a teacher in other public schools would be required to hold, issued by the Commission on Teacher Credentialing, and are required to provide direct instruction or direct instructional support to students.

FY 2018-19 FTE (0.0)	<input type="text"/>	FY 2019-20 FTE (0.0)	<input type="text" value="23.5"/>
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8. Enter the average daily attendance (ADA).

FY 2018-19 P-2 ADA	<input type="text"/>	FY 2019-20 P-2 ADA	<input type="text" value="290.68"/>
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Section IV. Nonclassroom-Based Virtual or On-line Charter Schools (Complete lines 1 and 2)

1. Is this charter school a virtual or on-line charter school as defined pursuant to 5 CCR 11963.5? (A virtual or on-line charter school is one in which at least 80% of teaching and student interaction occurs via the Internet.)

Yes
 No

2. If Yes to line IV.1, can the charter school demonstrate compliance with 5 CCR sections 11963.5(b)(2) to (8)? Regulations are available on the CDE Charter School Regulations web page at <http://www.cde.ca.gov/sp/ch/csregsmar04.asp>.

Yes
 No
 N/A

Section V. Calculated Funding Determination Percentage

a. Charter School Name

b. Charter School Number

1. Percent spent on Certificated Employee Salaries and Benefits to Total Public Revenues 5 CCR 11963.3(c)(1)

Certificated Salaries and Benefits costs Line B.1.a(i)/Federal Revenues Lines A.1.a - PCSGP A.1.a(i) + State Revenues A.1.b

2. Percent spent on Instruction and Instruction-Related Services to Total Revenues 5 CCR 11963.3(c)(2)

Instructional and Related Services costs Line B.1.d + Allowable Facilities costs 2.f.(iv)/Total Revenues Line A.1.e

Funding Determination Criteria

If the percentages from lines V.1 or V.2 do not meet the spending criteria of the funding level requested as shown below, complete Section VI. Mitigating Circumstances, for consideration by the Advisory Commission on Charter Schools (ACCS) for making a recommendation other than one that results from the criteria specified in regulations.

100%	1) Line V.1 must equal or exceed 40 percent, 2) Line V.2 must equal or exceed 80 percent, AND 3) Line III.1.a. PTR cannot exceed 25:1 OR the PTR on Line III.1.c, the ACCS shall recommend approval at 100%, unless there is a reasonable basis to recommend otherwise (5 CCR 11963.4[a][3]).
85%	1) Line V.1 must equal or exceed 40 percent, AND 2) Line V.2 must equal or exceed 70 percent but less than 80 percent, the ACCS shall recommend approval at 85%, unless there is a reasonable basis to recommend otherwise (5 CCR 11963.4[a][2]).
70%	1) Line V.1 must equal or exceed 35 percent, AND 2) Line V.2 must equal or exceed 60 percent but less than 70 percent, the ACCS shall recommend approval at 70%, unless there is a reasonable basis to recommend otherwise (5 CCR 11963.4[a][1]).
Denied	1) Line V.1 is less than 35 percent, AND 2) Line V.2 is less than 60 percent, the ACCS shall recommend that the SBE deny the request, unless there is a reasonable basis to recommend otherwise (5 CCR 11963.4[a][4]).

Section VI. Mitigating Circumstances (Complete lines 1-3 and attach any supporting documentation)

1. Explain why the charter school did not meet the criteria for the funding determination requested. Include specific measures or actions taken by the charter school to comply.

2. List and explain the mitigating circumstance(s) to be considered by the CDE and ACCS.

3. Provide any other pertinent information that may assist the CDE and ACCS in conducting a detailed review or develop a reasonable basis for a recommendation.

Section VII. Certification (Review, sign, and date) 5 CCR 11963.3(b)(1)

I certify that:

1. The information provided is true and correct to the best of my ability and knowledge.
2. This charter school's nonclassroom-based instruction is conducted for and substantially dedicated to the instructional benefit of the school's students.
3. This charter school's governing board has adopted and implemented conflict of interest policies.
4. All of the charter school's transactions, contracts, and agreements are in the best interest of the school and reflect a reasonable market rate for all good, services, and considerations rendered for or supplied to the school.

Shalen Bishop

Enter Name of Charter School's Director, Principal, or Governing Board Chairperson

Superintendent

Title of Authorized Individual

Before certifying with electronic/digital signature below, please be sure to check all numerical entries and information provided, and save a copy of this form. Modifications to the information reported on this form cannot be made after the signature field below has been completed.

Signature of Charter School's Director, Principal, or Governing Board Chairperson

Submit completed and electronically signed forms via email to charter-sb740@cde.ca.gov.

As of FY 2019-20, the CDE is no longer requiring the following:

- Hard copy of the FDF
- Hard or soft copy of the Conflict of Interest Policy

As such, please do not submit these documents to the CDE.

Exhibit 13

Nonclassroom-Based Funding Determination Form - Fiscal Year 2019-20

Information collected on this form is pursuant to *California Code of Regulations*, Title 5 (5 CCR)

Section I. Charter School Information (Complete fields 1-18) 5 CCR 11963.3(a)(1) to (4)

1. Charter School Name

2. Charter School Authorizer

3. Charter School Number 4. CDS Code

5. Street Address

6. City 7. County 8. Zip Code

9. Contact Name 10. Title

11. Phone Number ext. 12. Email

13. Grade Levels Served 14. Date Charter Expires (MM/DD/YYYY)

15. Funding Requested (Select one) 100% 85% 70%

16. Years Requested (Select one) 2 3 4 5

17. Funding Determination Period Requested FY to

18. Charter School Deadline - Select one (See notes below for charter school type selection)

Due Date: 12/2/2019 New Charter School in Fiscal Year 2019-20

Due Date: 2/3/2020 Existing Charter School Renewal

Due Date: 9/30 New Charter School 90 Day Reporting, 5 CCR 11963.6(a)

Other Funding Determination Select FY Source Data

Note: New charter schools are limited to two years pursuant to 5 CCR 11963.6(a)

- For a New Charter School in FY 2019-20, use FY 2019-20 budget data.
- For an Existing Charter School, with a Funding Determination Form (FDF) expiring at the end of FY 2019-20, use FY 2018-19 audited financial data.
- For a New Charter School 90 Day Reporting, within 90 days after the end of a charter school's first year of operation, two reports must be filed with the CDE: (1) FDF (based on the charter school's actual second year budget data), and (2) Unaudited actual report (based on the actual first year unaudited data).
- If a New Charter School or an Existing Charter School misses the deadline, the charter school will need to obtain a waiver from the State Board of Education (SBE). Information on the waiver process is posted on the CDE waiver web page at <http://www.cde.ca.gov/re/lr/wr>. The governing board of the charter school's authorizing local educational agency will need to request a waiver and conduct a public hearing. The SBE may approve such waivers under the general waiver authority, under California *Education Code (EC)* sections 33050-33053.

Section II. Financial Information (Complete sections A, B, D, and E)

A. Total Resources (Complete lines A.1.a to A.1.d)

1. Revenues and Other Resources	5 CCR 11963.3(a)(5)(A) and (6)	
a. Federal Revenues		\$0
(i) Enter amount of Public Charter Schools Grant Program included under Federal Revenues (Line A.1.a)	\$0	
b. State Revenues		\$3,105,538
c. Local Revenues		\$2,035
d. Other Financing Sources		
e. Total Revenues (Sum of lines A.1.a to A.1.d)		\$3,107,573

B. Total Expenditures and Other Uses (Complete lines B.1 to B.4)

1. Instruction and Related Services	5 CCR 11963.3(a)(5)(B) and (6)	
a. Salaries and Benefits		
(i) Certificated		\$1,485,220
(ii) Classified		\$72,200
b. Books, Supplies, and Equipment		\$427,175
c. Services and Other Operating Costs		
(i) Contracts for Instructional Services		\$242,692
(ii) Contracts for Instructional Support		\$0
(iii) All Other Instruction Related Operating Costs		\$14,585
d. Total Instruction and Related Services		\$2,241,872
2. Operations and Facilities	5 CCR 11963.3(a)(5)(C) and (6)	
a. Salaries and Benefits		
(i) Certificated		\$0
(ii) Classified		\$0
b. Books, Supplies, and Equipment		\$0
c. Services and Other Operating Costs		\$9,332

B. Total Expenditures and Other Uses (Complete lines B.1. to B.4), continued

d. Facility Acquisition and Construction	\$0
e. Total Operation and Facilities	\$9,332
f. Allowable Facility Costs	5 CCR 11963.3(b)(7)
(i) Enter the total facility square footage occupied by the charter school	0 sqft.
(ii) Enter the total Classroom-Based P-2 ADA reported in the prior FY. DO NOT INCLUDE NCB ADA	0
(iii) Enter the total Student Hours attended by the NCB pupils at the school site in the prior FY	0
(iv) Calculated Facilities Costs Lesser of line B.2.e or [(B.2.fii+(B.2.fiii/868)]*1000	\$0.00
Allowable (Lesser of line B.2.e or B.2.fiv)	\$0.00

3. Administration and All Other Activities 5 CCR 11963.3(a)(5)(D) and (6)

a. Salaries and Benefits	
(i) Certificated	\$51,149
(ii) Classified	\$0
b. Books, Supplies, and Equipment	\$0
c. Services and Other Operating Costs	
(i) Contracts for Other Administrative Services	\$0
(ii) Supervisorial Oversight Fee	\$30,456
(iii) All Other Administration and Other Activities, Services and Operating Costs	\$0
d. Total Administration and Other Activities	\$81,604

4. Other Outgo and Other Financing Uses 5 CCR 11963.3(a)(5)(E) and (6)

a. Debt Service	\$0
b. Transfers to local educational agencies	\$0
c. All Other Transfers and Outgo	\$0
d. Total Other Outgoing and Other Financing Uses	\$0

B. Total Expenditures and Other Uses, continued

5. Total Expenditures \$2,332,809
 (Sum of lines B.1.d, B.2.e, B.3.d, and B.4.d)

C. Revenues Over Expenditures - Surplus or (Deficit)

(Line A.1.e minus Line B.5) \$774,764

D. Fund Balance (Complete line D.a)

a. Enter Beginning Fund Balance (July 1) 5 CCR 11963.3(a)(5)(A)

b. Ending Fund Balance - June 30 (Line C plus Line D.a) \$774,764

E. Reserves (Complete lines E.a. to E.e)

If reserves in line E.a or E.b are more than \$50,000 or over 5% of total expenditures, provide an explanation in Section III.6, pursuant to 5 CCR 11963.3(a)(5)(F).

	% of Expenditures	
a. Designated for Economic Uncertainties	0%	\$0
b. Facilities Acquisition or Capitol Projects	0%	\$0
c. Reserves Required by Charter Authorizer		\$0
d. Other Reserves (Explain in Section III.5 below)		\$14,717
e. Unassigned/Unappropriated Fund Balance		\$1,531,704
f. Total (Sum of lines E.a to E.e)		\$1,546,420

Note - Line E.f must agree with Line D.b

Section III. Supplemental Information (Complete lines 1 through 8)

1. Pupil to Teacher Ratio (PTR), pursuant to EC Section 51745.6 and 5 CCR Section 11704

a. Enter the charter school's PTR: 0.00:1 24.33

b. If the charter school's PTR in line III.1.a exceeds 25:1, enter the name of the largest unified school district in the county or counties in which the charter school operates:

c. Enter the PTR for the unified school district listed on line III.1.b: 0.00:1

2. Did any entity receive \$50,000 or more OR 10% or more of total expenditures (Line B.5) in the FY 2018-19 OR will receive in the FY 2019-20? (5 CCR 11963.3[b][3]) Yes
 No

If yes to line III.2, list the name of each entity and the cumulative amount received by each entity in Box 2.a on Page 5. Are contract payments made by the charter school based on specific services rendered or upon an amount per unit of average daily attendance (ADA) or some other percentage of the charter school's revenues, enrollment, etc? If yes, identify on Page 5 Box 2.a.

Revised Funding Determination Form and
 Supplemental Documentation from
 Peak Prep Pleasant Valley, Charter #2062

Nonclassroom-Based Funding Determination Form - Fiscal Year 2019-20

2. a Provide information regarding entity and contract information below.

Name of Entity	Amount	Purpose/Explanation	Are contract payments based on specific services rendered?	If no, are payments based on amount per ADA or some other percentage?
Accel Schools	\$1,177,826	Contracted Payroll	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Accel Schools	\$63,649	Student Computers	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Young, Minney & Corr	\$53,871	Legal Services	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Accel Schools	\$350,000	Curriculum	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Accel Schools	\$50,000	Student information system, learning management system, content management system	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Accel Schools	\$96,600	Student technology service fee	<input type="checkbox"/> Yes	<input type="checkbox"/> No
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>

6. If reserves reported on line E.a (designated to economic uncertainties) OR E.b (facilities acquisition or capital projects) exceed the greater of \$50,000 or 5% of total expenditures, explain the reason for the need of such excess reserves.

E.a \$0

Percentage 0%

E.b \$0

Percentage 0%

7. Enter the full-time equivalent (FTE) employees working at the charter school that possess a valid teaching certificate, permit, or other document equivalent to that which a teacher in other public schools would be required to hold, issued by the Commission on Teacher Credentialing, and are required to provide direct instruction or direct instructional support to students.

FY 2018-19 FTE (0.0)	<input type="text"/>	FY 2019-20 FTE (0.0)	<input type="text" value="23.5"/>
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8. Enter the average daily attendance (ADA).

FY 2018-19 P-2 ADA	<input type="text"/>	FY 2019-20 P-2 ADA	<input type="text" value="290.68"/>
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Section IV. Nonclassroom-Based Virtual or On-line Charter Schools (Complete lines 1 and 2)

1. Is this charter school a virtual or on-line charter school as defined pursuant to 5 CCR 11963.5? (A virtual or on-line charter school is one in which at least 80% of teaching and student interaction occurs via the Internet.) Yes
 No
2. If Yes to line IV.1, can the charter school demonstrate compliance with 5 CCR sections 11963.5(b)(2) to (8)? Regulations are available on the CDE Charter School Regulations web page at <http://www.cde.ca.gov/sp/ch/csregsmar04.asp>. Yes
 No
 N/A

Section V. Calculated Funding Determination Percentage

a. Charter School Name

b. Charter School Number

1. Percent spent on Certificated Employee Salaries and Benefits to Total Public Revenues 5 CCR 11963.3(c)(1)

Certificated Salaries and Benefits costs Line B.1.a(i)/Federal Revenues Lines A.1.a - PCSGP A.1.a(i) + State Revenues A.1.b

2. Percent spent on Instruction and Instruction-Related Services to Total Revenues 5 CCR 11963.3(c)(2)

Instructional and Related Services costs Line B.1.d + Allowable Facilities costs 2.f.(iv)/Total Revenues Line A.1.e

Funding Determination Criteria

If the percentages from lines V.1 or V.2 do not meet the spending criteria of the funding level requested as shown below, complete Section VI. Mitigating Circumstances, for consideration by the Advisory Commission on Charter Schools (ACCS) for making a recommendation other than one that results from the criteria specified in regulations.

100%	1) Line V.1 must equal or exceed 40 percent, 2) Line V.2 must equal or exceed 80 percent, AND 3) Line III.1.a. PTR cannot exceed 25:1 OR the PTR on Line III.1.c, the ACCS shall recommend approval at 100%, unless there is a reasonable basis to recommend otherwise (5 CCR 11963.4[a][3]).
85%	1) Line V.1 must equal or exceed 40 percent, AND 2) Line V.2 must equal or exceed 70 percent but less than 80 percent, the ACCS shall recommend approval at 85%, unless there is a reasonable basis to recommend otherwise (5 CCR 11963.4[a][2]).
70%	1) Line V.1 must equal or exceed 35 percent, AND 2) Line V.2 must equal or exceed 60 percent but less than 70 percent, the ACCS shall recommend approval at 70%, unless there is a reasonable basis to recommend otherwise (5 CCR 11963.4[a][1]).
Denied	1) Line V.1 is less than 35 percent, AND 2) Line V.2 is less than 60 percent, the ACCS shall recommend that the SBE deny the request, unless there is a reasonable basis to recommend otherwise (5 CCR 11963.4[a][4]).

Section VI. Mitigating Circumstances (Complete lines 1-3 and attach any supporting documentation)

1. Explain why the charter school did not meet the criteria for the funding determination requested. Include specific measures or actions taken by the charter school to comply.

2. List and explain the mitigating circumstance(s) to be considered by the CDE and ACCS.

3. Provide any other pertinent information that may assist the CDE and ACCS in conducting a detailed review or develop a reasonable basis for a recommendation.

Section VII. Certification (Review, sign, and date) 5 CCR 11963.3(b)(1)

I certify that:

1. The information provided is true and correct to the best of my ability and knowledge.
2. This charter school's nonclassroom-based instruction is conducted for and substantially dedicated to the instructional benefit of the school's students.
3. This charter school's governing board has adopted and implemented conflict of interest policies.
4. All of the charter school's transactions, contracts, and agreements are in the best interest of the school and reflect a reasonable market rate for all good, services, and considerations rendered for or supplied to the school.

Shalen Bishop

Enter Name of Charter School's Director, Principal, or Governing Board Chairperson

Superintendent

Title of Authorized Individual

Before certifying with electronic/digital signature below, please be sure to check all numerical entries and information provided, and save a copy of this form. Modifications to the information reported on this form cannot be made after the signature field below has been completed.

Signature of Charter School's Director, Principal, or Governing Board Chairperson

Submit completed and electronically signed forms via email to charter-sb740@cde.ca.gov.

As of FY 2019-20, the CDE is no longer requiring the following:

- Hard copy of the FDF
- Hard or soft copy of the Conflict of Interest Policy

As such, please do not submit these documents to the CDE.

Exhibit 14

Revised Funding Determination Form and
 Supplemental Documentation from
 Peak Prep Pleasant Valley, Charter #2062

	A	F	G	H	I
1	Peak Prep Pleasant Valley 2020-21				
2	SB740 Eligible Expenditures				
3					
4		2020/21 1st Interim Budget	2020/21 2nd Interim Budget	Encumbrances as of 2/11/2021	Actual Expenses as of 2/11/2021
5					
6	TOTAL REVENUES	\$ 3,304,828	\$ 3,390,716		
7	Revenue Adjustments	\$ -	\$ -		
8	REVENUES USED FOR 80% CALCULATION	\$ 3,304,828	\$ 3,390,716		
9	Less Local (Interest, Fund Raising, Startup)	\$ -	\$ (6,302)		
10	Net Revenues (Used for 40% Requirement)	\$ 3,304,828	\$ 3,384,414		
11	SB740 ELIGIBLE EXPENDITURES (Functions 1000-4999)				
12	Certificated Salaries	\$ 1,829,094	\$ 1,820,435	\$ 756,315	\$ 931,781
13	Certificated Employee Benefits	331,744	331,024	68,135	177,711
14	Special Education Contracts	50,000	50,000	20,801	19,200
15	Total SB740 Cert. Sal\Ben and Spec Ed Contracts	\$ 2,210,838	\$ 2,201,459	\$ 845,251	\$ 1,128,692
16	Total SB740 Cert. Sal\Ben and Spec Ed as % of Net Revenue (Excludes Interest, Fund Raising, Startup)	66.90%	65.05%	Budget Meets 40% Minimum Requirement	
17	Classified Salaries	\$ 75,090	\$ 57,899	\$ 18,666.00	\$ 24,651.00
18	Employee Benefits	11,608	10,007	1,715	4,970
19	Books and Supplies	355,261	355,261	8,021	291,689
21	Services, Other Operating	95,562	95,562	5,362	50,590
23	Reserve for Oxnard Facility Lease	-	-	-	-
24	Total Other SB740 Expenditures	\$ 537,521	\$ 518,729	\$ 33,764	\$ 371,900
25	Total SB740 EXPENDITURES (Functions 1000-4000)	\$ 2,748,359	\$ 2,720,188	879,015.00	1,500,592.00
26	Total SB740 Expenditures as % of Total Revenue	83.16%	80.22%	Budget Meets 80% Minimum	
27	Percentage Over/(Under)	3.16%	0.22%		
28	Amount Over/(Under)	\$ 104,497	\$ 7,615		
29	NON SB740 EXPENDITURES (Functions 5000-9999)				
30	Certificated Salaries	\$ 48,000	\$ 48,000	\$ 19,739	\$ 25,661
32	Employee Benefits	8,350	8,445	1,768	4,757
34	Services, Other Operating	448,143	448,143	5,059	84,045
35	Services, Other Operating Adj	-	-	-	-
36	Other Outgo	-	-	-	-
37	Total NON SB740 EXPENDITURES (Functions 5000-9999)	\$ 504,493	\$ 504,588	\$ 26,566	\$ 114,463
38	Total NON SB740 Expenditures as % of Total Revenue	15.27%	14.88%		
39	TOTAL EXPENDITURES/ENCUMBRANCES	\$ 3,252,852	\$ 3,224,776	\$ 905,581	\$ 1,615,055
40	NET INCREASE/(DECREASE) IN FUND BALANCE	\$ 51,976	\$ 165,940		
41	Beginning Balance	\$ -	\$ -		
42	ENDING BALANCE	\$ 51,976	\$ 165,940		