

AGREEMENT FOR
CHARTER SCHOOL BUSINESS & ADMINISTRATIVE SERVICES

DATED AS OF APRIL 12, 2016

THIS IS AN AGREEMENT FOR SERVICES between **CALIFORNIA MONTESSORI PROJECT, INC.**, to which reference is made herein as the "School," and **DELTA MANAGED SOLUTIONS, INC.**, to which reference is made herein as "DMS," in connection with charter school business and administrative services to be provided by DMS to the School, as described in the Scope of Services attached hereto.

1. **Employment.** The School hereby employs DMS to perform, as requested by the School, services set forth in the Scope of Services, attached hereto.
2. **Representations of DMS.** DMS hereby represents the following:
 - A. DMS shall not receive a fee from any source other than the School for the services in the Scope of Services attached to this Agreement, except as may be disclosed in writing and has no arrangement with respect thereto with any party other than the School regarding the services in the Scope of Services attached.
 - B. DMS is an independent private business and is not acting in any other professional capacity than as represented in this Agreement and the Scope of Services attached hereto.
3. **Agreements of DMS.** DMS hereby agrees as follows:
 - A. DMS will provide, as requested by the School, services that reasonably conform to the Scope of Services attached hereto.
 - B. In providing such services, DMS will make available the experience of its organization so as to represent the School effectively.
4. **Term of the Agreement.** The term of this Agreement shall be **twenty-four (24) months**, for the period beginning on **July 1, 2016** and ending on **June 30, 2018**.
5. **Compensation - Services Fee.** The School shall pay to DMS annual fiscal year compensation based on **\$145 per unit of Average Daily Attendance (ADA) per year**. This shall be divided into and paid in equal monthly installments with an installment being paid during each month of the Term of this Agreement. All monthly compensation is due and payable on the 1st of each month beginning with the first month of the Term of this Agreement. Monthly payments shall be pro-rated based on the most recent certified ADA report available and include any adjustments needed for changes in ADA throughout the year. Final payment for each July-June fiscal year under the Term of this Agreement shall be based on final P-2 ADA for such year. Service fees are calculated based on originally reported P-2 ADA and subsequent reductions to P-2 ADA shall not result in a modification of services fees.

DMS' monthly fee covers all services set forth in the Scope of Services attached hereto and includes all travel and other out-of-pocket costs. Additional services (including but not limited to: financing/cash flow loan services, grant application and management services with the exception of

the PCSGP Grant, and additional back-office service/timekeeping modules) are available at an additional cost, to be negotiated between DMS and the School via separate agreement prior to the incurrence of such additional services.

6. **Contract Renewal.** As agreed by DMS and the School, this Agreement shall be renewable for consecutive single or multiple fiscal year terms, each such term beginning at the end of the prior period's agreement. Pricing for future years will be negotiated at the time of renewal.
7. **Entire Agreement; Amendments.** All discussions, negotiations and prior agreements between the School and DMS regarding the services to be provided during the Term of this Agreement are merged into this Agreement. This Agreement is the entire agreement between the parties respecting the subject matter hereof. This Agreement may be amended only in writing. This Agreement is renewable by Amendment, subject to all terms and conditions herein unless otherwise agreed by the parties.
8. **Assignment.** This Agreement may not be assigned by either party hereto without the written consent of the other party.
9. **Notice.** During the term of this Agreement, the School shall not seek alternative services, as described in the Scope of Services hereto, without the prior written consent of DMS, which shall not be withheld.
10. **Termination.** Either party hereto may terminate this Agreement for cause, determined as a material breach prohibiting the accomplishment of the parties' objectives upon entering into this Agreement, upon thirty (30) days written notice to the other party. Upon termination by either party, DMS shall be paid compensation as described under Paragraph 5, Compensation, above incurred through the date of termination.
11. **Information.**
 - A. **Ownership and Accuracy.** The School, its officials, staff, and board will be providing DMS various data, records, studies, computer print-outs and other information and representations as to the facts relating to the School and its operations. DMS will be using and relying upon such data, records, studies, computer print-outs and other information in the preparation of DMS' work products. All such data, records, studies, computer print-outs and other information, and compilations created therefrom, are considered as and shall remain the property of the School. DMS shall not be obligated to establish or verify the accuracy or completeness of the information furnished to DMS by the School, its officials, staff, or board, and DMS bears no liability in the event any such information is deemed to be false, misleading or inaccurate or otherwise violates any law, regulation or order. In the event of any such determination, the School shall defend, indemnify and hold DMS harmless from and against any claim, suit, proceeding or loss, damages, or liability of any kind related to the information provided by the School, its officials, staff, and board to DMS.
 - B. **Confidentiality.** The School and DMS agree that each will ensure no use, dissemination, or disclosure of any confidential information of the other party to any person, firm or business, except as necessary to perform obligations or exercise rights or privileges set forth in this Agreement and the Scope of Services, attached hereto, and then only as

agreed by the parties. Each party agrees it will receive all confidential information in trust and confidence and it will treat all confidential information with the same degree of care as it accords to its own confidential information of like sensitivity, but in no event less than a reasonable level of care.

12. **Standards.** DMS shall perform its services pursuant hereto in accordance with competent professional standards. DMS shall not be liable for mistakes of judgement or other actions taken in good faith unless such error results from an intentionally wrongful or grossly negligent act of DMS. The liability of DMS to the School for any breach of these standards arising out of or related to this Agreement or the services performed hereunder shall not exceed the fees paid or payable under this Agreement.
13. **Severability.** If any provision of this Agreement is unenforceable or invalid under any applicable law or is so held by applicable court decision(s), such unenforceability or invalidity shall not render this Agreement unenforceable or invalid as a whole. In such event, such provision shall be changed and interpreted so as to best accomplish the objectives of such unenforceable or invalid provision within the limits of applicable law or court decisions.
14. **Waiver.** The failure of either party to require performance by the other party of any provision hereof shall not affect the full right to require such performance at any time thereafter unless otherwise agreed by the parties in writing; nor shall the waiver by either party of a breach of any provision hereof be taken or held to be a waiver of the provision itself unless otherwise agreed by the parties in writing.
15. **Counterparts; Scan/Facsimile.** This Agreement may be signed in counterparts and shall be effective against signatures by scan/facsimile.
16. **Governing Law.** This Agreement shall be construed in accordance with the laws of the State of California.
17. **Independent Contractor.** DMS' relationship to the School is that of an independent contractor. Nothing in this Agreement or in the activities contemplated by the School and DMS shall be deemed to create an agency, partnership, employment, or joint venture relationship between the School and DMS. The School acknowledges that DMS is not an accounting or law firm, and no services or written or oral communications made by DMS during the course of providing services are or should be construed as tax or legal advice. DMS neither assumes nor underwrites any liability of the School and acts only as a provider of the services in the Scope of Services attached hereto, which are ministerial in nature.
18. **Government Code.** DMS and its representatives are not public officials or participating in governmental decisions, as those terms are used in Section 87100 of the California Government Code or otherwise. No actions or opinions necessary for the performance of DMS' duties under this Agreement will cause DMS to be a public official or to be participating in governmental decisions, as those terms are used in Section 87100 of the California Government Code or otherwise.

IN WITNESS WHEREOF, this Agreement has been executed and delivered for and in the names and on behalf of the School and DMS as of the date set forth above.

CALIFORNIA MONTESSORI PROJECT, INC.

DELTA MANAGED SOLUTIONS, INC.

By: _____

By: _____

Name: Gary Bowman

Name: Kelly McDole

Title: Superintendent

Title: Chief Executive Officer

CALIFORNIA MONTESSORI PROJECT, INC. / DELTA MANAGED SOLUTIONS, INC.
SCOPE OF SERVICES

In performing under this Agreement, DMS shall perform services as described below:

FISCAL SERVICES:

- ❖ DMS shall provide and administer a comprehensive web-based accounting system, including all requisite fund accounting and general ledger and accounts payable/receivable modules (the “accounting system”). The system will be fully SACS-compliant and capable of producing standardized SACS reports for financial reporting to the School’s authorizer and other public agencies as required. The system will be accessible by authorized School staff, state and local entities for review and audit reconciliation. School shall be responsible for the cost and maintenance of the hardware and/or software and any other costs, if any, to establish any local internet connections to access the web-based accounting system from the school site.
- ❖ DMS shall provide ongoing regular reporting of fiscal status to the School’s board and staff, including attendance at select board meetings requiring DMS participation. Such attendance may be by electronic means. Board meeting attendance, whether electronic or in-person, is limited to events requiring DMS participation, and a DMS representative will not generally attend every board meeting. The School shall be responsible for timely notifying DMS of scheduled board meetings at which DMS attendance is requested, and absent circumstances warranting special/emergency board meetings, timely notification shall be one (1) week in advance absent prior scheduling conflicts.
- ❖ DMS shall coordinate and assist with the School’s budgeting process, including preparation of the original budget and all interim budgets, revising and discussing with School staff and/or Finance Committee members (if applicable), providing professional advice on actual and projected line item revenues and expenditures, attending budget approval board meetings if needed, and preparation and filing of authorizer-required and State-required budget forms.
- ❖ DMS shall provide advisory services in relation to the School’s monthly cash flow needs, including computation of expected monthly revenues based on current and projected Average Daily Attendance (ADA) (as provided by the School), coordination of expenditure timing to match revenue flow (see Scope of Services - Purchasing/Procurement below) and other similar advisory services as required. DMS can coordinate cash flow financing for the School, if requested and subject to the School’s qualification, for an additional fee to be determined at such time via separate agreement.
- ❖ DMS shall assist the School in developing a satisfactory system of financial controls to ensure financial stability, including working with the School to develop a Fiscal Procedures & Policies Manual, if requested. School staff is responsible for implementing the accounting and fiscal controls and procedures as outlined in the School’s approved policies and procedures.
- ❖ DMS shall assist the School in establishing and maintaining an external bank account(s) outside of the County Treasury, and will administer and reconcile all banking transactions through this external bank account(s) and the School’s County Treasury account(s). Accounts will be held in the School’s name; DMS will hold no School bank account(s), nor be a signatory on School account(s).
- ❖ DMS shall work directly with the School’s chosen independent auditor regarding the School’s annual audit to ensure all necessary financial information is provided in a full and timely manner. DMS shall not be involved in the attendance portion of the audit except to prepare reports using attendance data

provided by the School (see Scope of Services - Compliance/Reporting below) and to provide copies of the School's P-1, P-2, and Annual ADA reports to the auditor as needed.

PAYROLL SERVICES/RISK MANAGEMENT:

- ❖ DMS shall provide the School with a comprehensive payroll system, including calculation and payment of all federal and state payroll tax liabilities, California State Teachers' Retirement System (STRS) and Public Employees' Retirement System (PERS) contribution calculations and payments (if applicable), and other benefits calculations and payments directly related to payroll processing. The payroll system supports 401a/403b/457 plan payment processing if the School offers such plans as a benefit to employees, and DMS processes all such contributions in coordination with the School's 401a/403b/457 third party administrator (TPA). DMS services do not include 401a/403b/457 TPA duties, which should be performed by a TPA specializing in this area to ensure continuing qualification of such plans under the Internal Revenue Code.
- ❖ DMS shall assist the School in obtaining any necessary accounts for payroll tax payment and reporting, and shall coordinate payment of federal and state payroll taxes and filing of federal and state payroll tax reporting as the School's Reporting Agent. Legally, the School is still obligated to ensure timely filing of returns and payment of any taxes due, even if it uses a Reporting Agent. DMS shall not generally be responsible for reporting pursuant to the Affordable Care Act (ACA) as such reporting is based on information for which the School's healthcare broker is responsible. In certain circumstances, DMS can, based on its discretion, print ACA reporting if all such data required for the reporting is available in the accounting system referenced in this Scope of Services or based on data provided by the School's healthcare broker if the data is provided in an acceptable uploadable format.
- ❖ DMS shall assist the School in obtaining any necessary accounts for STRS/PERS reporting, which DMS shall file pursuant to required procedures for such reports in the School's county(ies).
- ❖ DMS shall work with the School's bank to establish direct deposit of employee pay if the School's bank allows such electronic transactions via upload. The School's bank must allow for upload, rather than manual entry, of direct deposit files.
- ❖ DMS shall provide advice at the School's request regarding employee hiring, leave, and termination practices as related to payroll services, including recommending federal and state employment documents, assisting the School in establishing a California Department of Justice account for LiveScan fingerprinting if not already established, and responding to basic credentialing questions, and shall advise the School to seek legal or other professional counsel regarding such matters when appropriate. These services do not include performing credential or human resources audits and do not include COBRA or 401a/403b/457 third party administration duties.
- ❖ DMS shall assist the School in researching and obtaining appropriate employee benefits and insurance packages, including coordinating between staff and insurance plan providers, and will assist in soliciting alternative providers for better rates and/or services at the School's request. DMS functions only as a facilitator/advocate on behalf of the School, is not an insurance provider or broker, and receives no commissions or referral fees from third party providers for this assistance to the School.
- ❖ DMS shall assist the School in researching and obtaining appropriate insurance policies for liability, property, workers' compensation, and other insurance necessary for operation of the School and shall assist in soliciting alternative providers for better rates and/or services at the School's request. DMS functions only as a facilitator/advocate on behalf of the School, is not an insurance provider or broker, and receives no commissions or referral fees from third party providers for this assistance to the School.

PURCHASING/PROCUREMENT:

- ❖ The School must use and shall be responsible for initial creation and approvals of all purchase orders (“POs”) on all purchases, including inputting such orders into the accounting system. The School is solely responsible for ensuring that all items ordered are suitable for public educational purposes (e.g. non-religious materials). Once POs are approved by the School’s authorized staff, the School shall further be responsible for delivering approved POs to vendors (i.e. placing the order). POs and direct bill invoices shall reflect DMS as the billing address and the School location (which may include School staff addresses if authorized by the School) as the shipping/physical location address. Once the order is received by the School, the School staff is responsible for marking items as received in the accounting system.
- ❖ While generally invoices will be sent directly to DMS, the School agrees to forward any invoices received at the School to DMS via upload to DMS SHARE within five (5) business days of receipt of the invoice. For invoices not matched to existing POs or payments to be paid due to contractual requirements, DMS staff shall work with School staff to create POs for School approval in the accounting system and to receive all items as necessary. This shall include creating dollar purchase orders where applicable to pre-authorize future recurring expenses such as utilities, rent and office supplies.
- ❖ DMS shall be responsible for all invoice matching of approved POs, received items, and corresponding vendor invoices, and converting POs into invoices in the accounting system which shall then be authorized for payment in the next payment batch. All purchases require an approved and received PO in the DMS purchasing system before payment can be made.
- ❖ Assuming the School has adequate cash flow, at least every ten (10) business days, DMS shall prepare a payment voucher containing all approved invoices to date, print all checks (using a pre-set electronic signature image from an authorized signer on the School’s main operating bank account built into the blank check stock), and deliver all payments to vendors, integrating accounts payable with Fiscal Services as described in this Scope of Services for payment timing optimization and coordination of purchasing activities to coincide with timing of revenue limit receipts.
- ❖ DMS shall scan all invoices received into PDF format, and provide the School with password-protected access to these scanned documents via DMS SHARE, so that authorized School staff may review all current and prior invoices online (dating back to the first non-implementation month of DMS-provided services). Scanning and uploading of invoices shall occur within twenty (20) business days of receipt of invoice by DMS.
- ❖ Throughout the purchasing and accounts payable process, all account activity will be visible to School staff on the accounting system password-protected website, showing the amount paid from each account code, including from individual student accounts. The point at which transactions become visible in the accounting system depends on the purchasing method used.
- ❖ On a monthly basis, DMS shall prepare and deliver a summary and detail warrant report to the School’s Board for review and approval on the Board’s consent agenda, showing all non-payroll-related payments made in the prior month. Payroll registers and evidence of payroll payments are available at any time for authorized School staff review and a payroll register detail is provided to the School staff with each pay run, but these are not part of the monthly summary and detail warrant register sent to the Board for review and approval.
- ❖ School is responsible for aligning all purchases with Board-approved purchasing policies, and obtaining all required board approval or ratification for purchased items. All employee reimbursements must be accompanied by School approval for payment. Employee reimbursements will be processed in the same manner as vendor invoices, but prioritized for payment at the earliest available payment batch.

- ❖ DMS shall integrate purchasing activities with the School's external banking account(s). Accounts will be held in the School's name; DMS will hold no School bank account(s), nor be a signatory on School account(s).
- ❖ The School shall minimize the use of on-site checks to critical time-sensitive payments only. In the event the School must use an on-site check, School shall immediately provide DMS with a scanned copy of the check and documentation of the item paid, at the time of the on-site check writing. School agrees to provide DMS with view-only online access to all School bank accounts (including credit card accounts). If online access is unavailable, School shall provide any banking or credit card statements to DMS immediately upon receipt.
- ❖ DMS shall assist School in obtaining a business credit card for use by School staff, if requested. School shall not use debit cards linked to the School's main operating account unless no credit card accounts are available. For credit card purchases, DMS shall consider the credit card statement as the invoice for recordkeeping and audit purposes, and shall consider receipt of the statement as authorization for payment of the credit card balance in full. All underlying receipts and documentation for individual credit card purchases shall be retained by School staff on-site.
- ❖ DMS shall assist the School in developing and approving a fixed asset capitalization policy, clarifying what items constitute fixed assets for accounting purposes. The School shall implement and maintain an updated on-site physical inventory of fixed and non-capitalized assets based on the approved policy, and shall provide appropriate reporting to DMS of such inventory in order to coordinate with Fiscal Services as described in this Scope of Services. DMS shall be responsible for maintaining the fixed asset register in the accounting system, computing depreciation and average life, and coordinating such fixed asset register with auditors during the School's annual audit.
- ❖ DMS shall assist in coordinating any competitive bidding activities, when applicable and if requested.

COMPLIANCE/REPORTING:

- ❖ DMS shall assist the School in preparing and submitting all state-required attendance reports, including but not limited to 20-day, P-1, P-2, and Annual ADA reports, from raw attendance data provided by the School. DMS shall have no responsibility for verifying the accuracy of raw attendance data as provided or for preparing weekly or monthly attendance summaries from the School's student information system.
- ❖ DMS shall assist the School as needed with submitting the Consolidated Application and Reporting System (CARS) reporting, federal Cash Management quarterly reporting, non-CBEDS free/reduced lunch eligibility and poverty level tracking guidance, SB740 funding determination forms and/or Facility Grant applications, special education maintenance of effort (MOE) reporting, Quarterly Benchmark Reporting under the Public Charter Schools Grant Program, and related state and federal program compliance and budget reporting. School shall be responsible for all CALPADS reporting, LCAP creation (except for minimum proportionality percentage calculations and goal/service expenditure estimates, which DMS shall provide) SARC preparation (except for per-student expenses and teacher salary information which DMS shall provide), and all State-mandated testing. School shall be responsible for forwarding any requests for information or submittals received from the California Department of Education (CDE), or other related agencies, to DMS' offices immediately upon receipt.
- ❖ DMS is not responsible for preparation or submittal of federal and state income tax forms relating to the School's tax-exempt status, including but not limited to IRS Form 1023, IRS Form 990, FTB Form 3500, and FTB Form 199. These forms are generally handled by the School's attorney or independent auditor, respectively. DMS shall timely provide all financial information requested by the School, attorney, or independent auditor to timely complete these filings.

DMS and the School shall be jointly responsible for training of the School, its officials, and staff regarding the use of any software or ministerial coordination required between DMS and the School. The School, its officials, staff, and parents agree to comply with and adhere to any licensing requirements of any and all software acquired and implemented by DMS according to all terms and conditions of use for such software.