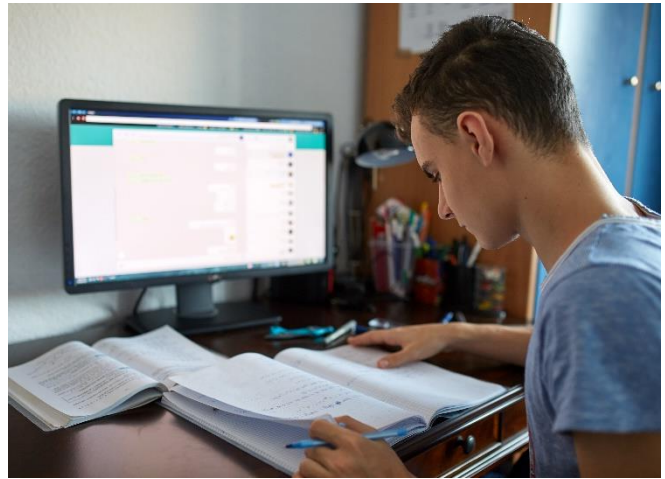


# Georgia Cyber Academy

## ANNUAL REPORT

December 2019



Prepared by the Georgia Department of Audits and Accounts

Greg S. Griffin, State Auditor

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## DEPARTMENT OF AUDITS AND ACCOUNTS

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**Greg S. Griffin**  
STATE AUDITOR  
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November 27, 2019

The Honorable Brian Kemp, Governor  
The Honorable Geoff Duncan, Lieutenant Governor  
The Honorable David Ralston, Speaker of the House  
Members of the State Charter Schools Commission  
Members of the State Board of Education

Ladies and Gentlemen:

In accordance with the O.C.G.A. § 20-2-2093, we have completed our annual report on Georgia Cyber Academy for the 2018-19 school year.

The information used in the report was obtained from a number of sources, including the Georgia Department of Education (GaDOE), the State Charter Schools Commission (SCSC), the Governor's Office of Student Achievement (GOSA), Georgia Connections Academy, and the school's financial audits. As an annual report, the review was not conducted in accordance with generally accepted government audit standards. However, we used information from the source deemed most reliable and assessed all information to determine if it was reasonable.

We appreciate the cooperation and assistance provided by Georgia Cyber Academy, SCSC, GaDOE, and GOSA during the review.

Respectfully submitted,

Greg S. Griffin  
State Auditor

GSG/jw

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### *Mission Statement*

*The Department of Audits exists to provide decision-makers with credible management information to promote improvements in accountability and stewardship in state and local government.*

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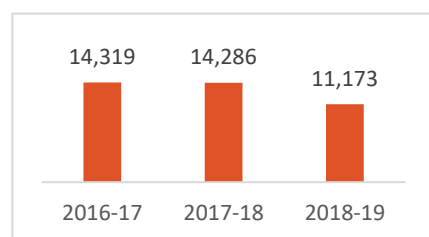
## Table of Contents

Enrollment & Attendance.....	1
School Enrollment.....	2
Student Attendance.....	6
Attrition .....	7
Student Persistence .....	9
Course Segment Completion Rate.....	11
Student Engagement.....	12
Academic Achievement, 2018-19 School Year .....	14
College and Career Ready Performance Index .....	15
School-Specific Academic Goals.....	19
Alternative Academic Options.....	19
Academic Achievement, 2017-18 School Year .....	23
Beating the Odds Analysis.....	24
Comprehensive Performance Framework Academic Measures .....	25
Comparison of Academic Growth Prior to Placement.....	27
Comparison of Academic Achievement Prior to Placement .....	30
Management & Staffing.....	35
Agreements for Corporate Management Services .....	36
Governance and Management.....	38
Staffing and Teacher Qualifications .....	41
Development Plans for Leadership without Certification .....	44
Operations & Planning.....	45
School Finances .....	46
Academic Performance as a Ratio of Per-Student Expenditures (2017-18 Results).....	49
Innovative Practices .....	49
Future Goals and Plans .....	50
APPENDIX A: Georgia Cyber Academy’s Educational Products and Services Agreement .....	51

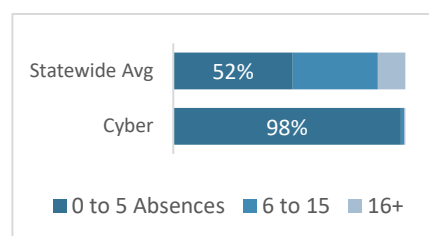


## Enrollment & Attendance

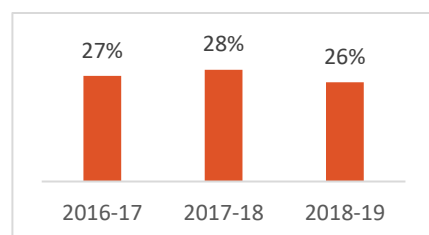
Georgia public schools are responsible for tracking and reporting data for student enrollment and attendance. This section contains enrollment, attendance, and various statistics which indicate the level of student participation at Georgia Cyber Academy (Cyber). Key points in this section include:



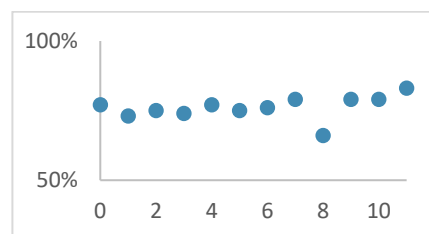
Cyber's **enrollment** was over 14,000 students in 2016-17 and 2017-18, however it dropped to approximately 11,000 in school year 2018-19. The school's student demographics are similar to Georgia's public school students, with exceptions being a lower portion of Hispanic students, Asian students, English language learners, and economically disadvantaged students in the 2018-19 school year.



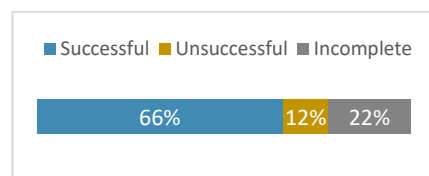
Student **attendance** at Cyber is higher than most schools, with 98% of students missing five or fewer days in 2018-19. The variance may be partially attributed to the methodology Cyber uses to calculate attendance, which is necessarily different than a traditional brick-and-mortar school. This variance can also be attributed to the ease of access to education associated with virtual schools.



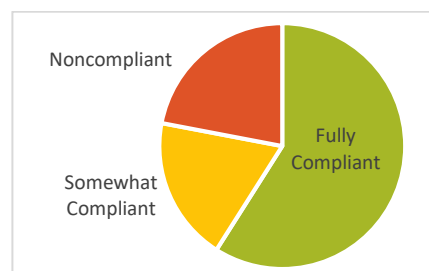
Like many virtual charter schools, Cyber has relatively high **withdrawal and student mobility rates**. Approximately one-quarter of students withdrew before the end of the 2018-19 school year, with many transferring to another Georgia public school or to home schooling. The school's student mobility rate, which captures enrollments and withdrawals between October and May, was 26%, higher than the statewide median rate of 16%.



Of students who completed the 2017-18 school year at Cyber, approximately 76% returned the following year. The **retention rates** were lowest in 8<sup>th</sup> grade and highest in 11<sup>th</sup> grade in 2018-19.



In the 2018-2019 school year, the **overall course segment completion rate** was 78%, with completion rates generally higher as the grade level increased. The rate of students completing courses with a passing grade was 66% across all grade levels.



Cyber measures **student engagement** by tracking factors such as attendance, frequency of assignment submissions, frequency of teacher contact, and others. As of April 2019, approximately 40% of students were deemed either somewhat or noncompliant with these measures.

## School Enrollment

Cyber had 11,173 students across grades kindergarten through 12 in the 2018-19 school year. This was approximately 22% lower than the previous year.<sup>1</sup> As shown in **Exhibit 1**, the number of students in most of the subgroups tracked by the Georgia Department of Education (GaDOE) was similar over the 2016-17 and 2017-18 years, and significantly lower in the following year. Most subgroups decreased by approximately 20% as well. Cyber's populations of English language learners and Pacific Islanders slightly increased in 2018-19.

### Exhibit 1

Cyber enrollment, 2016-17 to 2018-19 school years

	2016-17	2017-18	2018-19
<b>Total Students</b>	14,319	14,286	11,173
<b>Gender</b>			
Male	6,883	6,890	5,437
Female	7,436	7,396	5,736
<b>Race</b>			
Hispanic	1,091	1,158	914
American Indian	46	47	35
Asian	277	273	226
Black	4,966	5,088	4,212
Pacific Islander	22	24	26
White	7,086	6,799	4,999
Two or More Races	831	897	761
<b>Other Subgroups</b>			
Student With Disabilities	1,824	1,902	1,524
English Language Learners	80	132	144
Economically Disadvantaged <sup>1</sup>	9,161	9,626	8,031 <sup>2</sup>
<sup>1</sup> GaDOE defines economically disadvantaged as the number of students eligible to receive free or reduced-price meals. However, Cyber does not serve lunch. <sup>2</sup> For the 2018-19 school year, the United States Department of Education approved the Charter School Poverty Rate Formula, which GaDOE used to calculate the poverty level for Cyber. This formula allows poverty to be calculated from direct certified numbers that can be verified.			

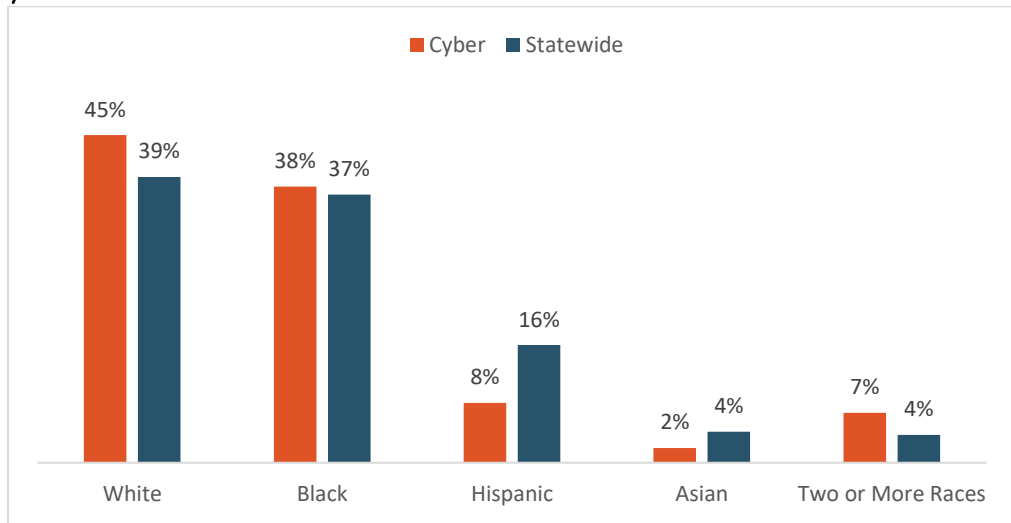
Source: GaDOE student enrollment records

Cyber has a racially diverse student population, somewhat similar to the demographics of Georgia's public school students. As shown in **Exhibit 2**, Cyber's student body has a greater portion of white students than the statewide enrollment and a smaller portion of Hispanic and Asian students in 2018-19.

<sup>1</sup> For school funding purposes, student enrollment is captured during October and March full-time equivalent (FTE) counts. GaDOE uses the October count when reporting enrollment for a school year.

## Exhibit 2

White students represent a greater portion of Cyber enrollment, 2018-19 school year<sup>1</sup>



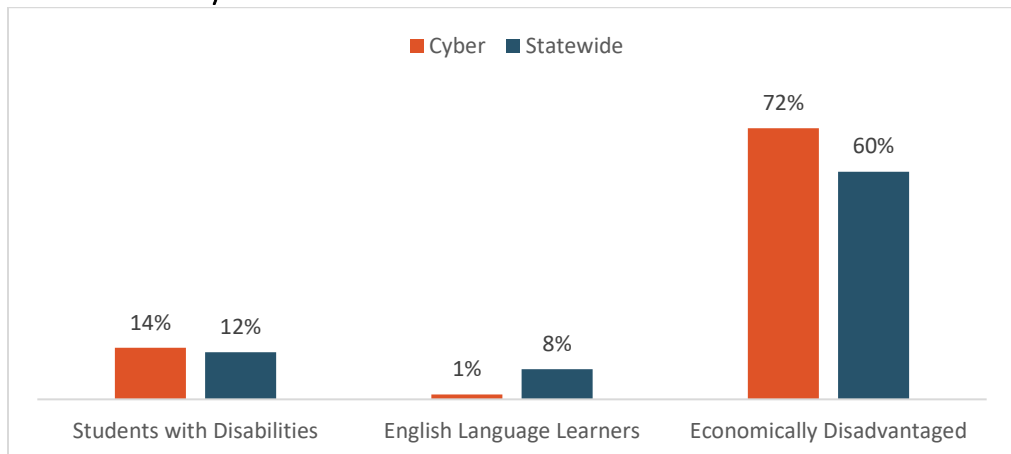
<sup>1</sup>Total enrollment for American Indian and Pacific Islander students was less than 1% each.

Source: GaDOE student enrollment records

When looking at the other subgroups identified in federal law, Cyber had a similar portion of students with a disability as the statewide public school population (see **Exhibit 3**). The percentage of economically disadvantaged students was higher than the state population, while the portion of English language learners was lower. Nearly three-fourths of Cyber students (72%) were economically disadvantaged, compared to the statewide average of 60%. Only 1% of Cyber students were English language learners in 2018-19, compared to 8% statewide.

## Exhibit 3

Cyber had a higher percentage of economically disadvantaged students enrolled, 2018-19 school year



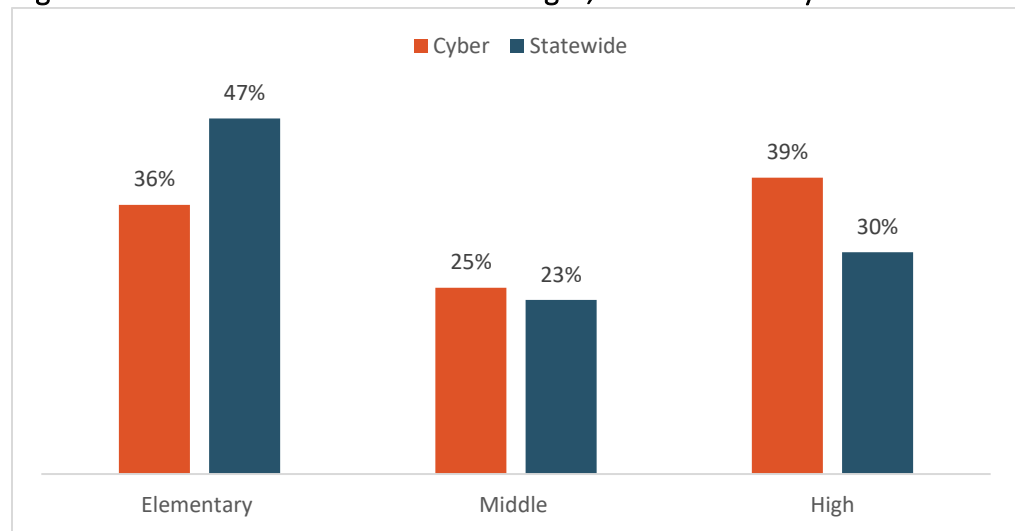
Source: GaDOE student enrollment records

*The report released December 4, 2019 included the incorrect economically disadvantaged percentage for the school. The corrected report, with a higher percentage, was released December 5, 2019.*

Cyber had a smaller percentage of students in elementary school and higher percentages of students in high school than statewide public school enrollment (see **Exhibit 4**). Nearly half of all Georgia public school students were in elementary school during the 2017-18 school year, but the percentage was just 36% for Cyber. Nearly 40% of Cyber's students were in high school, nine percentage points higher than the statewide number. Cyber's middle school percentage of 25% was similar to the statewide middle school percentage of 23%.

#### Exhibit 4

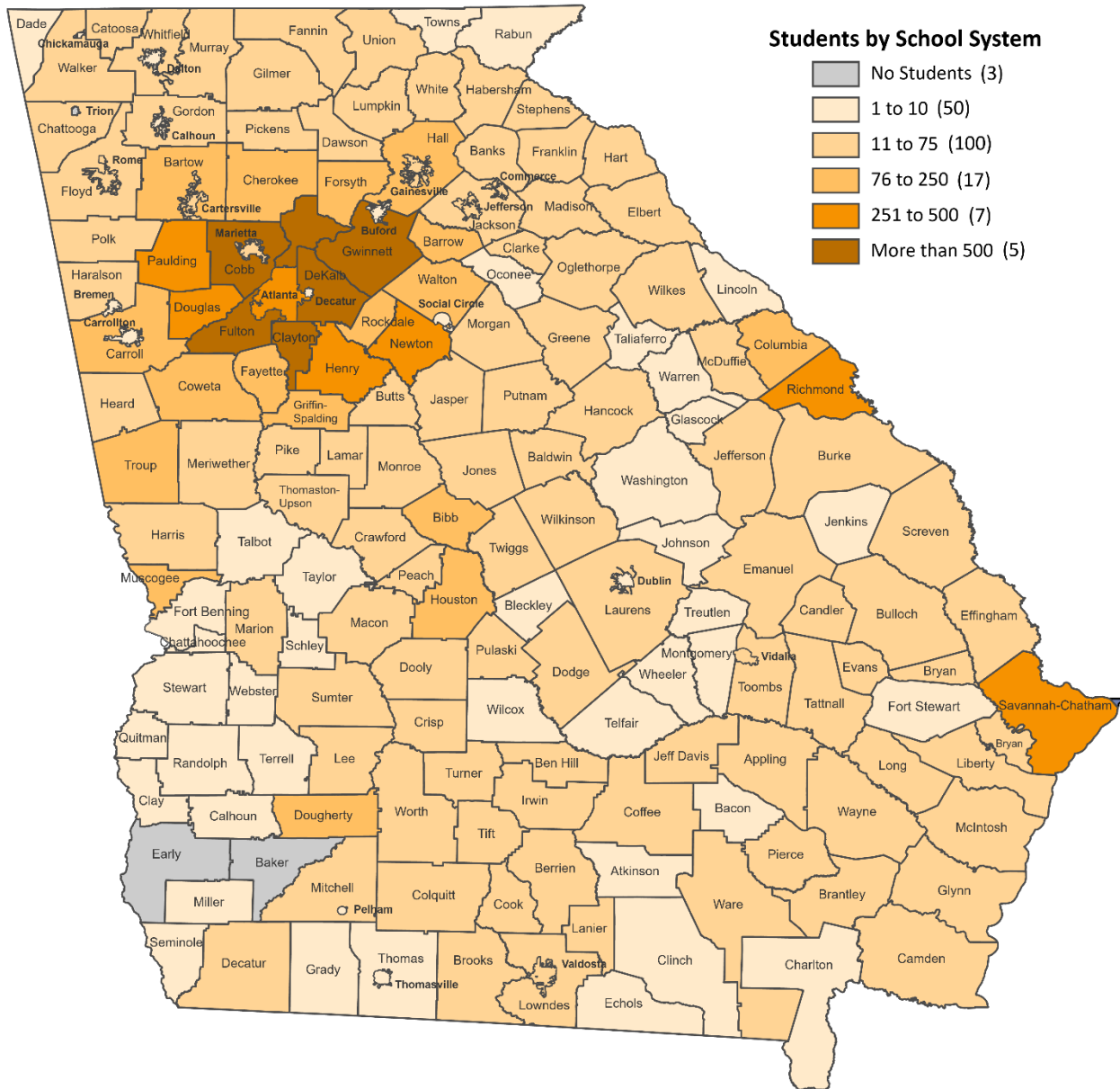
Cyber had a smaller portion of elementary school students and a larger portion of high school students than statewide averages, 2018-19 school year



Source: GaDOE student enrollment records

As shown in **Exhibit 5** on the next page, most Cyber students are from metropolitan Atlanta, with more than 500 enrolled students residing in the Cobb, Clayton, DeKalb, Fulton, and Gwinnett school districts. There are between 251 and 500 students from seven districts. Fifty school districts have 10 or fewer residents enrolled at Cyber, and three have zero students enrolled.

Students enrolled at Cyber are primarily located in the Atlanta metropolitan area, 2018-19 school year<sup>1</sup>



<sup>1</sup>In addition to the state's 180 public school districts, the map shows Fort Benning and Fort Stewart as separate school districts. Some students were removed because they did not have a complete physical address on file.

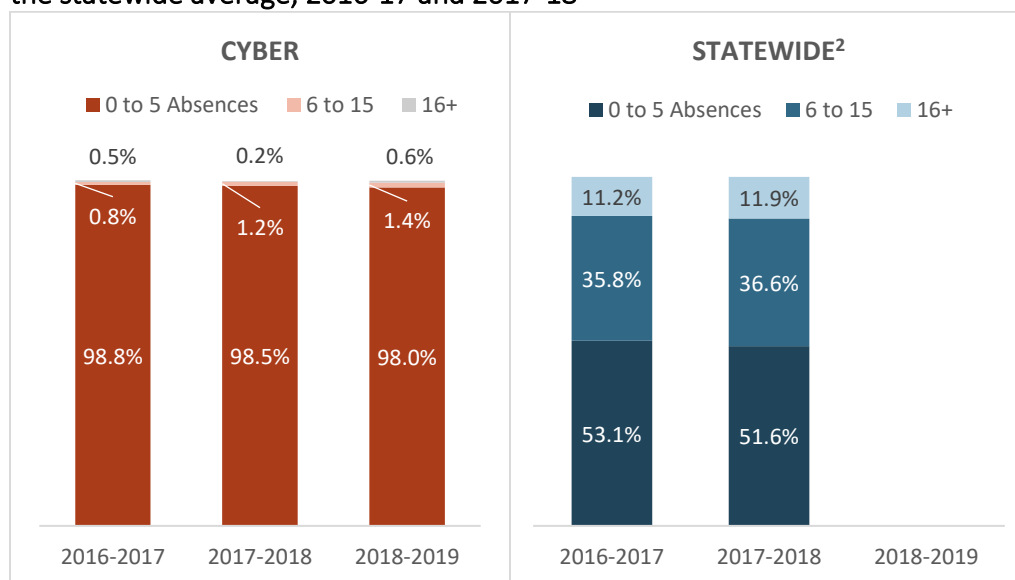
## Student Attendance

Student attendance is one predictor of academic performance in school. Low attendance rates are associated with decreased achievement in school and higher high school dropout rates. Measuring attendance in a traditional, brick-and-mortar school is relatively straightforward: a student is present if they are present in the classroom. Attendance in a virtual environment is less obvious. Because students may attend live lessons, view recorded lessons, or work offline, virtual schools may use a variety of methods to gauge attendance. Typical considerations include assignments submitted, teacher interactions, login data, and self-reported records provided by students or their learning coach (i.e., adult monitoring the student at home).

Cyber measures attendance based on how frequently the student or learning coach (typically a parent/guardian) logs attendance hours in the school's online system. In 2018-19 Cyber also calculated student duration in online courses and time spent in Class Connect, the online classroom where live instruction is provided to students. Cyber students are required to follow the school calendar which includes 180 school days, and therefore must log in each school day to be considered present. GaDOE's attendance policy requires students in grades K-5 to complete between 22.5 and 25 hours per week. Students in the 6<sup>th</sup> – 12<sup>th</sup> grades are expected to complete 28 hours of school per week.

### Exhibit 6

Cyber's student absences remain low in 2018-19 school year and were lower than the statewide average, 2016-17 and 2017-18<sup>1</sup>



<sup>1</sup> The percentages GOSA reports are rounded, and therefore may not total exactly 100.0% for each school in each year.

<sup>2</sup> Statewide data for the 2018-19 school year is not available as of publication.

Source: Governor's Office of Student Achievement (GOSA) Attendance Data and GaDOE student enrollment records

For each school's annual report card, the Governor's Office of Student Achievement (GOSA) calculates the percentage of students who missed five or fewer days, 6 to 15 days, and more than 15 days. Because GOSA's calculation for 2018-19 will not be available until after publication, we used GaDOE student records data to calculate

Cyber's attendance rate for the 2018-19 school year. In the 2018-19 school year, 98% of Cyber students missed five or fewer days, 1.4% missed 6 to 15 days, and 0.6% missed 16 or more days. Attendance has remained relatively stable over the three most recent school years and has been higher than the statewide rates in 2016-17 and 2017-18 (see **Exhibit 6**). While not yet available for the 2018-19 school year, statewide attendance rates for each year are relatively stable.

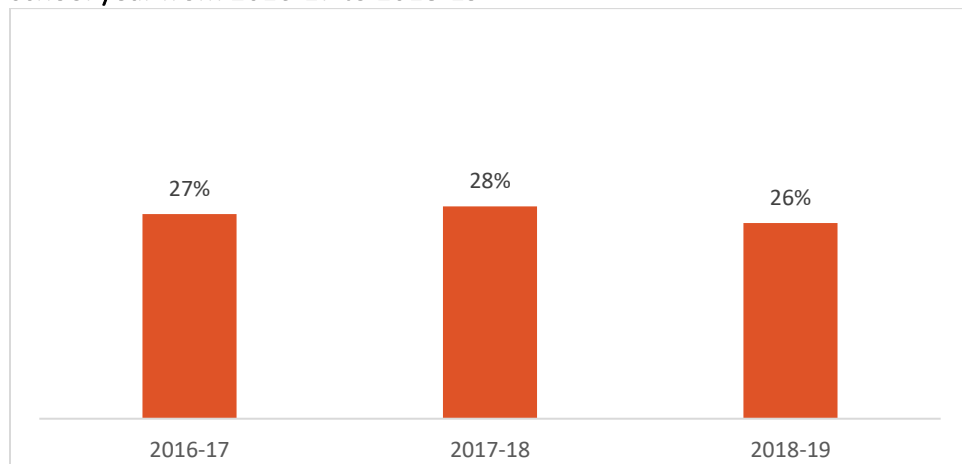
## Attrition

Virtual charter schools normally experience a high amount of student mobility or attrition through withdrawals. Withdrawals serve as the basis to calculate school attrition, which refers to students who are enrolled in school but withdraw prior to the end of the school year. In a virtual school, some students withdraw because they determine that they are not well-suited for a virtual education, lacking the discipline or educational support at home. Others may have enrolled to satisfy temporary needs (e.g., health issues, extracurricular activities, family issues) without an intention to remain in the school throughout the year. Regardless of the reason for withdrawals, changing schools can negatively impact student performance. Curriculum can vary among school districts and different teachers and classrooms move at different paces.

As shown in **Exhibit 7**, the percentage of students that withdrew from Cyber before the end of the school year has remained relatively stable in the last three school years. In the 2018-19 school year, Cyber recorded a total of 12,302 enrollments and 3,175 withdrawals.

### Exhibit 7

Approximately one-quarter of students enrolled at Cyber withdrew during each school year from 2016-17 to 2018-19



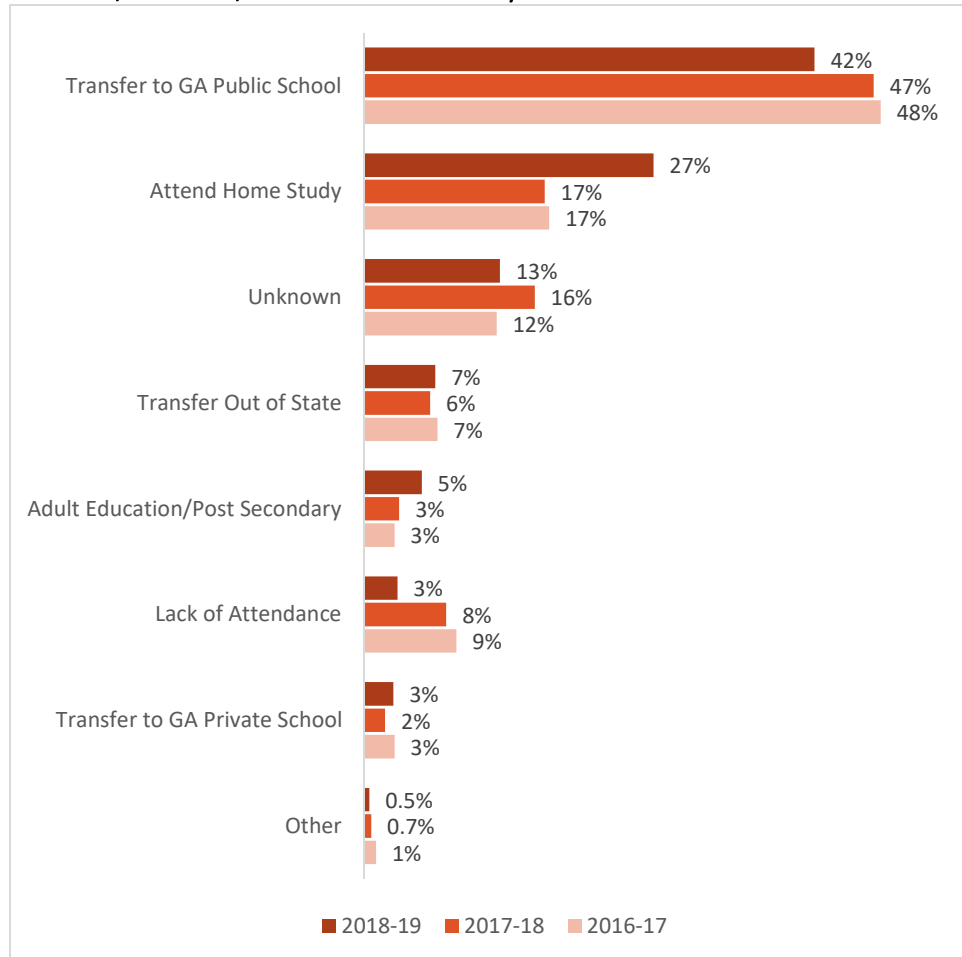
Source: GaDOE student enrollment records

As shown in **Exhibit 8**, 42% of withdrawals from Cyber during the 2018-19 school year were students transferring to another state public school. This was the most common reason for withdrawals in each of the last three years, with annual withdrawals of 1,300 to 2,100 students. At 27% in 2018-19, an increasing proportion of withdrawals are due to students opting for homeschooling (shown as “attend home

study” in Exhibit 8). The percentage of students Cyber removed for lack of attendance dropped from 9% in 2016-17 to 3% in 2018-19.

#### Exhibit 8

##### Reported reasons for student withdrawal from Cyber 2016-17, 2017-18, and 2018-19 school years



Source: GaDOE student enrollment records

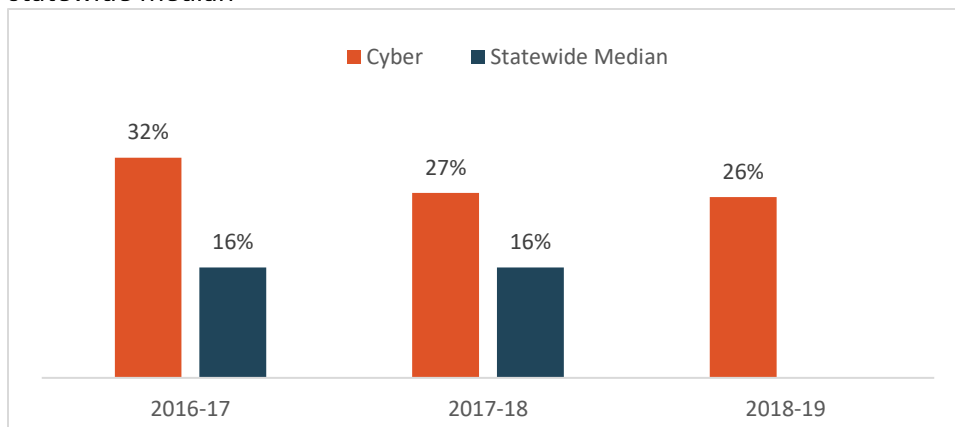
GOSA also calculates a student mobility rate based on entries and withdrawals during the school year. GOSA determines this student mobility rate, also known as a “churn” rate, for all Georgia schools. The rate measures the percentage of a school’s students who entered or withdrew from a school between the October FTE count date and May 1<sup>st</sup>. Because the churn rate also includes students who entered school in its calculation, it is slightly different from the withdrawal rate. Because GOSA’s calculation will not be available until after the publication of this report, we used GaDOE student records data along with GOSA’s formula to calculate Cyber’s mobility rate for 2018-19.

As shown in **Exhibit 9**, Cyber had a student mobility rate of 26% during the 2018-19 school year. The rate is slightly lower than the previous school year. The statewide average mobility rate for 2018-19 is not yet available, but was 16% in the previous

two school years. Research indicates that virtual schools generally have higher turnover rates than brick-and-mortar schools.

#### Exhibit 9

Cyber's student mobility rate decreased in 2018-19 school year, remains above the statewide median<sup>1</sup>



<sup>1</sup> As of publication, GOSA statewide results are not available for the 2018-19 school year.

Source: GaDOE student enrollment records and GOSA mobility analysis

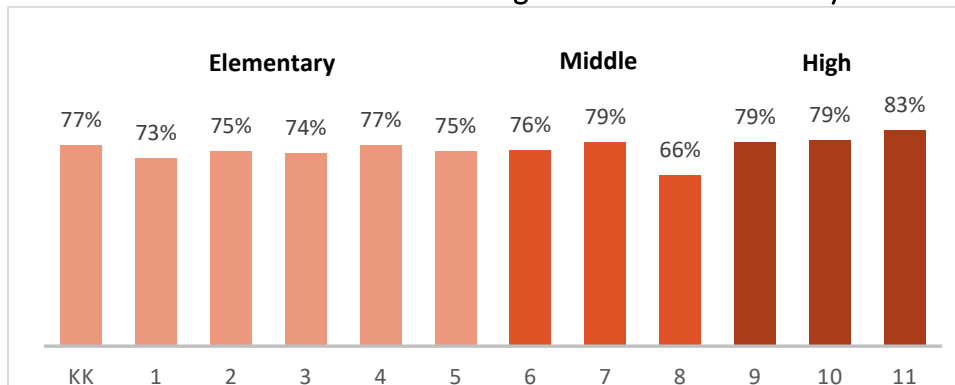
### Student Persistence

Student persistence is the act of continuing towards an educational goal. It is a measure generally used in the postsecondary education environment, when students can more easily discontinue their education. Student persistence can be measured by a year-to-year retention rate for a school and can provide a proxy measure for students' satisfaction with the learning environment at their school.

We found that 76% of students who completed kindergarten through 11<sup>th</sup> grade in the 2017-18 school year returned the following year. As shown in **Exhibit 10**, there was little variation across grade levels. The highest retention is for 11<sup>th</sup> graders at 83%, while 8<sup>th</sup> graders' retention rate of 66% was the lowest by several percentage points.

#### Exhibit 10

Between 66% - 83% of students in each grade level returned to Cyber in 2018-19

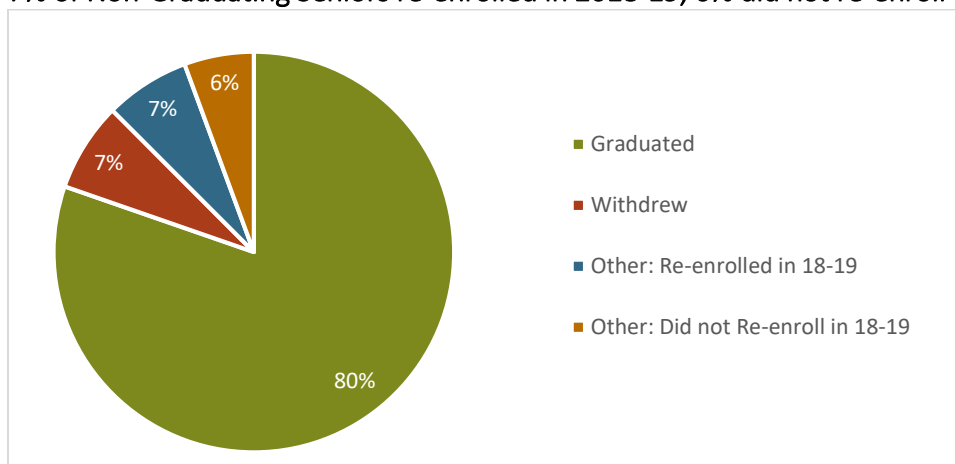


Source: GaDOE student enrollment records

We also examined the persistence of students who are likely old enough to discontinue their education – non-graduating seniors. In the 2017-18 school year there were 889 Cyber students in 12<sup>th</sup> grade. While the majority (80%) graduated and another 7% withdrew in 2017-18, 13% of students did not graduate or withdraw. Of those non-graduating seniors, 7% (61) re-enrolled at Cyber in 2018-19, and 6% (50) did not re-enroll (see **Exhibit 11**)

#### Exhibit 11

7% of Non-Graduating Seniors re-enrolled in 2018-19, 6% did not re-enroll

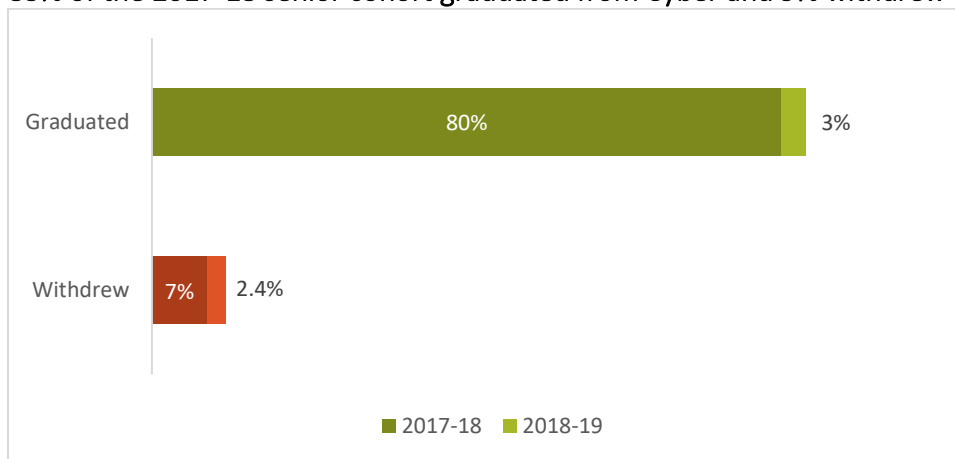


Source: GaDOE student enrollment records

We found that an additional 3% (28) of 2017-18 seniors graduated in 2018-19, bringing the graduation rate to 83% over two years (see **Exhibit 12**). Another 2.4% (21) of seniors withdrew in 2018-19, bringing the withdrawal rate to 9.4%.

#### Exhibit 12

83% of the 2017-18 senior cohort graduated from Cyber and 9% withdrew



Source: GaDOE student enrollment records

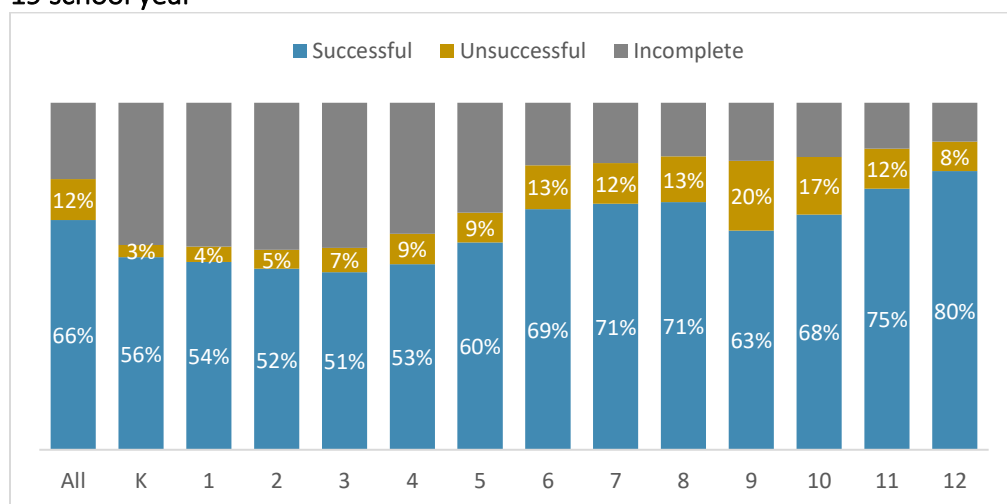
## Course Segment Completion Rate

Given student mobility and attrition, not all students will complete their enrolled courses. GaDOE data does not permit a determination of the percentage of students who complete a course, but we were able to determine the portion that complete a course segment. A yearlong course will often have two segments (first and second semester). Completing a single segment in a multi-segment course does not result in academic credit; a passing grade in the final segment is required.

In the 2018-19 school year, the overall course segment completion rate was 78% (see **Exhibit 13**), with rates for grade levels ranging from 57% to 88%. The rate of students completing courses with a passing grade (i.e., successful completions) was 66% across all grade levels, ranging from 51% in 3<sup>rd</sup> grade to 80% in 12<sup>th</sup> grade. The percentage of students who completed the course with a failing grade (i.e., unsuccessful completions) was highest in grade nine at 20%.

### Exhibit 13

Course segment completion rates at Cyber increase as grade levels increase, 2018-19 school year

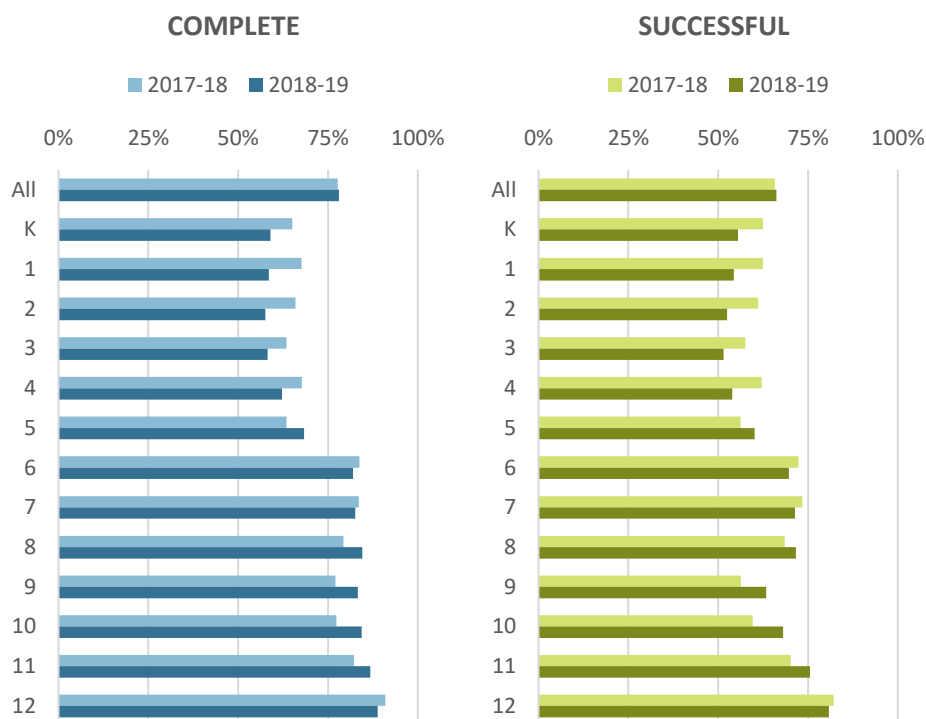


Source: GaDOE course records

The rates of completion and success for Cyber students for school year 2018-19 are similar to those for school year 2017-18 (see **Exhibit 14**). However, shifts in these rates for individual grade levels vary. Rates decreased for Kindergarten through 4<sup>th</sup> grade, 6-7<sup>th</sup> grade, and 12<sup>th</sup> grade. Rates increased for remaining grades: 5<sup>th</sup> and 8<sup>th</sup>-11<sup>th</sup>.

## Exhibit 14

Percent of completed and successful course segments decreased for nine grade levels in 2018-19



Source: GaDOE course records

## Student Engagement

Student engagement is the degree to which students are attentive and interested in their coursework, and engaged students are more likely to perform well in school. Common measures of engagement, such as students raising their hands to pose or answer questions, participating in class discussion, or interacting with in the classroom, are not available in an online environment. As such, virtual schools must develop systems to define and capture student engagement.

Cyber implemented a school-wide engagement policy and method for measuring student engagement during the 2018-19 school year. The engagement policy awards a student a certain level of flexibility for each subject or course. Students who meet criteria related to performance and participation are granted the most flexibility, required to check in with the teacher for short time each week with optional participation in many other sessions. Students with the lowest grades and performance are granted the least flexibility. They are required to attend all live and other types of sessions and to have a formal class participation agreement. If a student's performance declines, the flexibility level will change to a more restrictive level. A student can only move up in level at the end of each semester.

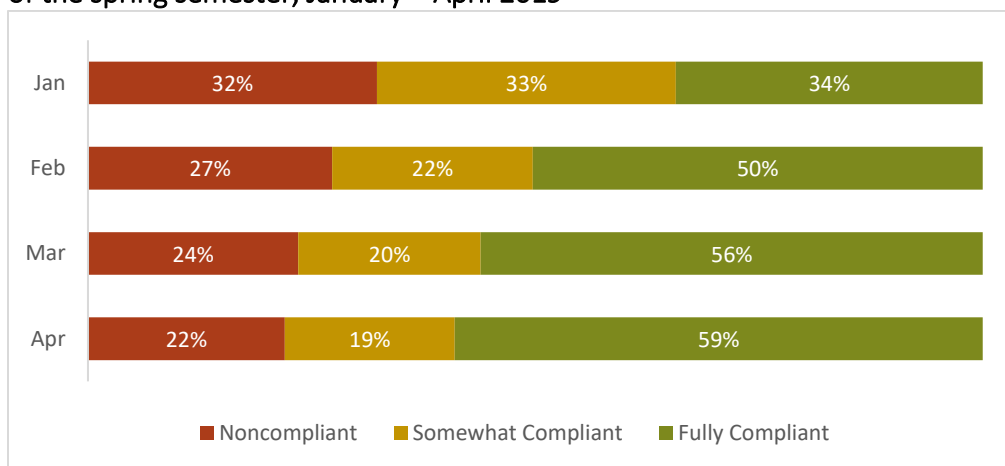
Cyber designates a student as "Noncompliant," "Somewhat Compliant," or "Fully Compliant" based on the flexibility requirements with which each is complying. A

fully compliant student is on track regarding attendance, assignments and performance. A somewhat compliant student is meeting some requirements, but not others, while a noncompliant student is not meeting requirements.

Cyber's engagement data shows the change from January 2019, when the policy was first implemented, to April 2019. As shown in **Exhibit 15**, approximately one-third of Cyber students fell into each compliance category in January. By April, most students (59%) were designated as fully compliant.

#### Exhibit 15

Students became more likely to meet their flexibility requirements over the course of the spring semester, January – April 2019

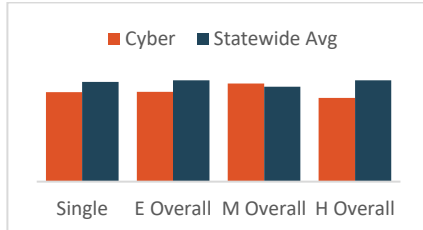


Source: Cyber engagement data report

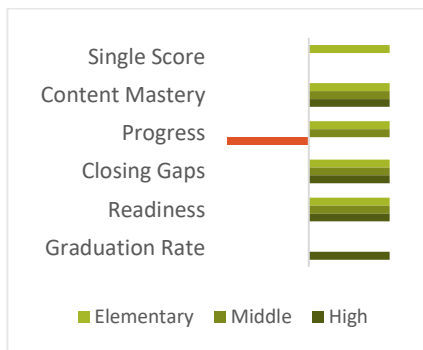
## Academic Achievement, 2018-19 School Year

Charter schools are expected to use their flexibility from certain state and local rules to raise student achievement. Numerous methods are used to measure academic achievement in Georgia's public schools. Some academic performance data for the 2018-19 school year was not available in time for inclusion in this report. For those measures, we report 2017-18 data in a subsequent section on page 23.

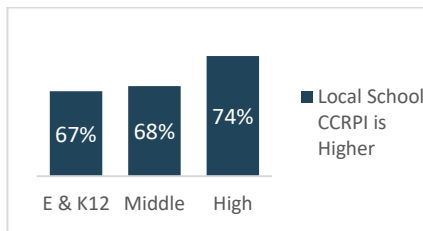
Key points in this section include:



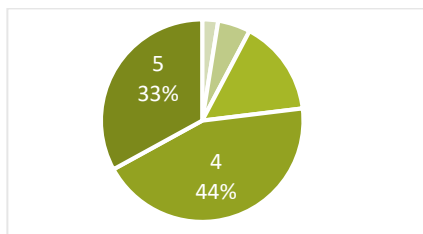
Cyber's 2018-19 College and Career Ready Performance Index (CCRPI) scores were below the state average for the single score, elementary school overall score, and the high school overall score. However, Cyber's middle school overall score was higher than the statewide average.



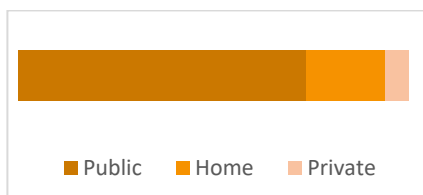
In addition to the single score and overall scores, CCRPI contains several sub-scores for each grade band (elementary, middle, and high), including: content mastery, progress, closing gaps, and readiness. When looking at the **change in sub-scores from 2017-18 CCRPI to 2018-19 CCRPI**, we found that Cyber improved in all but one sub-score in the 2018-19 year.



**Alternate options** for students enrolled at Cyber include attending a local district school, private school or home school. Most students enrolled in 2018-19 live close to a traditional, brick-and-mortar public school with a CCRPI score higher than Cyber.



The majority of Cyber students enrolled in 2018-19 live near a local district school with a climate rating of 4 or 5; the **climate rating** scale is from 1 (low) to 5 (high).



Over 60% of Cyber's new student enrollments for 2018-19 **previously attended** another Georgia public school. Some new students transferred from home school (17%) and private school (5%).

## College and Career Ready Performance Index

The College and Career Ready Performance Index (CCRPI) is an accountability tool the state uses to measure performance and hold schools accountable for student achievement. The CCRPI provides multiple measures of student performance. GaDOE redesigned the framework for measuring and reporting CCRPI and implemented the new methodology beginning in 2017-18.

CCRPI is comprised of four main indicators used to assess students in multiple areas. All students are assessed based on content mastery, progress, closing gaps, and readiness. An additional assessment, a graduation rate, is also included for fourth- and fifth- year high school students. **Exhibit 16** shows each of the CCRPI indicators and the measures used to score each indicator.

### Exhibit 16

#### CCRPI indicators and measures, 2017-18 and 2018-19 school years

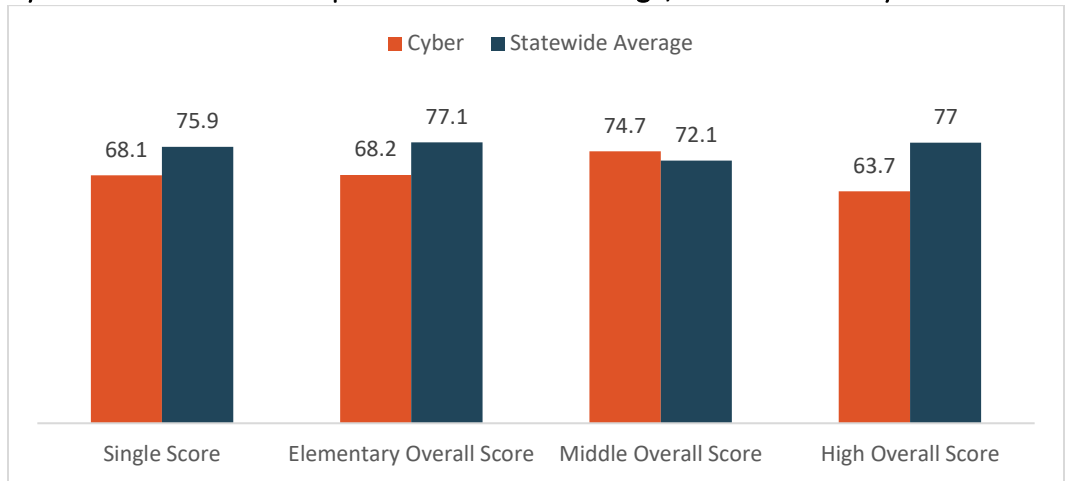
Indicator	Description	Weights (E, M, H)		
<b>Content Mastery</b>	Performance on the Georgia Milestones Assessment and the Georgia Alternate Assessment in ELA, mathematics, science, and social studies.	30%	30%	30%
<b>Progress</b>	Amount of growth a student has demonstrated relative to academically-similar students in ELA and mathematics, as well as English learners' progress toward language proficiency.	35%	35%	30%
<b>Closing Gaps</b>	Based on CCRPI improvement targets for academic achievement, represented by improvement flags, in order to show that all students and all subgroups of students continue to make improvements.	15%	15%	10%
<b>Readiness</b>	Percent of students that show readiness in the certain areas: <i>Elementary &amp; Middle</i> : literacy, attendance, and Beyond the Core (earning a passing score in fine arts or world language); <i>High</i> : literacy, attendance, accelerated enrollment, pathway completion, and college/career readiness.	20%	20%	15%
<b>Graduation Rate</b>	Percent of 12 <sup>th</sup> grade students that graduate in four or five years.	n/a	n/a	15%

Source: GaDOE Accountability Division

GaDOE calculates a score for each CCRPI indicator and an overall score for each school. Cyber's overall CCRPI score for 2018-19 (68.1) is lower than the state average (75.9); the state average is Cyber's "comparison district" for charter purposes because it is a statewide school. Cyber's overall CCRPI score is higher than the statewide average in middle school, and lower in elementary and high school, as shown in **Exhibit 17**.

### Exhibit 17

Cyber's CCRPI scores compared to the state average, 2018-19 school year

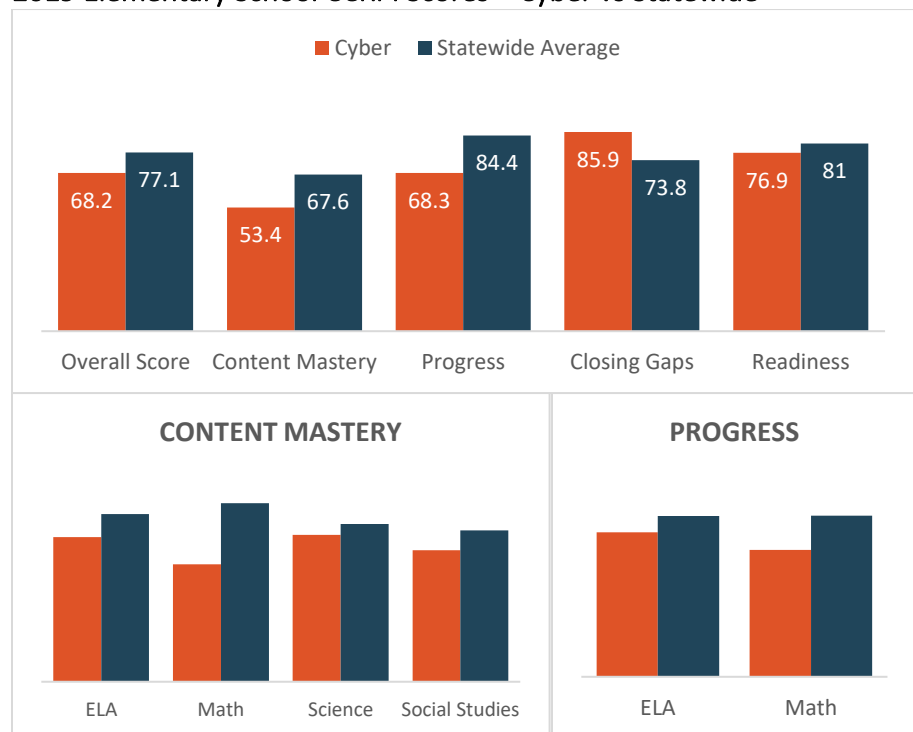


Source: GaDOE Accountability Division

- Elementary School** – Students' scores are lower than the state average for each CCRPI component with the exception of closing gaps (see **Exhibit 18**). Compared to the statewide scores, students scored lowest in content mastery and progress, as student scores fell short of target measures set for assessment scores. Cyber students scored lower than the state in all subjects for content mastery but scored closest to the state in science. For progress, Cyber was below in both ELA and math but was closer to the state in ELA.

### Exhibit 18

2019 Elementary School CCRPI Scores – Cyber vs Statewide

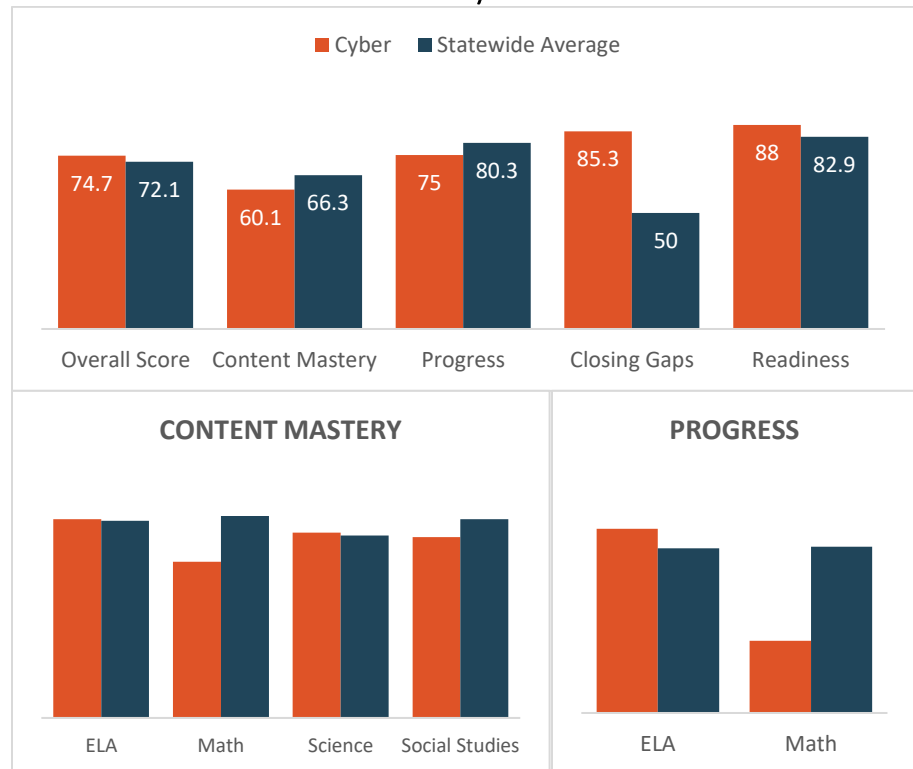


Source: GaDOE CCRPI data

- **Middle School** – Students’ scores are higher than the state average in the overall score, closing gaps, and readiness as shown in **Exhibit 19**. Scores for content mastery and progress are below the state average. For content mastery, middle school students slightly above the state average in ELA and science, slightly below in social studies, and well below in math. For the progress indicator, students were above the state average in the amount of growth shown in ELA when compared to the growth of academically-similar students, and lower in the amount of growth shown in math.

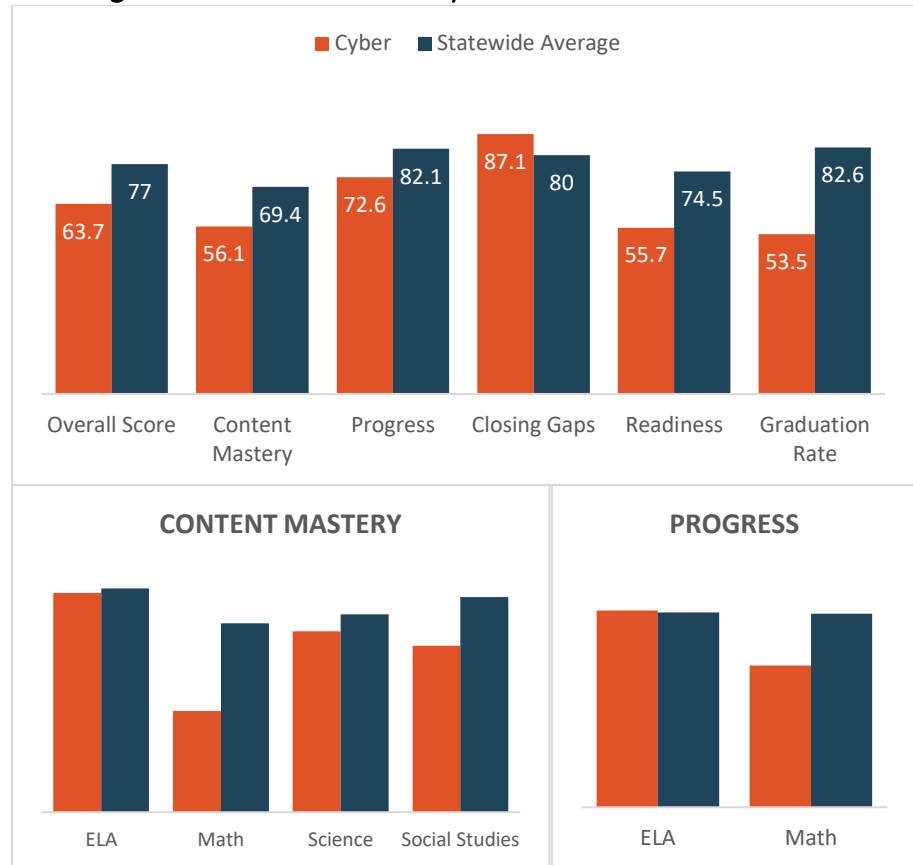
Exhibit 19

2019 Middle School CCRPI Scores - Cyber vs Statewide



- **High School** – Students’ scores are lower than the statewide scores in all CCRPI components except closing the gaps (see **Exhibit 20**). For content mastery, Cyber’s scores were close to the state average in ELA and science, and well below in math and social studies. In progress, students were slightly above the state average in the amount of growth shown in ELA when compared to the growth of academically-similar students, and below in math.

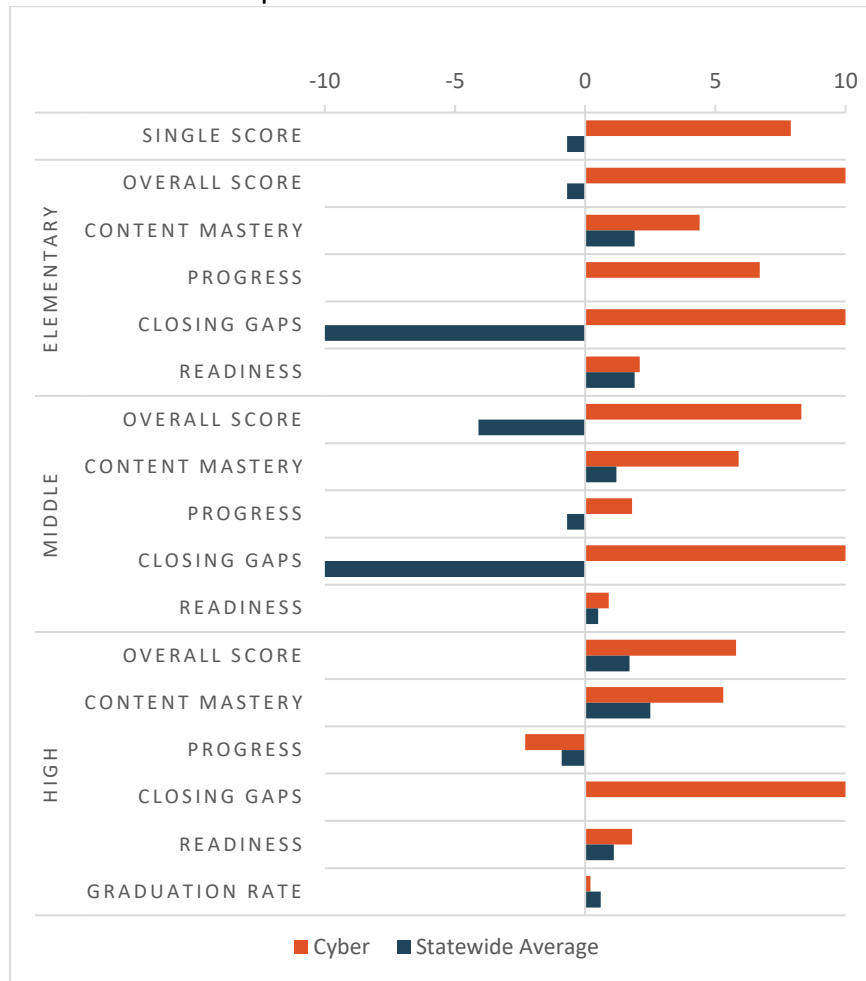
Exhibit 20  
2019 High School CCRPI Scores – Cyber vs Statewide



When comparing 2017-18 scores to 2018-19 scores, we found that Cyber’s scores improved in all indicators, with the exception of high school progress scores. As shown in **Exhibit 21**, Cyber showed greater improvement than the statewide average scores. Statewide scores improved in eight of 16 indicators, remained the same in one, and declined in the remaining seven.

## Exhibit 21

All except one of Cyber's CCRPI scores improved in 2018-19, while only half of statewide scores improved



Source: GaDOE Accountability Division

## School-Specific Academic Goals

In addition to academic measures listed above, Cyber has established an academic goal in its charter to develop an individualized learning plan (ILP) for at least 95% of enrolled students each year of the charter term. The ILP will specify individualized service and plans for student success. The State Charter Schools Commission found that Cyber met this goal in the 2017-18 and 2018-19 school years.

## Alternative Academic Options

Students enrolled at Cyber have several alternatives for obtaining an education, including attending a local district school, private school, or home school. The availability of these options may vary for some students.

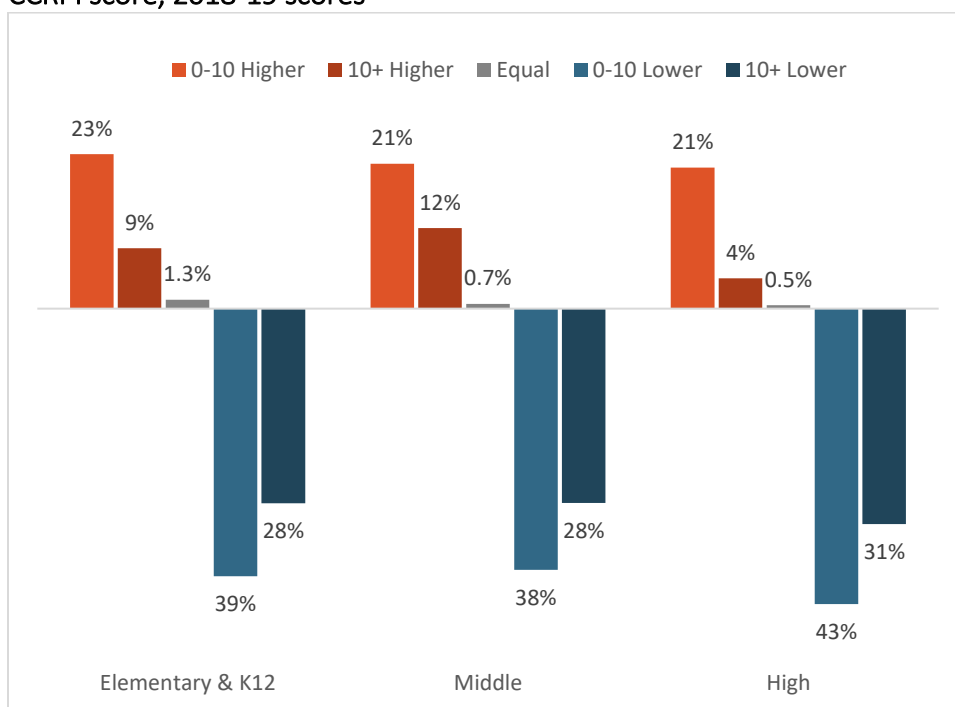
### Local District School

Students enrolled at Cyber have the option of attending one of 2,200 public schools throughout the state. These schools are operated by the 180 school districts (159 county, 21 city) and are available to students who live within the school's attendance zone. These schools are publicly funded and available to all students.

We found that most students live close to a traditional, brick-and-mortar public school with a CCRPI score higher than Cyber.<sup>2</sup> As shown in **Exhibit 22**, this is true for elementary, middle, and high school students. We found that 28% of elementary students' local schools had a CCRPI at least 10 points higher. The number was 28% for middle school students and 31% for high school students. It should be noted that the CCRPI is only one measure of a school and there can be other reasons that a student chooses not to attend a local district school.

### Exhibit 22

Most Cyber students live close to a local school district public school with a higher CCRPI score, 2018-19 scores



Source: DOAA analysis

GaDOE also uses survey information obtained from students, parents, and school employees to assign each local school district school a climate rating. The climate rating is based on the following:

- **Attendance** – Frequency of students' unexcused absences and frequency of employee leave

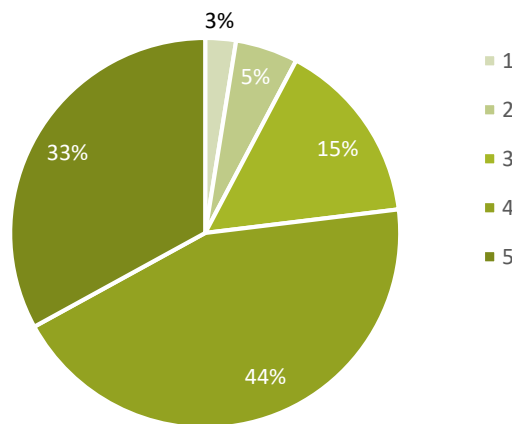
<sup>2</sup> The student's zoned school is not reported; therefore, we determined the local school district school that is closest to the home address of approximately 12,000 Cyber students. We excluded schools that are not open to all students in a specific zone (e.g., magnet schools) and other special schools (e.g., alternative schools, residential treatment facilities).

- **Discipline** – In-school and out-of-school suspensions, as well as alternative school assignments and expulsions
- **Safe and Substance Free** – Frequency of physical, bullying/harassment, and drug-related incidents
- **Climate Perception** – Survey of students, parents, and employees about the school

As shown in **Exhibit 23**, 77% of Cyber students live close to a school with a school climate rating of four or five. The ratings range from one (lowest) to five (highest).

#### Exhibit 23

Most Cyber students live close to a local school district public school with a school climate rating of 4 or 5, 2018-19 school year



Source: GaDOE data

#### Availability of Private Schools

Some students enrolled at Cyber may have the option to attend one of more than 600 private schools. Private schools are available in 110 Georgia counties. Fulton and DeKalb counties have a combined 135 private schools, 21% of all private schools in the state. Forty-five counties have a single private school.

Private schools charge tuition and may have various attendance restrictions, limiting the option for many students. The cost of attending a private school in Georgia ranges from approximately \$1,250 to \$32,000 per year, though scholarships may be available for qualifying students. In addition, the private schools in Georgia may restrict attendance eligibility based on grade level (e.g., K-5), religious affiliation, gender, or any other criteria that fits their mission.

#### Home School

Some students enrolled at Cyber may have the option to be home schooled. As shown in **Exhibit 24**, at least 17% of students entering and exiting Cyber are transitioning between home school and virtual school.

In order for a student to be home schooled in Georgia, state law requires parents or guardians who wish to teach their children at home to have a high school diploma or GED at minimum and annually declare their intent to homeschool to GaDOE. At least 180 days instruction (a minimum of 4.5 hours of per day) must be completed annually unless the child is physically unable to comply with this requirement. Home study programs are to include a minimum of the following five content areas: mathematics, English language arts, science, social studies, and reading. Students are required to participate in a nationally standardized testing program administered by a person trained in the administration and interpretation of such tests; the student must be evaluated at least every three years beginning at the end of third grade.

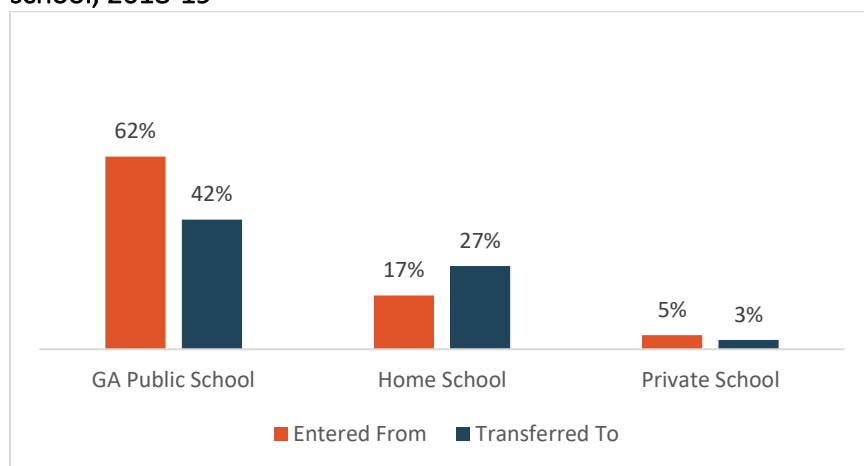
The costs of home schooling vary depending on a variety of factors, such as the method (e.g. being taught by a parent only or participating in a cooperative home school with other students), curriculum purchased, and number of children in the home being home schooled (the more students, the lower the cost per student). Students may also require textbooks, school supplies, extracurricular activity fees and/or computer equipment. The National Home Education Research Institute estimates homeschool families spend an average of \$600 per student annually for their education.

#### Students' Previous School Locations

Using student enrollment records, we also identified where new Cyber' students in the 2018-19 school year had previously received their education. Of 4,150 new student enrollments, 62% (2,589) transferred from another Georgia public school (see **Exhibit 24**). Approximately 17% (724) transferred from home schools, while another 5% (191) transferred from a private school. Almost half of students leaving Cyber in the 2018-19 school year transferred to a public school. Over 25% of withdrawals transferred to home school, and 3% transferred to private school.<sup>3</sup>

#### Exhibit 24

Most students that transferred to Cyber were from another public school, 2018-19



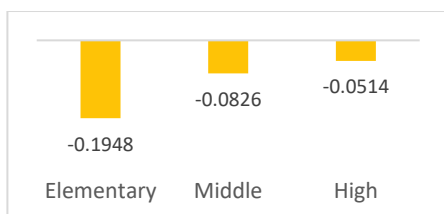
Source: GaDOE student enrollment records

<sup>3</sup> The remaining students withdrew transferred out of state, pursued post-secondary education, were removed for lack of attendance, or withdrew for other reasons.

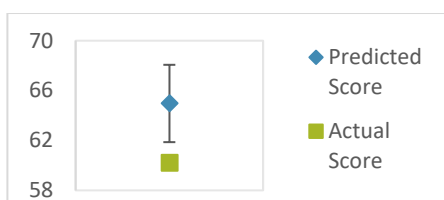
## Academic Achievement, 2017-18 School Year

Charter schools are expected to use their flexibility from certain state and local rules to raise student achievement. Numerous methods are used to measure academic achievement in Georgia's public schools. For the academic measures below, 2018-19 school year data was not available in time for inclusion in this report. Therefore, we reported results from the 2017-18 academic year.

Key points in this section include:



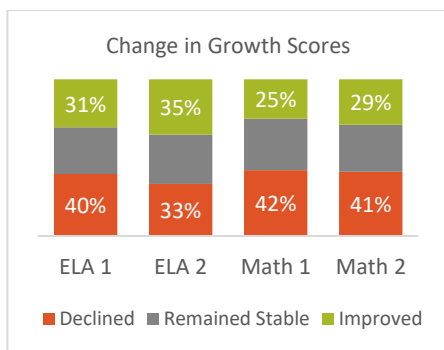
The 2017-18 **value added impact score** for Cyber is lower than its comparison district (the statewide average) for elementary, middle, and high schools. Cyber's impact scores in 9<sup>th</sup> grade Literature and American Literature exceed the statewide average.



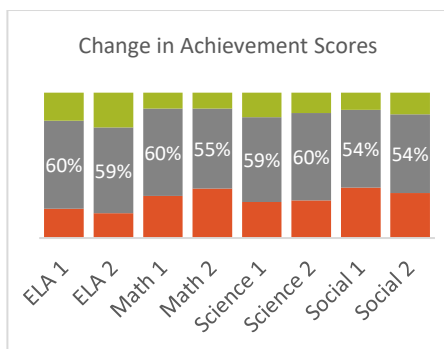
In comparison to similar schools during the 2017-18 school year, Cyber's performance was lower than the statewide average in all grade bands. Therefore, the school was not designated as **Beating the Odds**.

**0/100 =**  
Does Not Meet Academic Standards

Cyber scored 0 out of 100 points in the State Charter School Commission's **Comprehensive Performance Framework** review of its academic performance in the 2017-18 school year. Cyber did, however, met its school-specific goal in 2017-18 and 2018-19.



Change in students' **growth scores** after one or two years at Cyber varied by subject. English Language Arts (ELA) growth scores declined after one year at Cyber, but a higher percentage improved after two years. Math scores primarily declined in each cohort, but the second-year group showed more improvement than the first-year group.



Improvement and decline in students' **achievement scores** after one or two years at Cyber varied by subject. However, across all subjects and cohorts at least 54% of students' scores remained stable after time at Cyber. English Language Arts (ELA) and science scores showed more improvement than math and social studies scores.

## Value-Added Model

The Value-Added Model (VAM) established by the Governor's Office of Student Achievement (GOSA) measures the ability of state charter schools to positively impact student performance. The VAM controls for demographic, academic, and socioeconomic factors so that student achievement can be attributed to the school. After controlling for certain factors, the VAM calculates a predicted score for each student. The difference between the predicted and actual score is the school's impact on the student's achievement.

The analysis consists of a two-step process to get the final value-added measurement. The first step is to find the difference between a student's actual score and their predicted score. For each student, a predicted score is calculated based on the student's characteristics, the student's previous test scores, and the student's school characteristics. For each school, the difference between the predicted and actual scores for all students is averaged. In the second step, the scores are weighted to account for the unique populations that each school serves. The model has separate estimates by grade level and subject. A negative value-added measurement denotes that the actual scores for the students were lower than the predicted scores and a positive score denotes the opposite. The state average value-added effect is zero and it is used as the comparison district for virtual schools since they serve students across the state.

As shown in **Exhibit 25**, Cyber's value-added impact score was lower than the statewide average for elementary and middle schools and lower in two of four high school subjects. Cyber's value-added score exceeded the state average in 9<sup>th</sup> grade Literature and American Literature. It was lower in Algebra 1 and Geometry.

### Exhibit 25

Cyber's Value-Added impact scores are lower than the comparison district in most grades and subjects, 2017-18 school year

Grade Band Subject or Course	Value-Added Impact Score	Impact Relative to Statewide Average
<b>Elementary</b>	<b>-0.1948</b>	<b>Lower</b>
English Language Arts	-0.1165	Lower
Math	-0.3347	Lower
<b>Middle</b>	<b>-0.0826</b>	<b>Lower</b>
English Language Arts	-0.0397	Lower
Math	-0.1813	Lower
<b>High</b>	<b>-0.0514</b>	<b>Lower</b>
9 <sup>th</sup> Grade Literature	0.1064	Higher
American Literature	0.1162	Higher
Algebra 1	-0.1456	Lower
Geometry	-0.1934	Lower

Source: GSU report for the State Charter Schools Commission

## Beating the Odds Analysis

The Beating the Odds (BTO), established by GOSA, is an outcome measure that compares charter schools' performance on the CCRPI with the performance of similar

schools. The BTO model also calculates a predicted score and range (confidence interval) for each school based on demographic characteristics. The characteristics used in the 2017-18 comparison include the following: <sup>4</sup>

- Percentage of female students
- Percentage of students in certain races/ethnicities (including Asian, Black, Hispanic, and Multi-racial)
- Percentage of students with disabilities
- Percentage of English language learners
- Percentage of economically disadvantaged students
- Student mobility rates
- School grade cluster
- Whether the school is traditional or non-traditional
- School size: the model splits schools into three size groups for small (0 to 500 students), medium (501 to 1,000 students), and large (over 1,000 students) schools because there was a large difference in variability between small and large schools.

The BTO analysis includes only those students counted in the October full-time equivalent (FTE) count. The school will receive a score of “Below Expected Range” if the CCRPI score is below the predicted range, “Within Expectations” if the CCRPI score falls within the predicted range, or “Beating the Odds” if the score is above the predicted range. Given that the analysis controls for certain characteristics, a school with a relatively low CCRPI could be Beating the Odds.

For the 2017-18 school year, Cyber was classified as Below Expected Range. Cyber’s CCRPI score for this year was 60.2, which was lower than the predicted range of 61.84 to 68.09. In the previous school year, Cyber was found to not be Beating the Odds.

## Comprehensive Performance Framework Academic Measures

The State Charter Schools Commission (SCSC) conducts annual performance reviews of all state charter schools. The Comprehensive Performance Framework contains the performance standards each charter school is evaluated against in three sections – operational performance, financial performance, and academic performance. The SCSC uses each year’s CPF results to inform charter renewal.

Cyber’s academic performance results for the 2017-18 school year are shown in **Exhibit 26**. The first indicator looks at whether the school is meeting state improvement targets, and if the school is on a targeted improvement list. Cyber earned 0 of 4 points because it failed to meet 100% of those targets and was on an improvement list. The second indicator looks at different CCRPI sub-scores. To earn the full 96 points the school must perform above the level of the comparison district (in Cyber’s case the comparison district is the statewide average) in one of the listed measures. To earn partial (60) points for any measure, the school must be performing

the same as or above its comparison district in at least one of the grade bands served. Cyber did not earn any points for the second indicator.

The CPF also provides “second look criteria” as another way for schools to earn the full 96 student achievement and growth points. Cyber did not earn any points in the second look criteria either. As a result, Cyber was categorized as “falling far below” SCSC academic standards in the 2017-18 school year.

#### Exhibit 26

SCSC determined that Cyber did not meet academic standards in the 2017-18 school year

CPF Academic Performance Indicators and Measures	Available Points	Points Earned
<b>First Look Criteria</b>		
<b>Indicator 1: State and Federal Accountability Systems</b>	<b>4</b>	<b>0</b>
<i><b>Measure 1a:</b> the school did not receive any points because it did not meet 100% of School Improvement Targets.</i>	2	0
<i><b>Measure 1b:</b> the school did not receive any points because it was designated as TSI, CSI or Turnaround Eligible by GaDOE or GOSA.</i>	2	0
<b>Indicator 2: Student Achievement and Student Growth</b>	<b>96</b>	<b>60</b>
<i><b>CCRPI Content Mastery Sub-Score</b> was lower than that of its comparison district(s) in all grade bands served.</i>	96	0
<i><b>CCRPI Progress Sub-Score</b> was lower than that of its comparison district(s) in all grade bands served.</i>	96	0
<i><b>CCRPI Grade Band Score</b> was lower than that of its comparison district(s) in all grade bands served.</i>	96	0
<b>Second Look Criteria</b>		
<b>Indicator 2: Student Achievement and Student Growth</b>		
<i><b>CCRPI Single Score</b> was lower than that of its comparison district(s).</i>	96	0
<i><b>Value-Added Impact Score</b> was not statistically higher than that of its comparison district(s) in all grade bands served.</i>	96	0
<i>Was not designated as <b>Beating the Odds</b> by GaDOE.</i>	96	0
<b>Total Points</b>	<b>100</b>	<b>0</b>

Source: State Charter Schools Commission 2017-18 CPF results

## Comparison of Academic Growth Prior to Placement

### Student growth percentile levels

Low	1-34
Typical	35-65
High	66-99

Academic growth indicates how a student has progressed academically over a period of time. GaDOE uses the student growth percentile (SGP) to describe student academic growth relative to academically-similar students across the state. Using state assessment scores, GaDOE compares the change in a student's performance from one year to the next in relation to other students who had a similar score in the initial year. Regardless of their initial assessment score, all students are able to demonstrate growth or decline in relation to other students who started with a similar initial score. Student growth levels range from 1 to 99, with higher percentiles representing more academic growth. Beginning in 2016-17, SGP scores were calculated for English Language Arts (ELA) and math only.

We analyzed cohorts of students to determine the extent to which scores improved after the students attended Cyber (see methodology text box). A decrease in the percentage of "low growth" level and/or an increase in the percentage of "high growth" level indicates improvement, while the opposite indicates decline. Comparing the cohorts also allows us to see if more time at Cyber has an effect on SGP levels.

### Cohort Analysis Methodology

To compare academic growth prior to entering Cyber and after time at Cyber, we conducted cohort analyses for two subsets of Cyber students.

- **First Year:** The first group includes students that entered Cyber in 2016-17. We compared their SGP results for 2015-16 (labeled "Brick & Mortar" in exhibits) to their SGP results in 2016-17 (labeled "Cyber" in exhibits).
- **Second Year:** The second group also includes students that entered Cyber in 2016-17. We compared their SGP results for 2015-16 ("Brick & Mortar") to scores in 2017-18, or their second year at Cyber.

For each subject and cohort, we analyzed results two ways:

- **Student-level change:** First, we looked at the change in each student's SGP level over the period to determine if their SGP level declined, remained stable, or improved.
- **Distribution change:** Then, we looked at the distribution of the entire sample's SGP levels between low, typical, and high growth before and after time at Cyber.

**Note:** The sample sizes for each subject area and cohort are slightly different because we matched on the SGP results. Students may not have SGP results in each subject for each school year. In addition, some Cyber students in the first-year cohort are not enrolled in year two.

### Academic Growth: English Language Arts

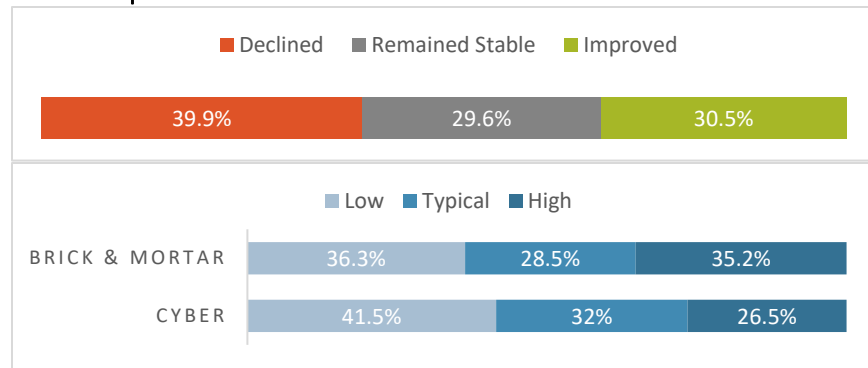
First-year students' performance declined in English Language Arts (ELA) SGP levels when comparing Cyber results to brick-and-mortar results. Second-year students performed similarly when comparing pre- and post-Cyber results.

- **First Year:** As shown in **Exhibit 27**, 40% of students' ELA SGP levels declined in their first year at Cyber, while 30.5% improved, and 30% remained stable. The distributions of low, typical, and high growth pre- and post-Cyber also show a decrease in high growth and an increase in low growth. At their brick-and-mortar schools, 36% of students' SGP was "low," 28.5% "typical," and 35% "high." At Cyber, the percentage in high range decreased to 26.5%, and

the percentage in the low and typical ranges increased to 41.5% and 32%, respectively.

#### Exhibit 27

40% of students' ELA growth levels declined after first year at Cyber while 30.5% improved

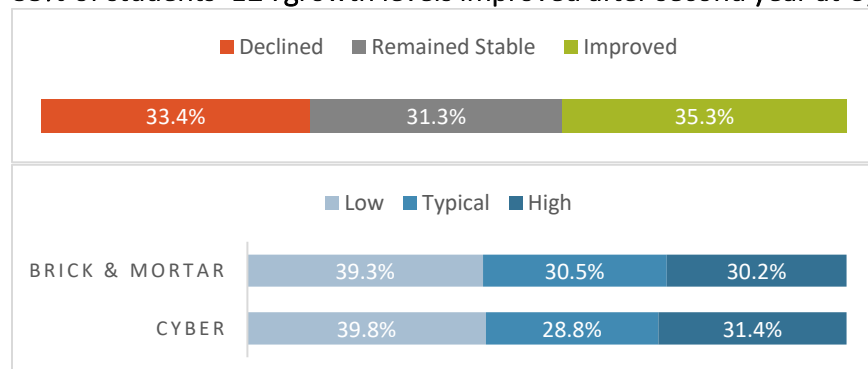


Source: GaDOE Assessment Data

- **Second Year:** Exhibit 28 shows that 35% of students' ELA SGP levels improved in their second year at Cyber, 31% remained stable, and 33% declined. The distribution of SGP levels remained similar after the second year at Cyber. The percentage of students in low growth and high growth percentiles increased approximately 1%, and typical SGPs decreased by 2%.

#### Exhibit 28

35% of students' ELA growth levels improved after second year at Cyber



Source: GaDOE Assessment Data

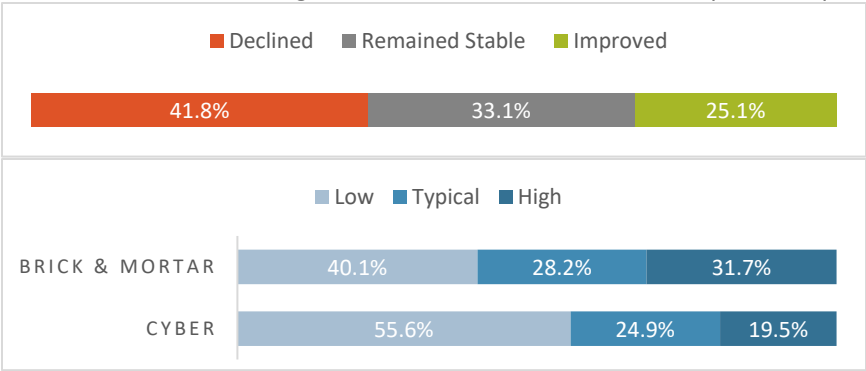
#### Academic Growth: Math

Students in the first-year and second-year groups were more likely to have lower academic growth at Cyber than they had in their brick-and-mortar schools.

- **First Year:** Exhibit 29 shows that 42% of students' math SGP levels declined after their first year at Cyber, while only 25% improved. The distribution of low, typical, and high SGP at Cyber also shows lower performance than brick-and-mortar performance. The proportion of low SGP increased from 40% at the brick-and-mortar schools to 56% at Cyber. The percentage of typical

growth decreased from 28% to 25%, and the proportion of high growth SGP decreased from 32% to 19.5% after year one at Cyber.

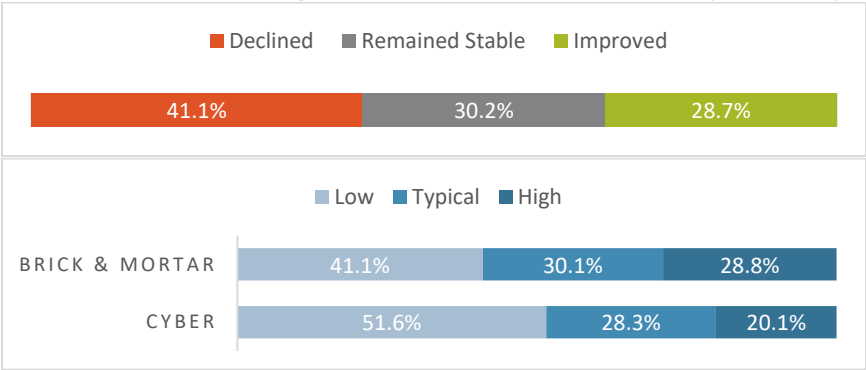
Exhibit 29  
42% of students’ math growth levels declined after first year at Cyber



Source: GaDOE Assessment Data

- **Second Year:** As shown in **Exhibit 30**, 41% of students’ math SGP levels declined after their second year at Cyber, while 30% remained stable, and 29% improved. The distribution of low, typical, and high growth SGP also indicates declining performance. The proportion of low growth SGP increased from 41% at the brick-and-mortar schools to 52% at Cyber. The high growth group decreased from 29% at brick-and-mortar schools to 20% at Cyber.

Exhibit 30  
41% of students’ math growth levels declined after two years at Cyber



Source: GaDOE Assessment Data

### Milestones Assessment System Achievement Levels

**Beginning learner** – does not yet demonstrate proficiency; needs substantial academic support.

**Developing learner** – demonstrates partial proficiency; needs additional academic support.

**Proficient learner** – demonstrates proficiency; is prepared for the next grade level/course.

**Distinguished learner** – demonstrates advanced proficiency; is well prepared for the next grade level/course.

## Comparison of Academic Achievement Prior to Placement

The state uses the Georgia Milestones Assessment System to measure student achievement in grades 3 through 12. The Milestones tests measure how well students have learned the knowledge and skills outlined in the state content standards for core content areas. Students in grades 3 through 8 take an end-of-grade assessment in English language arts (ELA) and mathematics, and students in grades 5 through 8 also take an end-of-grade assessment in science and social studies. High school students take an end-of-course assessment for each of the ten courses designated by the State Board of Education.<sup>5</sup>

Based on Milestones tests, students may be placed into one of four achievement levels: beginning learner, developing learner, proficient learner, or distinguished learner. Student assessment scores are reported by grade and subject for the state, school system, and school. We analyzed cohorts of students to determine the extent to which scores improved after the students attended Cyber (see methodology text box). A decrease in the percentage of beginning and developing learner achievement levels and/or an increase in the percentage of proficient and distinguished learners indicates improvement, while the opposite indicates decline. Comparing the two cohorts also allows us to see if more time at Cyber has an effect on achievement levels.

### Cohort Analysis Methodology

In order to compare academic achievement prior to entering Cyber and after time at Cyber, we conducted cohort analyses for two subsets of Cyber students.

- **First Year:** The first group includes students that entered Cyber in 2016-17. We compared their milestone assessment results for 2015-16 (labeled “Brick & Mortar” in exhibits) to their SGP results in 2016-17 (labeled “Cyber” in exhibits).
- **Second Year:** The second group also includes students that entered Cyber in 2016-17. We compared their milestone assessment results for 2015-16 (“Brick & Mortar”) to scores in 2017-18, or their second year at Cyber.

For each subject and cohort, we analyzed results two ways.

- **Student-level change:** first we looked at the change in each student’s achievement levels over the period of time to determine if their level declined, remained stable, or improved.
- **Distribution change:** Then, we looked at the distribution of the entire sample’s achievement levels between beginning, developing, proficient, and distinguished learners before and after time at Cyber.

**Note:** The sample sizes for each subject area and cohort are slightly different because we matched on the milestone assessment results. Students may not have these results in each subject for each school year. In addition, some Cyber students in the first-year cohort are not enrolled in year two.

<sup>5</sup> The ten courses include: ninth grade literature and composition, American literature and composition, algebra I/coordinate algebra, geometry/analytic geometry, biology, physical science, United States history, and economics/business/free enterprise. These tests serve as a final exam for the course and contribute 20% to the final grade for the course.

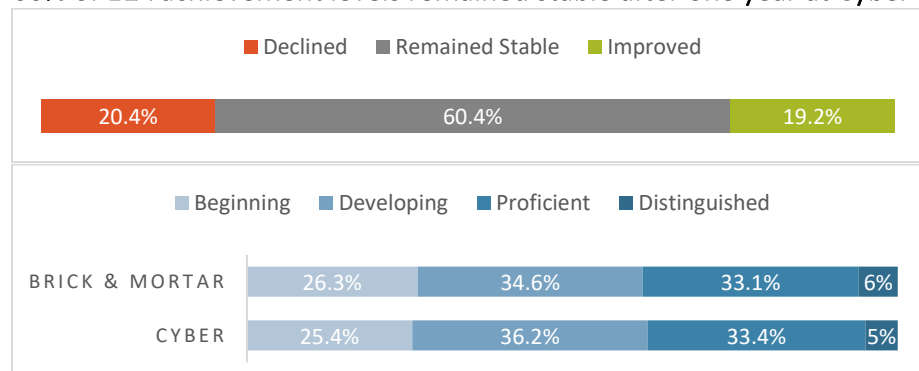
## Academic Achievement: English Language Arts

Students had similar performance in their first year at Cyber compared to their brick-and-mortar schools, while the second-year cohort performed slightly better at Cyber.

- **First Year:** The majority of students' achievement levels remained stable after one year at Cyber, and an almost equal amount had an improved level or a declining level. As shown in **Exhibit 31**, the combined percentage of beginning and developing learners increased by 1% after the first year at Cyber.

### Exhibit 31

60% of ELA achievement levels remained stable after one year at Cyber

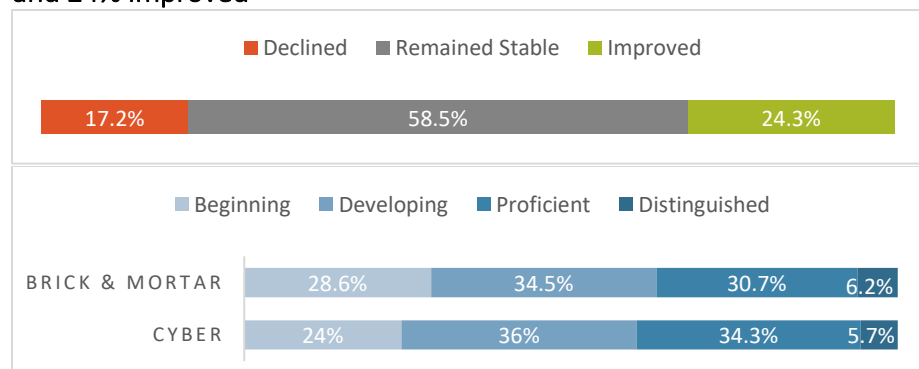


Source: GaDOE Assessment Data

- **Second Year:** **Exhibit 32** shows that the majority of students' achievement levels remained stable after two years at Cyber; however, 24% improved and only 17% declined. The combined percentage of proficient and distinguished learners increased from 37% at brick-and-mortar schools to 40% at Cyber.

### Exhibit 32

58.5% of ELA achievement levels remained stable after two years at Cyber and 24% improved



Source: GaDOE Assessment Data

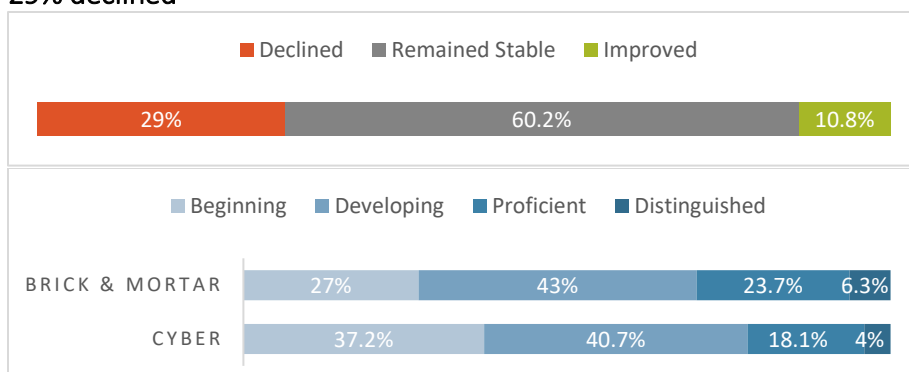
## Academic Achievement: Math

Students had lower math achievement levels at Cyber than they did in their brick-and-mortar schools. The second-year students performed slightly worse than the first-year group.

- **First Year:** The majority of students' math achievement levels remained stable after one year at Cyber, but almost 30% declined and only 11% improved (see **Exhibit 33**). The combined percentage of beginning and developing learners increased from 70% at the brick-and-mortar schools to 78% at Cyber.

### Exhibit 33

60% of math achievement levels remained stable after one year at Cyber;  
29% declined

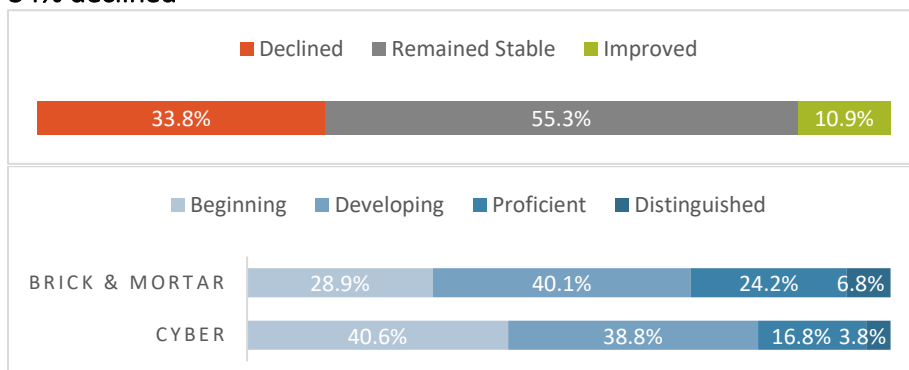


Source: GaDOE Assessment Data

- **Second Year:** **Exhibit 34** shows that the majority of students' math achievement levels remained stable after two years at Cyber, but 34% declined and only 11% improved. The combined percentage of beginning and developing learners increased from 69% at the brick-and-mortar schools to 80% at Cyber.

### Exhibit 34

55% of math achievement levels remained stable after two years at Cyber;  
34% declined



Source: GaDOE Assessment Data

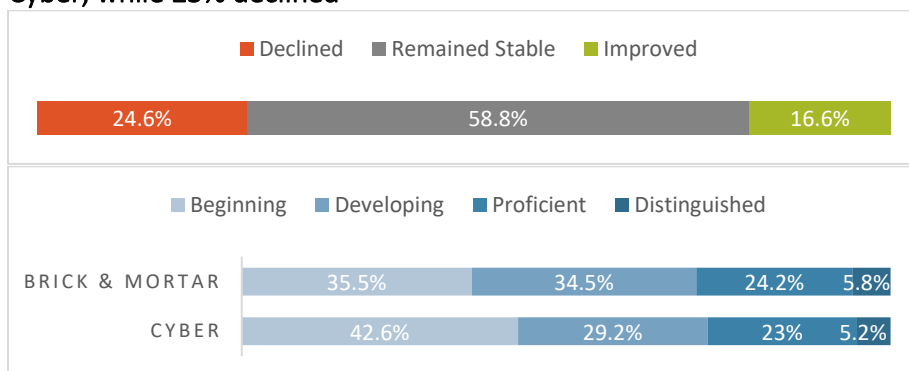
## Academic Achievement: Science

Students' academic achievement in science was lower in Cyber than the brick-and-mortar schools for both the first-year and second-year groups. While the first-year group had a higher percentage of students with improved achievement than the second-year group, one-quarter of students had lower achievement levels in both years.

- **First Year:** As shown in **Exhibit 35**, almost 60% of students' achievement levels remained stable after one year at Cyber, while 25% declined and 17% improved. In addition, the combined percentage of beginning and developing learners increased from 70% prior to entering Cyber to 72% after one year at Cyber.

### Exhibit 35

59% of science achievement levels remained stable in student's first year at Cyber, while 25% declined

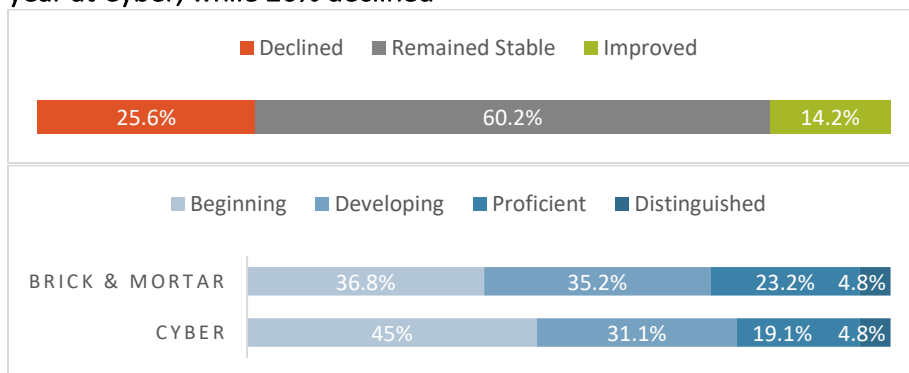


Source: GaDOE Assessment Data

- **Second Year:** 60% of students' science achievement levels remained stable after two years at Cyber, 26% declined, and only 14% improved (see **Exhibit 36**). The combined percentage of beginning and developing learners increased from 72% at brick-and-mortar schools to 76% at Cyber.

### Exhibit 36

60% of science achievement levels remained stable in students' second year at Cyber, while 26% declined



Source: GaDOE Assessment Data

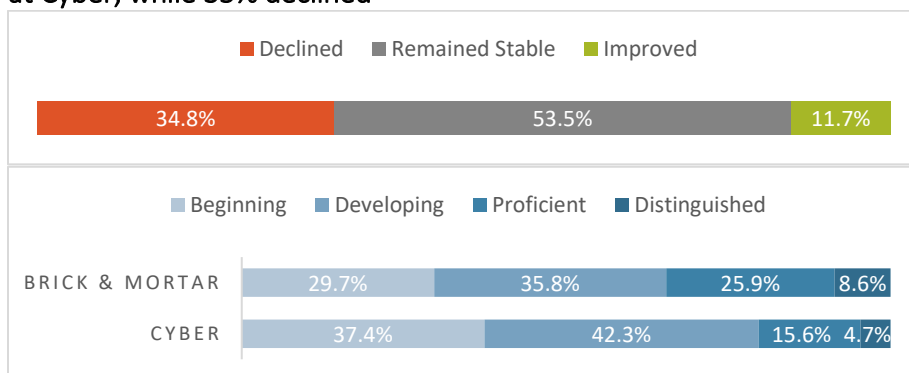
## Academic Achievement: Social Studies

Performance in social studies declined in the first and second year at Cyber. The second-year group had a higher percentage of students with improved achievement levels, but both groups had an equal portion of students in the beginning and developing learners categories.

- **First Year:** As shown in **Exhibit 37**, over half of students' social studies achievement levels remained stable after one year at Cyber while 35% declined and only 12% improved. The combined percentage of beginning and developing learners increased from 66% at brick-and-mortar schools to 79% at Cyber.

### Exhibit 37

53.5% of social studies achievement levels remained stable after one year at Cyber, while 35% declined

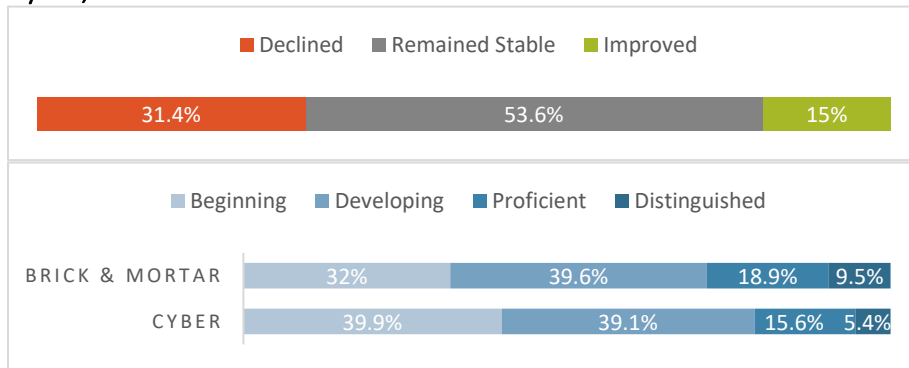


Source: GaDOE Assessment Data

- **Second Year:** Half of students' achievement levels remained stable after two years at Cyber, and 31% declined while only 15% improved. The combined percentage of beginning and developing learners increased from 72% at brick-and-mortar schools to 79% at Cyber. See **Exhibit 38**.

### Exhibit 38

54% of social studies achievement levels remained stable after two years at Cyber, and 31% declined



Source: GaDOE Assessment Data

## Management & Staffing

Charter schools, unlike traditional public schools, operate under the terms of a charter and are governed by an autonomous non-profit board of directors. This section provides information about Georgia Cyber Academy's agreements, governance, staffing, and certification. Key points in this section include:

- Cyber had an educational services agreement with K12 Virtual Schools, LLC (K12) in the 2018-19 school year for educational materials, an online platform, staffing, purchasing, and other services. However, Cyber is currently in legal dispute with its education service provider. Though Cyber's contract with K12 includes an end date of June 30, 2021, K12 is not currently providing services to Cyber in the 2019-20 school year.
- The agreement in effect between Cyber and K12 Virtual Schools during the 2018-19 school year contained some key provisions necessary for the school's governing board to hold contractors accountable for their performance.
- Cyber had a five-member governing board in the 2018-19 school year, but membership fluctuated throughout the year with three members added in the fall and three members departing over the course of the year. Cyber officials indicated a goal to increase board membership to nine members.
- During its 2017-18 review (the most recent available), the State Charter Schools Commission (SCSC) concluded that Cyber's governing board met all SCSC standards pertaining to governance.
- Cyber had 652 employees during the 2018-19 school year—a 10% increase from the prior year. While the teaching staff employed by Cyber increased 7% between 2017-18 and 2018-19, the level of education and experience of the teaching body remained constant. The average teaching experience across instructors was 12 years, and all instructors have a bachelor's degree or higher (61% have a master's degree or higher).
- While Cyber does not require those in leadership positions, such as superintendents, principals and assistant principals, to obtain state certification, 12 of its 15 staff in leadership positions were certified and three had a leadership certification. Teachers at Cyber are required to have certification, but Cyber does not require Georgia certification specifically. In 2018-19, the school reported to GaDOE that two instructors were teaching under a charter waiver certificate.

## Agreements for Corporate Management Services

Charter school governing boards may contract with education management organizations to assist with the school's operation. These corporate entities provide a variety of operational services to public school districts and charter schools. They can provide either comprehensive management or selective services. The scope of services may include educational and administrative services such as accounting, procurement, and reporting.

During the 2018-19 school year, the school board contracted with K12 Virtual Schools, LLC (K12) for a broad range of educational products and services, as well as management and administrative services (see **Exhibit 39** and **Appendix A**)<sup>6</sup>.

### Exhibit 39

Products and services obtained through agreement with K12, 2018-19 school year

<b>Learning Products &amp; Services</b>
License to use online curriculum and technology platform
Curriculum, instructional tools, supplies, and support
Computer hardware and software for students and staff
<b>Management &amp; Administrative Services</b>
Employment, supervision, and discipline of teachers, teaching support staff, and administrative personnel
Student recruitment, admissions, enrollment, orientation, discipline, and other support services
Maintenance of student records
Professional development and other training for teachers
Public relations and liaison to government agencies
Monitoring and oversight of state reporting systems
Website development and maintenance
IT services and support for student account management system and online learning platform
Budgeting, financial management, compliance reporting, and other business administration services
Facility management

Source: Georgia Cyber Academy

Several aspects of the contracted services changed over the course of the year as the school decreased the level of services acquired from K12. Substantial changes in contracted services over the course of the 2018-19 school year were as follows:

- **Management and administrative services** – In the 2017-18 school year, the head of school, teachers, and support staff were employees of the contractor; however, this incrementally changed over the course of the 2018-19 school year (see **Exhibit 36**). The head of school became an employee of the school

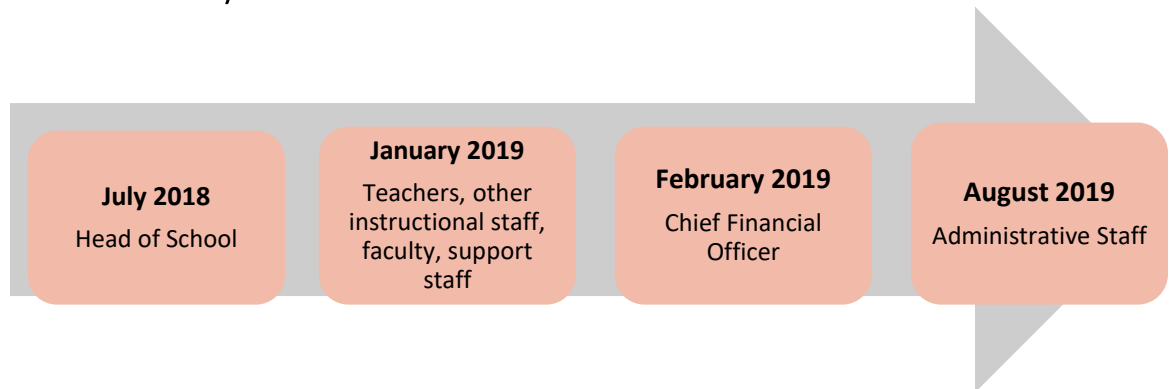
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<sup>6</sup> Cyber and K12 are currently in legal dispute about their contract. Arbitration began at the end of the 2018-19 school year. Though Cyber's contract with K12 Virtual Schools has an end date of June 30, 2021, K12 is not currently providing services to Cyber in the current 2019-20 school year.

in July 2018, no longer reporting to the educational services provider, but directly to Cyber Academy's board of directors. Teachers and other instructional staff, faculty, and support staff became school employees in January 2019 and the Chief Financial Officer in February 2019. K12 ceased providing remaining administrative staff in the summer of 2019, and Cyber and K12 entered arbitration.

#### Exhibit 36

#### Timeline of Employment Transfer from K12 Virtual Schools to Cyber Academy, 2018-19 school year



- **Learning products and services** – Cyber phased out use of the K12 curriculum over the course of the school year. A review commissioned by Cyber's board of directors identified a need for improved alignment of Cyber's curriculum to Georgia's educational performance standards. In response, substantial curriculum and educational supports were introduced in early 2019 and many of these supplements replaced the former curriculum entirely by the end of the school year.

#### Significant Changes in Cyber Academy Operations during 2018-19

In the 2018-19 school year, Georgia Cyber Academy began to move from its use of a comprehensive management model where the education management company handles virtually all aspects of the school's operation to one where the school hires its own employees and contracts for selected services. During the year, Cyber's board of directors also revised certain policies and organizational practices including:

- Limiting enrollment of new students for all grades
- Establishing an enrollment cut-off date
- Creating new attendance engagement policies that require students lacking proficiency in course content to attend live sessions of classroom instruction
- Integrating supplemental curriculum with the intention of achieving improved curriculum alignment to Georgia educational standards

Cyber is in legal dispute with K12 about aspects related to certain changes. Mediation began at the end of the 2018-19 school year and the parties are currently in arbitration. Though the contract between the parties includes an end date of June 30, 2021, K12 is not currently providing services to Cyber in the 2019-20 school year.

## Financial Aspects of Cyber's Agreement with K12 Virtual Schools

During fiscal year 2019, the school paid K12 more than \$68 million for educational management, products, and services. Curriculum and instruction material-related fees totaled approximately \$44 million. These fees were based on a flat rate and a monthly fee per student per course for the curriculum and materials (digital and physical) based on each student's grade band and a per teacher fee for access to the online learning system. The amount also included payments made related to technology platform and support services (7% of program revenues) and management services (6% of program revenues).<sup>7</sup> K12 was also reimbursed approximately \$24 million for items such as teacher salaries, teacher training, and insurance that are not covered as part of contracted fees.<sup>8</sup>

It should be noted that the contract contains a provision protecting the school against an annual deficit. If the school has an annual deficit and no positive net assets, the contractor provides a credit or cash payment to the school. In fiscal year 2019, K12 provided a credit of approximately \$7 million.

## Governance and Management

Charter schools operate under the leadership of a board that serves as the governing authority of the school. The primary responsibilities of the governing board relate to strategic planning and policymaking, budgeting and fiscal stability, hiring and providing oversight for the school leader, and ensuring accountability. The governing board is also responsible for ensuring compliance with laws and regulations, maintaining records of meetings, committees and policies, and monitoring school achievement. Board members with diverse backgrounds and skills in areas such as education, finance, human resources, and legal affairs can contribute to a board successfully performing its duties.

State law and State Board of Education guidelines establish qualifications for governing board membership and member training requirements. O.C.G.A. § 20-2-2084 requires board members to be a U.S. citizen and Georgia resident, and it prohibits members from being an employee of the school. The law also prohibits board members from being an officer or board member of any organization that sells goods or services to the school. State Board guidelines require board members to receive 15 hours of training in their first year and nine hours each subsequent year. The required training must consist of charter school finance and budgeting, best practices for charter school governance, requirements relating to public records and meetings, and other applicable laws, rules, and regulations.

Cyber's by-laws authorize between five and thirteen board members. Cyber had a five-member governing board in the 2018-19 school year, but membership fluctuated throughout the year with three members added in the fall and three members

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<sup>7</sup> Program revenues include all income and funding generated or appropriated for and received by the school attributed to any student in the school.

<sup>8</sup> Cyber teachers were employed by K12 through December 2018 but were employed by Cyber beginning in January 2019.

departing over the course of the year. Cyber officials indicated a goal to increase board membership to nine members once litigation with K12 is settled.

The board elects its members and officers at its annual meeting. Members are elected to serve three-year terms and may serve up to four successive terms. They are not paid but may be compensated for expenses incurred in connection with their duties. A majority of board members are required to transact business at meetings. The board held 13 meetings during the 2018-19 school year.

#### Comprehensive Performance Framework Governance Measures (2017-18)<sup>9</sup>

The Operational Performance section of SCSC's Comprehensive Performance Framework (CPF) covers several aspects of charter school operations, including governance. The CPF states that a governing board must provide adequate oversight of school management and operations to ensure that the school is fulfilling its duties to students, employees, parents, and the general public. Given that CPF indicators and measures are incorporated into all charter contracts, a school's CPF standing is a reflection of whether the school has met the requirements and goals set forth in its charter contract, as well as applicable law, and SCSC rules and policies.

The framework consists of four standards for charter school governance as part of its expectations for operational performance. The State Charter Schools Commission (SCSC) concluded that Cyber met all standards pertaining to governance in the 2017-18 school year (see **Exhibit 37**).

#### Exhibit 37

##### SCSC Comprehensive Performance Framework Results for Governance, 2017-18

CPF Governance Performance Indicators	Available Points	Points Earned
<b>General Governance</b> – <i>The school complies with applicable laws rules, regulations, charter contract provisions and school policies relating to board governance.</i>	5	5
<b>Open Governance</b> – <i>The school complies with the Georgia Open Meetings Act and open records requirements.</i>	5	5
<b>Governance Training</b> – <i>The school ensures that all governing board members participate in required trainings.</i>	5	5
<b>Holding Management Accountable</b> – <i>The school has adequate oversight of school management and contractors, including implementation of the Teacher and Leader Keys Effectiveness Systems, monitoring employee performance, and enforcing contractual provisions or terminating the contract of noncompliant contractors.</i>	5	5
<b>Total Points</b>	<b>20</b>	<b>20</b>

Source: State Charter Schools Commission report

<sup>9</sup> We used 2017-18 school year results because SCSC will not report the 2018-19 school year CPF results until after publication.

## Accountability

When contracting for education management services, the governing board is responsible for preserving its ability to exercise complete oversight of the school. This requires that agreements include provisions that enable the board to hold the company accountable for performance related to these services. It also requires that the board have the expertise and resources to assess the contractor's performance.

Based on our research of best practices for contracting with education management organizations, we compiled a list of provisions that are necessary for governing boards to hold management companies accountable for performance. For example, the agreement should outline the services the school receives in exchange for its fee and give the governing board authority to terminate the agreement if it is not in the best interest of the school. As shown in **Exhibit 38**, the agreement Cyber had in place during the 2018-19 school year contained some key provisions necessary for the board to hold contractors accountable for their performance; however, the agreement lacked performance criteria and extended beyond the school's charter term. A requirement for curriculum alignment with Georgia standards is not explicitly stated in the agreement; however, other contract provisions may require alignment.

### Exhibit 38

#### Agreement for management & other services contain key provisions, 2018-19 school year

Key Contract Provisions	Complies with Best Practice?	Explanation
<b>Financial</b>		
Defines the fee structure, including an explanation of key components used in the calculation of the fee amount	Yes	
Outlines the services the school receives in exchange for its fee	Yes	Contractor is required to provide a detailed monthly invoice for the educational products and services delivered.
<b>Agreement Period</b>		
Gives the board authority to terminate the agreement if it is not in the best interest of the school	Yes	
Does not renew automatically with a new charter term or continue for a specified time period into a new charter term <sup>10</sup>	No	Agreement extends through June 2021, two years beyond the charter period, which covers July 1, 2014 to June 30, 2019.
<b>Services</b>		
Requires the academic program implemented to align with Georgia's standards and allows for modifications to address changes in state standards	Unknown	Not explicitly stated but other provisions may require alignment with Georgia standards.
<b>Oversight &amp; Monitoring</b>		
Includes an effective contract monitoring system with clearly defined evaluation criteria, performance rewards, and penalties	No	Agreement gives Cyber responsibility for monitoring contractor's compliance with agreement; but does not clarify the criteria, rewards, or penalties.

Source: DOAA Analysis

<sup>10</sup> The State Charter Schools Commission adopted a rule in January 2019 that prohibits state charter schools from entering multi-year contracts that extend beyond the length of their charter.

While contract provisions provide a mechanism for governing boards to hold companies accountable, contracting for the management services presents unique challenges for a part-time board. Staff independent of the contractor are necessary to sufficiently monitor a contractor providing a broad range of services. Prior to the 2018-19 school year, the board had virtually no staff independent of K12. However, school leadership was brought in-house during year, providing the board with individuals in the position to provide independent assessments of contractor performance.

## Staffing and Teacher Qualifications

Both GaDOE and the Georgia Professional Standards Commission (GaPSC) have roles in assessing the qualifications of public school staff. GaDOE requires public school teachers to hold a teaching certificate and a clearance certificate issued by GaPSC. A clearance certificate is issued after completion of a criminal background check, while a teaching certificate has additional educational and testing requirements. All public school teachers—including those in charter schools—are required to have a clearance certificate. Charter schools are permitted to employ instructors without a teaching certificate.

As shown in **Exhibit 39**, Cyber had 652 employees during the 2018-19 school year, 60 more than the previous year (a 10% increase). Of the staff, 536 were in certified positions<sup>11</sup> and 116 in classified positions. Though the majority of certified staff are instructors, certain staff in leadership, special education, and student or instructional support roles have certification as well<sup>12</sup>. The increase in staffing reflects modifications to curriculum and instruction practices during the 2018-19 school year aimed at improving student achievement, including decreasing class sizes and removing administrative tasks from teachers by expanding support staff.

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<sup>11</sup> With limited exceptions, certified positions are occupied by individuals with state certification. Charter schools may employ those without a certificate.

<sup>12</sup> While instructors are typically required to be certified, certification for other positions is not uniformly required.

### Exhibit 39

#### Staffing Composition at Cyber Academy, 2017-18 and 2018-19 school years

Personnel Type (Total)	2017-18		2018-19	
	Certified (510)	Classified (82)	Certified (536)	Classified (116)
Superintendent or Assistant Superintendent		2	1	3
Principal or Assistant Principal	11		11	
Curriculum or Instructional Manager/Supervisor	52		48	
Elementary Instructor	90		109	
Middle School Instructor	84		98	
Secondary Instructor	151		147	
Special Education Instructor	60		51	
Other Instructor	1	5		
Other Special Education	2	6	13	4
Instructional Support	6	6	7	1
Student Support Services	42	52	41	80
Administration/IT	11	17	11	28

Note: Certain staff have multiple assignments that cross categories, therefore a staff member may be counted in more than one category. As a result, the sum of numbers within a column may exceed the column total.

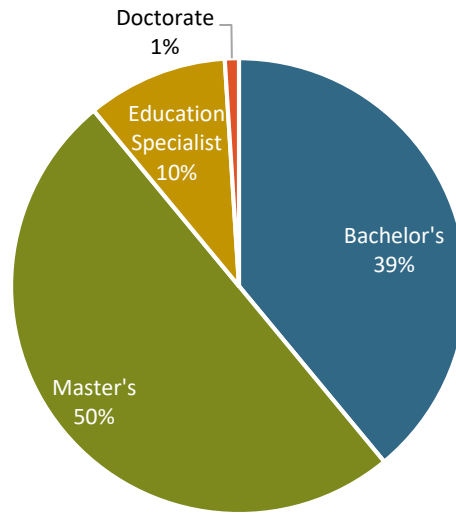
Source: GaDOE CPI data

Cyber does not require those in leadership positions, such as superintendents, principals and assistant principals, to hold Standard Professional Leadership (SRL) certification. Cyber had 15 staff in leadership positions in the 2018-19 school year. Of those, 12 were certified and three of those held a leadership certification.

School officials generally require teachers to be certified in Georgia, but the school's policy allows for exceptions for those with certification in another state or for those teaching electives. In 2018-19, the school reported to GaDOE that two instructors were teaching under a charter waiver certificate. One was certified but not in the subject taught and another did not submit paperwork for renewal in time to be reflected as certified in the GaDOE data.

As shown in **Exhibit 40**, GaDOE data shows that all of Cyber's instructors have a bachelor's degree or higher. Over half (61%) have a master's degree or higher.

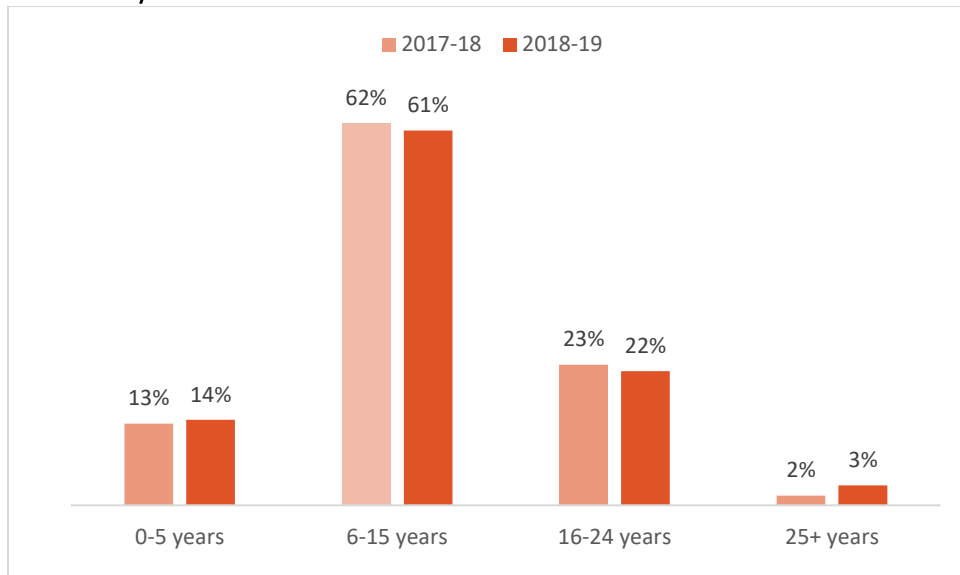
**Exhibit 40**  
**Instructor education level, 2018-19 school year**



Source: GaDOE CPI data

Though the teaching staff employed by Cyber increased by 7% between 2017-18 and 2018-19, the level of experience of the teaching body remained relatively constant (see **Exhibit 41**). Less than 15% of Cyber instructors had under five years of experience and 25% had more than 15 years of experience in the 2018-19 school year. The average teaching experience across instructors was 12 years.

**Exhibit 41**  
**Majority of instructors have between 6-15 years of experience, 2017-18 and 2018-19 school years**



Source: GaDOE CPI data

## Development Plans for Leadership without Certification

Cyber does not require those in leadership positions, such as superintendents, principals and assistant principals, to obtain state certification. Of the 15 staff in leadership positions at Cyber in the 2018-19 school year, twelve were certified employees and three had Standard Professional Leadership (SRL) certification specifically.

According to Cyber officials, professional development opportunities are provided to staff in leadership positions; however, the school does not have a specific professional development plan tailored to leaders who do not hold an administrative license. Training opportunities are available to all staff in a variety of configurations: district-wide, subject-specific, grade-band specific, as well individualized training and mentoring. Cyber schedules district leadership professional development and asks that those in leadership positions attend state-mandated and recommended trainings and conferences. Cyber officials state that training offered to all staff is needs-based and data driven.

## Operations & Planning

Charter schools can use their funding to implement innovative or unique programs that are not typically available in traditional public schools. This section discusses Georgia Cyber Academy's funding, innovative practices, and future plans. Key points in this section include:

- Cyber received 92% of its funding from state funds, which is approximately 40 percentage points higher than the state average. Like all state charter schools, Cyber does not receive any local funds.
- Compared to the state average, Cyber spent a higher percentage of funds on instruction and general administration. Cyber spent a lower percentage of funds in school administration, staff services, and pupil services.
- Cyber's per student full-time equivalent (FTE) expenditure of \$6,755 is approximately 66% of the statewide average. Additionally, when comparing Cyber's per-student expenditures and test scores, GOSA rates the school a 3.5. That is higher than 60% of the state's schools.
- Cyber identified innovative methods that it uses to provide additional support to low achieving students, provide flexibility to advanced learners, and ensure teachers receive instructional support. Additionally, a Family and Academy Support team has been created to assist with integration into Cyber's virtual environment, monitor student progress, and intervene if students are getting off-track.
- Cyber reported future plans to expand on organizational development efforts already underway since discontinuation of services from its education management organization. The school will invite increased participation of programmatic area directors in guiding programmatic changes. Additionally, Cyber intends to increase staffing for instruction and support services, lower class sizes, promote teacher retention, and make improvements to its gifted screening process.

## School Finances

During the 2017, 2018, and 2019 fiscal years, state charter schools received Quality Basic Education (QBE) funding and supplemental state funding from the State Charter Schools Commission (SCSC). The supplemental funds were provided because SCSC-chartered schools are not eligible for local funds. Virtual charter schools received two-thirds of the supplemental funding provided to brick-and-mortar schools, did not receive capital funding until fiscal year 2019, and generally received no transportation or nutrition funding.<sup>13</sup>

Cyber's annual financial reports show that revenue increased from \$90 million in fiscal year 2018 to \$94 million in fiscal year 2019 (see **Exhibit 42**). State funds provide the majority of Cyber's funding, with federal and other funds providing the remainder. Revenue in 2017 was approximately \$2.7 million more than expenditures, while in 2018 and 2019 revenue equaled school expenditures. According to Cyber officials, the revenue and expenditure amounts match in fiscal years 2018 and 2019 because of adjustments made to expenditures after the end of the fiscal year. K12 provides a balanced budget credit, applied as a discount on the management fee/school administration costs charged to Cyber each year. Those reductions are made to the expenditure categories listed below.<sup>14</sup> These adjustments are made to result in expenditures exactly equal to revenue.

### Exhibit 42

#### Cyber's Revenue and Expenditures, Fiscal Years 2017 - 2019

Description	Fiscal Year			Percent Change
Revenue	2017	2018	2019	2018-19
State	\$78,316,134	\$82,728,184	\$86,437,251	4%
Federal	\$6,648,407	\$7,166,871	\$7,573,721	6%
Other Income	\$17,332	\$18,464	\$53,013	187%
Local	\$0	\$0	\$0	N/A
<b>Total Revenue</b>	<b>\$84,981,873</b>	<b>\$89,913,519</b>	<b>\$94,063,985</b>	<b>5%</b>
<b>Expenditures</b>				
Instruction	\$62,496,763	\$71,582,812	\$70,859,097	(1%)
School Administration	\$14,151,631	\$11,412,682	\$15,901,532	39%
Pupil Services	\$4,427,746	\$5,557,166	\$5,250,903	(6%)
Improvement of Instructional Services	\$271,507	\$443,224	\$595,851	34%
General Administration	N/A	\$370,644	\$501,904	35%
Operation of School	\$945,215	\$337,196	\$348,065	3%
Support Services – Business	N/A	\$209,795	\$606,633	189%
<b>Total Expenditures</b>	<b>\$82,292,862</b>	<b>\$89,913,519</b>	<b>\$94,063,985</b>	<b>5%</b>
<b>Revenues Less Expenditures</b>	<b>\$2,689,011</b>	<b>\$0</b>	<b>\$0</b>	<b>0%</b>

Source: Georgia Cyber Academy, Inc. audited financial statements

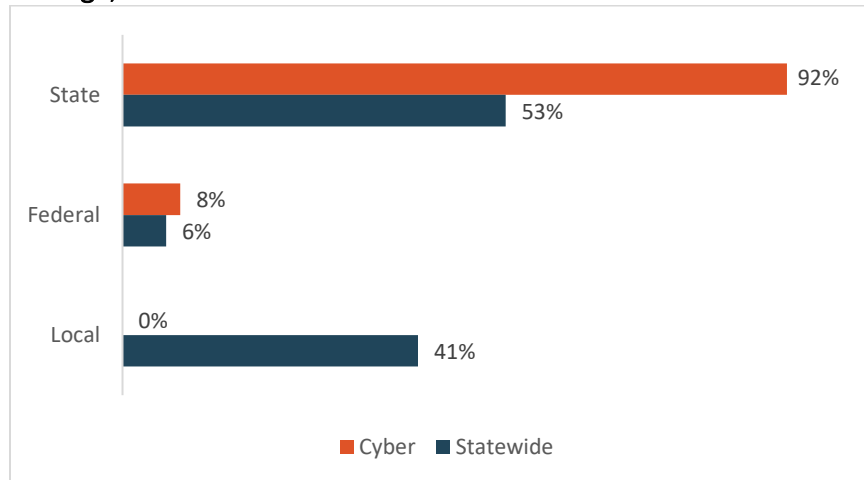
<sup>13</sup> With passage of HB 787 during the 2018 legislative session, funding for all state charter schools increased in the 2018-19 school year and virtual schools began receiving capital funding.

<sup>14</sup> The contract states that K12 will provide the school balanced budget credits to ensure that it does not end the fiscal year in a negative net asset position. Cyber received balanced budget credits of \$13.7 million in fiscal year 2017, \$9.9 million in fiscal year 2018, and \$6.9 million in fiscal year 2019.

We used GaDOE’s fiscal year 2019 revenue and expenditure reports to compare Cyber’s revenue and spending patterns to other public schools.<sup>15</sup> As shown in **Exhibit 43**, Cyber relies on state funding much more than typical public schools. This is true of all state charter schools that do not qualify for local funding. State charter schools receive QBE funding and a state charter commission supplement to offset a portion of the local funding that they do not receive.

#### Exhibit 43

State funds are nearly twice the revenue source for Cyber than the statewide average, Fiscal Year 2019



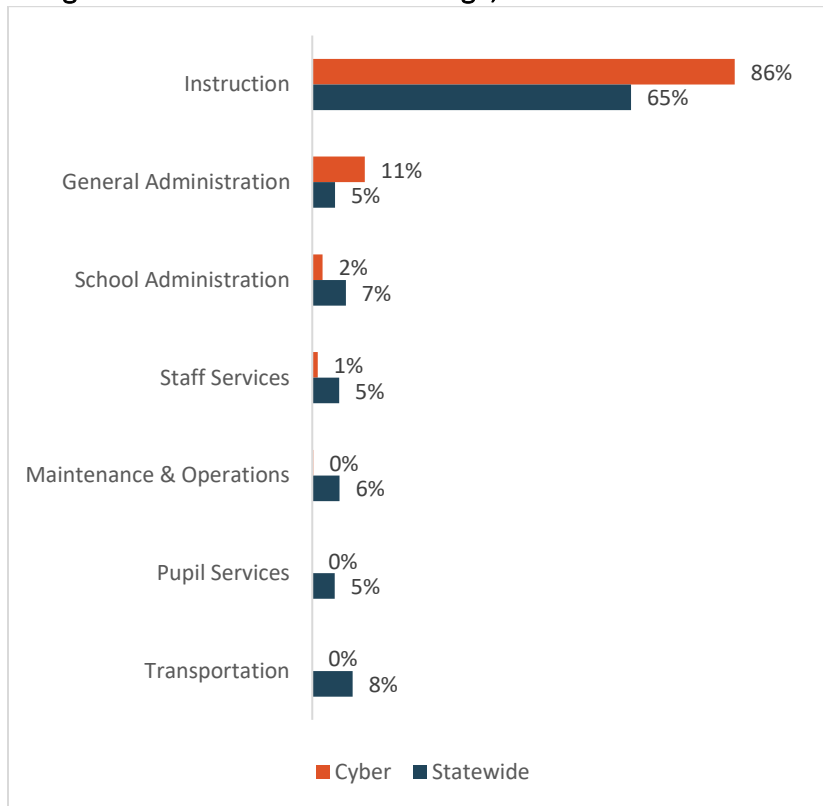
Source: Statewide GaDOE financial report and DE46 financials

As shown in **Exhibit 44**, Cyber reported spending a higher proportion of funds on instruction and general administration than the state average. However, it reported spending very little on school administration and staff services, and no expenditures on maintenance and operations, pupil services, and transportation. These category totals look significantly different than **Exhibit 42** because, according to Cyber officials, the school’s vendor categorizes expenditures differently than GaDOE. Certain expenditures classified as “pupil services” by K12 (as shown in **Exhibit 42**) are classified as “instruction” using GaDOE methods (as shown in **Exhibit 44**).

<sup>15</sup> The amounts in GaDOE’s financial reports are slightly different than those in the school’s financial statements due to the exclusion of certain revenue sources (e.g., in-kind contributions) and expenditure categories. However, GaDOE’s reports allow a comparison to other Georgia public schools.

#### Exhibit 44

Cyber spent more on instruction, general administration and less on all other categories than the statewide average, Fiscal Year 2019

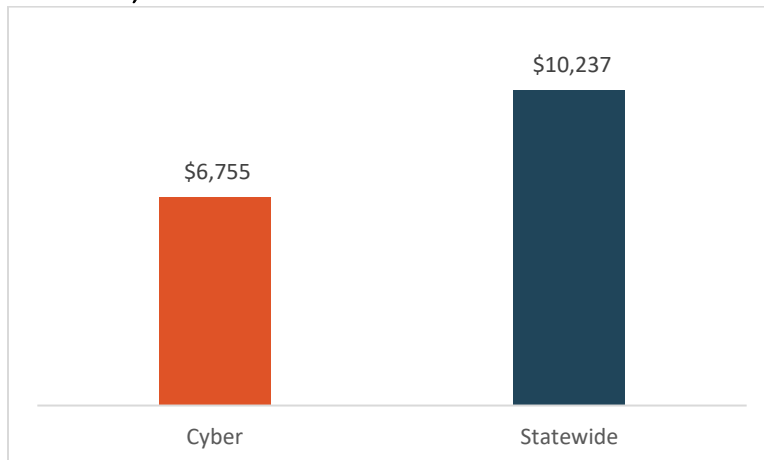


Source: Statewide GaDOE financial report and DE46 financials

Cyber's expenditures per FTE were significantly lower than the statewide average. As shown in **Exhibit 45**, Cyber spent \$6,755 per FTE in the 2018-19 school year. This was approximately 66% of the statewide average of \$10,237.

#### Exhibit 45

Per-pupil expenditures at Cyber are approximately 66% of per-pupil expenditures statewide, Fiscal Year 2019



Source: Statewide GaDOE financial report

## Academic Performance as a Ratio of Per-Student Expenditures (2017-18 Results)<sup>16</sup>

The Governor's Office of Student Achievement (GOSA) calculates a Financial Efficiency Star Rating (FESR) for each school in the state. The FESR compares a school district's spending per student with its overall academic performance. The 2017-18 FESR compared each school's spending per student to its CCRPI score and assigned between 0.5 and 5 stars to each school. Schools in the highest spending category with low CCRPI scores received only 0.5 stars, while those in the lowest spending category with CCRPI scores at 90 or above could receive 5 stars.

Cyber received 3.5 stars as part of GOSA's 2017-18 FESR. More than 1,200 schools (60%) received a lower rating, and 334 other schools (15%) received the same rating as Cyber.

## Innovative Practices

Charter schools operate with freedom from certain regulations applied to traditional public schools. This freedom can allow the charter schools to adopt innovative practices or new approaches that may lead to better student outcomes. Innovation can be implemented in various areas of education, including instruction, governance and accountability. While student outcomes are generally the ultimate goal of innovative practices, intermediate goals may include increasing the learning opportunities for students or adopting the use of creative teaching methods.

### Examples of Goals for Innovation in Charter Schools

1. Increase learning opportunities for all students
2. Encourage the use of different and innovative teaching methods
3. Create different innovative forms of measuring outcomes
4. Establish new forms of school accountability
5. Create new professional opportunities for teachers

Source: Minnesota Association of Charter Schools

Cyber has incorporated a variety of practices intended to improve academic outcomes for students of all levels and flexibility for advanced learners. Cyber uses individual and small group learner conferences to provide additional academic support to students. For students performing below standards, the school has added educational interventions such as an engagement policy requiring these students to attend all live class sessions. Cyber also has the capability to provide cross-curricular support for students based on assessment data (e.g. targeted math support to promote achievement in economics). Finally, Cyber uses video-monitoring of students during testing and assessment to promote data validity (i.e., it is the student of record taking the test, no prohibited resources or tools are used, etc.).

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<sup>16</sup> We used the 2017-18 FESR because GOSA will not report the 2018-19 results until after this report is published.

Systemic supports have also been put in place to improve student outcomes. Cyber has created a Family and Academic Support Team that meets with each family prior to the start of school and then monitors student progress. The team intervenes if students are getting off-track. In addition, instructional coaches are used to mentor, support, and guide teachers in improving their instruction.

## **Future Goals and Plans**

Cyber intends to expand organizational development efforts already underway in light of its transfer of staff and decision-making from K12. A new head of school was put in place in 2018-19 and has since led a restructuring of the organization. Additionally, the school has made changes in its attendance and engagement policies and created mechanisms to promote transparency and accountability in its operations. For example, a Family Compliance Team and Academic Review Boards now exist that work together to ensure compliance and fidelity to board and school policies. Cyber officials indicate organizational changes will continue in 2019-20 with directors becoming responsible for increasing student results within their supervisory areas.

The Head of School's vision for the future includes: 1) increasing staff for instruction, support services, and counseling, 2) lowering class sizes, and 3) promoting teacher retention by increasing staff salaries and paying for teachers to pursue endorsements and certifications. Cyber also intends to evaluate and refine the new curriculum introduced in 2018-19, make improvements in the gifted screening process, and create increased academic opportunities for students at all levels regardless of career goals.

## APPENDIX A

### Georgia Cyber Academy's Educational Products and Services Agreement Effective July 1, 2014

#### Contract Amendments:

First Amendment: Effective April 20, 2016

Second Amendment: Effective September 29, 2016

Third Amendment: Effective August 25, 2017

Fourth Amendment: Effective January 4, 2019

# **EDUCATIONAL PRODUCTS AND SERVICES AGREEMENT**

Between

**GEORGIA CYBER ACADEMY INC**

And

**K12 VIRTUAL SCHOOLS LLC**

## **TABLE OF CONTENTS – EDUCATIONAL PRODUCTS AND SERVICES AGREEMENT**

### RECITALS

1.	DEFINITIONS.....	2
2.	K12 RESPONSIBILITIES, EDUCATIONAL PRODUCTS AND SERVICES.....	4
3.	SCHOOL RESPONSIBILITIES.....	6
4.	FINANCIAL MATTERS.....	7
5.	TERM OF AGREEMENT.....	11
6.	PRICING, FEES AND PAYMENT.....	11
7.	GRANTS AND DONATIONS.....	12
8.	PERSONNEL SUPPORT THE PROGRAM.....	12
9.	PAYMENT OF PRODUCT AND SERVICE FEES.....	14
10.	RELATIONSHIP OF THE PARTIES.....	16
11.	OTHER SCHOOLS.....	17
12.	TERMINATION EVENTS.....	17
13.	TERMINATION EFFECTS.....	19
14.	INTELLECTUAL PROPERTY RIGHTS.....	19
15.	LIMITS ON LIABILITY AND DAMAGES.....	21
16.	ASSIGNMENT.....	21
17.	INDEMNITY.....	21
18.	INSURANCE COVERAGE.....	22
19.	REPRESENTATIONS AND WARRANTIES.....	23
20.	OFFICIAL NOTICES.....	25
21.	NON-SOLICITATION/NON-HIRING.....	26
22.	DISPUTE RESOLUTION, VENUE AND GOVERNING LAW.....	26
23.	MISCELLANEOUS.....	27
24.	EXHIBIT A.....	30
25.	EXHIBIT B.....	38
26.	EXHIBIT C.....	39

## **EDUCATIONAL PRODUCTS AND SERVICES AGREEMENT**

Between the

**GEORGIA CYBER ACADEMY INC.**

And

**K12 VIRTUAL SCHOOLS LLC**

This EDUCATIONAL PRODUCTS AND SERVICES AGREEMENT ("Agreement") is made and entered into upon the exchange of good and valuable consideration by and between Georgia Cyber Academy Inc. ("School") and K12 Virtual Schools, LLC ("K12") (each a "Party" and together the "Parties") as of the date signed by both Parties, and includes the following exhibits:

Exhibit A (Products and Services)

Exhibit B (K12 Proprietary Marks)

Exhibit C (Georgia Cyber Academy Charter)

### **RECITALS**

- A. WHEREAS, the mission of the School is to utilize research-based learning and technology applications, combined with teacher/student/parent involvement to provide a new, innovative model of public charter school education adapted to the needs of elementary, middle and high school students throughout the State of Georgia.
- B. WHEREAS, K12 and its Affiliates were established, among other things, for the following purposes:
  - Promoting and encouraging new methods of effective education;
  - Implementing innovative and effective instructional systems in elementary and secondary education.
- C. WHEREAS, K12 will provide the School with a variety of educational products and services as set forth in Exhibit A and this Agreement, in furtherance of the School's mission. These educational products and services include providing the highly regarded K12 curriculum, online school and learning management systems; teacher training, recruitment and management; financial and school administration services; customer support services; technology services for a student account system and other administrative and technology support services as specified in this

Agreement and the Charter as applicable to the Program;

- D. WHEREAS, The Parties enter this Agreement in good faith with the intention to further establish and to operate the School in accordance with federal and state law and in a manner consistent Georgia high quality charter school ("HQCS") standards. A HQCS must meet financial reporting deadlines, carry limited debts and remain financially sustainable, operate under the guidance and standards as required by an independent governing board that operates transparently and is vested with the ability to set the annual budget, to make personnel decisions, and to retain and seek guidance from an independent audit firm and attorney.
- E. WHEREAS, each party acknowledges that the School will perform under this Agreement in a manner consistent with the HQCS standards, and that the School therefore will be responsible for setting and carrying out the policies and procedures set by its governing Board, in accordance with Section 10.1 below, including policies and procedures regarding educational, financial, and human resources operations.

NOW, THEREFORE, The Parties mutually agree as follows:

#### 1. DEFINITIONS

For the purposes of this Agreement, capitalized terms used herein but not otherwise defined shall have the meaning ascribed to them in this Section 1 as follows:

- 1.1 An **Affiliate** of K12 is an entity that controls, is controlled by, or is under common control with K12, where "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of an entity, whether through the ownership of securities, by contract or otherwise.
- 1.2 **Applicable Law** means all federal and Georgia state law, , including the Georgia Constitution, statutes, and administrative rules, and specifically the Georgia Charter Schools Act and Charter Schools Commission Act and the Department of Education administrative rules corresponding with these Acts; the federal Elementary and Secondary Education Act, Individuals with Disabilities Education Act, Section 504 of the Rehabilitation Act of 1973, the No Child Left Behind Act, the Family Education Rights and Privacy Act ("FERPA"), and all other federal and state statutes, ordinances and regulations, applicable to the School and/or K12.
- 1.3 The **Authorizer** of the School is the State Charter Schools Commission, the entity with legal authority to (among other things) approve charter school petitions, enter charters with approved schools, and oversee the operation of the schools it approves, including the School.
- 1.4 The **Board** means the independent body legally responsible for governing the School consistently with the terms of the Charter and Applicable Law.

1.5 The **Charter** is the contract (Exhibit C hereto) between the School and the Authorizer, permitting the School to operate as a public charter school and entitled to receive public funds, appropriations and other revenues.

1.6 A **Change in Net Assets** is the difference in any given Fiscal Year between the Program Revenues and Program Expenses.

1.6.1 A **Positive Change in Net Assets** means Program Revenues exceeded Program Expenses in a given Fiscal Year.

1.6.2 A **Negative Change in Net Assets** means Program Expenses exceeded Program Revenues in a given Fiscal Year.

1.7 The **Facility** is the administrative office owned or leased by the School.

1.8 The **Fiscal Year** will run July 1 through June 30.

1.9 **Full-Time** means students who have enrolled in at least six (6) courses in the Program.

1.10 **Net Assets** means the difference between total assets and liabilities of the Program at the end of a given Fiscal Year.

1.11.1 A **Positive Net Asset Position** means that total assets exceed total liabilities at the end of a Fiscal Year during the Term.

1.11.2 A **Negative Net Asset Position** means that total liabilities exceed total assets at the end of a Fiscal Year during the Term.

1.12 **Educational Products and Services**, include all products and services that K12 will provide pursuant to this Agreement (Exhibit A), such as Technology Platform and Support Services, Management Services, and Additional Services

1.13 The **Program** is Georgia Cyber Academy's public online educational offering, which will utilize K12 Products and Services in accordance with this Agreement.

1.14 **Program Expenses** are defined in Section 4 below.

1.15 **Program Revenues** are all income and funding generated or appropriated for and received by or on behalf of the School attributed to any Student in (or previously in) the School and include all income and funding provided for under federal and state law attributed on a per-student basis or any other basis without limitation, such as funds attributed pursuant to Title I of the Elementary and Secondary Education Act of 1965, the Individuals With Disabilities Education Act the Georgia Quality Basic Education Act, other Georgia statutory provisions under which Commission charter schools such as the School are entitled to receive funding, State Board of Education Rules (such as Start-Up and Implementation Grants), other federal and state statutes and administrative enactments and all sums

received by or on behalf of the School through contributions and competitive and noncompetitive grant processes. If and to the extent that Applicable Law at any point within the Term of this Agreement requires any portion, amount, or source of Program Revenues to be excluded from the amount paid under this Agreement for any Program Expenses, Technology Platform and Support Fees, Management Services or Management Fees, Educational Products, Pupil Recruiting, Product Related Services, or other products or services, the definition of Program Revenues to be deemed amended to comport with such Applicable Law, without changing the definition of Program Revenues for any other purpose under this Agreement,

1.16 The **School** is the Georgia Cyber Academy, which operates under the terms of the Charter.

1.17 A **Shareholder** is a holder of greater than one percent (1 %) of K12's outstanding shares of common stock.

1.18 A **Special Education Student** is any student with an existing Individualized Education Plan ("IEP") or for whom an IEP must be created pursuant to federal and state law.

1.19 The **State** is Georgia.

1.20 A **Student** is any Full-Time student enrolled in and/or taking any course(s) in the Program and any student who is less than Full-Time and is enrolled in and/or taking any course(s) in the Program.

1.21 **Students with Disabilities** include any Student who qualifies to receive special education and/or related services under the Individuals with Disabilities Education Act, §§ 601 et seq., as amended, 20 U.S.C.A. §§ 1400 et seq. ("IDEA") and any Student who qualifies as a student with a disability under Section 504 of the Rehabilitation Act of 1973, § 504, 29 U.S.C.A. § 794, the Americans with Disabilities Act of 1990, §§ 2 et seq., 42 U.S.C.A. §§ 12101 et seq., or other Applicable Law but does not qualify for IDEA services

1.22 The **Term** includes the Initial Term and any Renewal Terms during which this Agreement is in effect.

## 2. K12 RESPONSIBILITIES.

2.1 Educational Products. For each school year during the Term, K12 and Affiliates will license to the School, on a non-exclusive, non-assignable, non-sublicensable basis the products and offerings, as described in Exhibit A. to include the K12© curriculum, access to its online school and designated learning management system(s) and/or available third party curriculum, instructional tools and other products and offerings (collectively the "Educational Products"). During the Term K12 and Affiliates may license to the School products (e.g., new curriculum, supplementary curriculum, and/or educational programs) in addition to those listed in Exhibit A, provided that any such agreement is in writing as an addendum to this Agreement or as agreed to by the Parties as part of the budget process or budget modification process and will be governed by the terms of this Agreement. In no event will the School be placed in a

Negative Net Asset Position in any Fiscal Year as the result of K12's providing and licensing to the School additional products necessary in order for the School to meet any requirement set by Applicable Law or the Charter.

2.2 Services. For each school year during the Term, K12 and Affiliates will provide, in addition to the Educational Products and Support Services, Pupil Recruiting and Product Related Services set forth in Exhibit A, the following additional support services (collectively, "Services"):

2.2.1 Technology Platform and Support Services, as described in Exhibit A, including a student account management system and related technical support services and other educational services;

2.2.2 Management Services, as described in Exhibit A, including teacher recruiting, training and management, teacher support and reporting, enrollment services, customer care support, compliance reporting and financial and school administration services; and,

2.2.3 Additional Services. Services other than those listed in Exhibit A, as agreed to by the Parties in writing as an addendum to this Agreement and governed by the terms of this Agreement.

2.3 Place of Performance. Performance of Services is not required to be rendered at the Facility, unless specifically stated in Exhibit A or for compliance with Applicable Law or the Charter.

2.4 Special Education Services. For each student eligible under IDEA, K12 will provide the Education Products and Services provided for in this Agreement and all special education services and related services specified in the Student's Individualized Education Plan and any other plan applicable to that student. For each student who qualifies as a student with a disability under Section 504 or the Americans with Disabilities Act but is not eligible for special education services provided under IDEA, K12 will provide the Education Products and Services provided for in this Agreement and all services specified in the student's accommodations plan. In the event of a student due process complaint or any other administrative or legal challenge regarding the School's provision of services to a student with disabilities, K12 and the School will act consistently with their best efforts obligations under this Agreement to appropriately defend, litigate, and mediate or otherwise resolve the matter, and the School will be represented by the legal counsel of its choice the cost of which shall be considered a Program Expense.

2.5 Standards of K12 Performance.

2.5.1 K12 Compliance. K12 will provide the Educational Products and Services set forth in this Agreement and any amendments hereto and any Additional Services agreed to in writing by the Parties in accordance with Applicable Law and the Charter, as well as School and Board policies made known to K12 in writing. Subject to Section 12, K12 will also comply with changes in School and Board policies within thirty (30) days of receipt of written

notice and a copy thereof.

2.5.2 Confidentiality of Records. K12 will maintain the confidentiality of Program personnel, student and other records in accordance with the requirements of Applicable Law. The School recognizes and agrees that for purposes of the Family Educational Rights and Privacy Act of 1974, 20 U.S.C. § 1232g; 34 CFR Part 99 ("FERPA") and the State open records act, K12 has a legitimate educational interest for purposes of the School's disclosing a student's educational records to K12. The School will define "school officials" and "legitimate educational interest" as permitted by FERPA, broadly enough to permit K12 to provide the Educational Products and Services to the Students.

2.5.3 Licensure or Other State Requirements. Except as otherwise provided in this Agreement, all personnel performing Educational Support and Administrative Services for K12 on behalf of the School must comply with all applicable licensure or other requirements of the State and any regulations promulgated thereunder applicable to persons who perform such services.

2.5.4 Non-Discrimination. K12 prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, religion, and sexual orientation.

2.5.5 Cooperation. K12 will reasonably cooperate with the School's monitoring and oversight. K12 will timely furnish the School all documents and information necessary for the School to perform its responsibilities under this Agreement, the Charter and Applicable Law.

### 3 SCHOOL RESPONSIBILITIES.

3.1. Payment Rates and Terms. The School will be responsible for reviewing and approving the rates and terms of service for the Educational Products and Support Services as set forth in this Agreement, as amended in writing and signed by the Parties or as agreed to by the Parties in the budget or budget modification process. In the performance of that responsibility, the School will act in accordance with its obligation under Applicable Law and the Charter to determine independently of K12 whether fees and terms proposed by K12 are reasonable, necessary, and fair market value compensation for the Educational Products and Support Services for each Term.

3.2. Monitoring of K12. The School will be responsible for the policy management of the School overall, including educational, financial, and human resources operations. K12, in entering this Agreement does not assume any obligation that the School may have to the State, the Authorizer, or any third party. The School will monitor and oversee K12's performance under, and compliance with the terms of, this Agreement, but the School's failure to identify any problem with K12's performance will not relieve K12 of any responsibility it bears under this Agreement.

3.3. The School will perform its obligations under this Agreement and govern itself in a manner consistent with the Charter the Authorizer's policies and Applicable Law.

## 4 FINANCIAL MATTERS.

4.1. Financial Risks Assumed by K12. K12 assumes the risks, except as otherwise set forth in this Agreement, that its fees may not allow it to operate profitably, or to fully recover the amounts due K12 in accordance with this Agreement. K12 is willing to assume these financial risks subject to the risk controls set forth in this Agreement, each of which is a material term of this Agreement.

4.2. Balanced Budget Credits. The School and K12 agree to take all reasonable steps necessary to avoid a Negative Net Asset Position for the School in each and every Fiscal Year during the Term, but in an abundance of caution want to provide a means for the School, should it end a Fiscal Year in a Negative Net Asset Position, to accept "Balanced Budget Credits" from K12 and balance its budget and have certainty regarding the terms under which it will, to the extent provided for herein, repay K12. "Balanced Budget Credits" are credits that K12 will extend to the School, under the terms stated in this Agreement that will operate to cancel out Negative Net Asset Position. If the School notifies K12, or K12 notifies the School, in writing of a potential that the School may end the Fiscal Year in a Negative Net Asset Position, K12 will provide sufficient Balanced Budget Credits to K12 invoices payable by the end of that Fiscal Year to ensure that the School does not end the Fiscal Year in a Negative Net Asset Position.

4.3. Balanced Budget Credit Reimbursement. If K12 has issued Balanced Budget Credits in prior years for which a balance remains, the School will reimburse K12 for Balanced Budget Credits balance only under the following conditions:

4.3.1 The School will reimburse K12 only in those Fiscal Year(s) that the School ends in a Positive Net Asset Position, exclusive of the Reserve Fund (described below), as evidenced by its audited financial statements conducted in accordance with Generally Accepted Accounting Principles (GAAP). Balanced Budget Credits will not be due unless and until the School is in a Positive Net Asset Position, if ever.

4.3.2 The School will reimburse K12 only the cumulative amount of previously issued Balanced Budget Credits, and no amount in excess. In other words, the total amount that the School reimburses K12 over the Term will not exceed the amount of Balance Budgets Credits that K12 issued during the Term.

4.3.3 If the School ends a Fiscal Year in a Positive Net Asset Position the amount, if any, that the School will reimburse K12 for previously-extended Balanced Budget Credits will be determined as follows. These payment conditions and terms are to ensure that the School is never put into a Negative Net Asset Position.

4.3.3.1 In no single Fiscal Year will the amount that the School reimburses K12 exceed 50% of that Fiscal Year's Positive Net Asset Position, as determined by an independent audit conducted in accordance with Generally Accepted Accounting Principles (GAAP), which will occur before the School reimburses K12.

4.3.3.2 Of the first \$100,000 or less of the Positive Net Asset Position, the amount due K12 will be 25% of such amount, not to exceed \$25,000.

4.3.3.3 Of the second \$100,000 or less of the Positive Net Asset

Position, if any, the amount due K12 will be 50% of such amount, not to exceed \$50,000. The amount due K12 will not exceed \$75,000, for the first \$200,000 of Positive Net Assets.

4.3.3.4 If the Positive Net Asset Position exceeds \$200,000 the amount due K12 will be 75% of the amount over \$200,000 plus the \$75,000 noted above.

4.4 K12 will forgive any Balanced Budget Credits that remain due at the end of the Term, subject to the Termination provisions of this Agreement.

4.5 Reserve Fund. K12 and the School agree that the School will maintain a reserve ("Reserve Fund") of no less than \$250,000 of Program Revenues continually each year of the Term. The Reserve Fund will be used at the School board's discretion and in good faith for expenses incurred during the Term provided, however, that the School will notify K12 in advance of each expenditure (as to amount, purpose and payee) from the fund. The Board shall not use the Reserve Fund (i) to provide any compensation or consideration directly to any employee of K12, (ii) to reimburse K12 any amount of Balanced Budget Credits or (iii) for any commitments or expenditures that continue beyond a single Fiscal Year without the prior approval of K12.

4.6 Exclusivity. K12 will be the sole provider to the School of the Educational Products and Services unless otherwise waived in writing by an authorized officer of K12. Nothing within this provision, however, should be construed to preclude the School, pursuant to its governing Board's exercise of its fiduciary obligations to the School, from procuring services and/or purchasing goods from a third party(ies), provided that the School gives K12 a thirty (30) day right of first refusal to provide such services or goods not enumerated herein; or, in the event that the Board in good faith reasonably finds that it must take action sooner in order to fulfill its fiduciary responsibilities, a right of first refusal of as long a duration as the Board can extend and still act in a timely manner consistently with its fiduciary responsibilities.

4.7 Final Program Budgets. The School will adopt an annual Program budget for each Fiscal Year during the Term and the Parties agree that K12 will present to the School's governing Board a proposed Program budget for each such Fiscal Year prior to May 1 of the prior Fiscal Year. The proposed Program budget will include assumptions provided by K12, including the number of Student Support Staff to be employed, the number of teachers to be employed and projected enrollment, funding and expenses. The Parties will work in good faith to agree in writing on a final Program budget on or before June 1. In the event the Parties cannot agree upon a final budget (by June 1) or cannot agree on any budget modification (at least 30 days prior to the proposed effective date of the modification) they will engage in mediation with a mutually acceptable neutral mediator and will do so with all due speed. The cost of such mediation will be shared equally by the Parties. K12 will be obligated only to issue Balanced Budget Credits, if any, up to the amount stated in the original budget proposed and agreed between the parties.

4.8 Budget Modifications. K12 may submit to the Board, or the Board may initiate, proposed modifications to the Program budget to take into account the actual Student enrollment for such school year, other changes in key assumptions or other changes as K12 deems necessary or appropriate. The Parties will work in good faith to agree in writing on modifications to the final Program budget but, in any event, the Board will act on any modifications proposed by K12 within thirty (30) days of the proposal thereof.

4.9 Variances from Budget. In the event that the School causes (or its designees who are not K12 employees cause) the School to incur a Negative Net Asset Position by failing to take all reasonable steps as provided for in this Section 4, including its subparts, at the conclusion of any given Fiscal Year during the Term, greater than two percent (2%) or as otherwise agreed to by K12 in the Budget or Modified Budget, then K12 reserves the right to limit the Balanced Budget Credits up to such 2% or other agreed upon variance in writing.

4.10 Advances Made by K12 to the School. If the Program Revenues available are from time to time insufficient to cover payment of Program Expenses on a timely basis, the School may in its sole discretion seek to obtain funding from other sources to cover the deficiencies but is not obligated to do so. If the School does not seek funding from other sources, or if the School tries but is unable to obtain or unsuccessful in its efforts to obtain funding from other sources to cover the deficiency, K12 will, when the payments are due, advance to the School funds sufficient to cover the amounts due for such Program Expenses on a timely basis (collectively hereinafter referred to as "Advances") on the following conditions: (i) K12 will have no obligation to make an Advance to pay for any Program Expense the cost of which is materially in excess of the amount agreed to by K12 in the approved budget or subsequently agreed to modification thereof; (ii) K12 will have no obligation to make an Advance for any amount the School is obligated to pay K12 or its Affiliates pursuant to this Agreement (for any matters as to which K12 or any other person or entity is entitled to indemnification under this Agreement. Amounts provided by K12 for startup expenses incurred by the School prior to the start of the 2014-2015 school year will be considered Advances under this Agreement will be due and owing to K12 by the School within thirty (30) days after the School receives Program Funding for the 2014-2015 school year sufficient to reimburse K12 for startup expenses.

4.11 Financial Reports. K12 will, upon the School's written request: (i) prepare and submit reports on the Program's finances in addition to those financial reports required by Applicable Law or the Charter; and (ii) provide such other information as reasonably necessary and appropriate to enable the Board's to monitor School and/or Program performance to the extent required by the Charter and Applicable Law, including the effectiveness and efficiency of the Program operations. All such requests will be made in writing. K12 will also provide the Board with a revenue and expenditures statement prior to each regular Board meeting, but no less often than once per month.

4.12 Program Audit. The School will select an independent auditor and K12 will work in collaboration with such auditor to have an independent audit of the Program's financial statements on an annual basis. The cost of such audit will be a Program Expense. If the School and/or K12 deems necessary and appropriate, additional independent audit(s) may be performed under this provision. The costs of such audit(s) will be a Program Expense.

4.13 Program Expenses. All debts, liabilities, and other financial obligations the School incurs directly and those that K12 incurs on behalf of the School pursuant to the terms of this Agreement for Program Expenses, Program expenses will be determined in accordance with the budget process and will be paid out of the Program Revenues. The Program Expenses will include, but are not limited to, the following:

4.13.1 teacher salaries, benefits, computers and peripherals, software , travel (as required per student instruction) and all other reimbursable expenses per approved School policies

4.13.2 training and professional development for members of the School's governing Board, teachers, counselors, and administrators, including course/conference fees, facility rental (as necessary) and travel and all other reimbursable expenses per approved School policies;

4.13.3 offices for administrative staff, related business travel phone, internet service and other routine business expenses and all other reimbursable expenses per approved School policies;

4.13.4 Student Support Staff (defined in Section 8.9 below) teacher salaries, benefits, computers and peripherals, software, travel (as required per student instruction) and all other reimbursable expenses per approved School policies;

4.13.5 special education services and related services for each Student eligible under IDEA, as specified in the Student's Individualized Education Plan and any other plan applicable to that Student;

4.13.6 services and accommodations provided for all in the accommodations plan of each Student who qualifies as a student with a disability under Section 504 or the Americans with Disabilities Act;

4.13.7 related services expenses for Special Education Students;

4.13.8 internet service provider subsidy for Full Time Students who request and qualify for a Free and Reduced Lunch under the National School Lunch Program (on a one-subsidy per family basis), and to Program teachers and Program administrators consistent with approved School policies;

4.13.9 computers and related expenses that may be provided upon request to Full Time Students who qualify for a Free and Reduced Lunch under the National School Lunch Program;

4.13.10 proctored examinations, proctor payments, student test preparation, facilities, cost of exam administration and travel (as required) and all other reimbursable expenses per approved School policies;

4.13.11 school outings, events, achievement incentive programs, face-to-face learning coach training sessions, back to school events, competitions, graduation ceremonies and travel (as required) and all other reimbursable expenses per approved School policies;

4.13.12 direct mail, printing and related expenses for enrolled Students;

4.13.13 fees and amounts billed by K12 and amounts due to K12 and its Affiliates, including interest on Advances and past due amounts;

4.13.14 reasonable legal fees as determined by the School by way of its governing board for representation of the School and/or its board, by the legal counsel of its choice other than legal fees and other costs related to litigation in which the School is adverse to K12;

4.13.15 insurance including directors' and officers' liability insurance,  
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general liability insurance, worker's compensation coverage and other Program insurance coverage, as appropriate;

4.13.16 accounting and reporting not provided by K12 payroll processing, audit, and/or tax preparation fees directly associated with the Program; supplemental curriculum and other academic services as agreed to by K.12 in writing; use, sales, excise, value-added, income, property or other taxes, if any; fees for required background investigations of School employees;

4.13.17 office and governing Board meeting expenses such as rent, maintenance, office, furniture, supplies, computers, servers, learning and tutoring center supplies and all other Program Expenses approved in the budget, provided that any Program Expenses that the School knows or reasonably should have known will exceed the approved budget or budget modifications by two percent (2%) or more must be approved in writing by K12.

## 5 TERM OF AGREEMENT.

5.1. Term. This Agreement will become effective, provided it is fully executed by the Parties, on July 1, 2014 ("Effective Date"). and will terminate on June 30, 2021 ("Initial Term") unless sooner terminated under Section 12 of this Agreement, including, but not limited to, Section 12.3 in the event that the Authorizer provides written notice that it has terminated, revoked, or non-renewed the Charter. In the event the Authorizer and/or the Charter changes, this Agreement will automatically survive and be performed in accordance with the new Authorizer's regulations and/or the new Charter unless this Agreement is otherwise terminated in accordance with Section 12 herein. Notwithstanding the forgoing, this Agreement shall not become effective on the Effective Date if the Authorizer has not granted the Charter to the School on or before the Effective Date.

5.2. Renewal. Following the Initial Term, this Agreement will automatically extend for any period of Charter reauthorization or renewal (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 expiration of the then-current Initial term or Renewal Term (as applicable) or (b) the Agreement is-sooner terminated under Section 12.

## 6 PRICING. FEES AND PAYMENT

6.1. Educational Product and Support Services Prices. In consideration of the value of the Educational Products and Support Services provided by K12 as specified in detail in Exhibit A, the School will pay K12 and its Affiliates for the Educational Products in the then current national K12 Managed Virtual School Price List ("Product Price List") paid by similarly situated schools, and provided separately by K12 to the School's governing Board at least 30 days prior to the annual budget process or any budget modification process that may occur in any Fiscal Year, and for the Educational Support Services specified in Exhibit A. Each fiscal year at least 30 days prior to the annual budget process or any budget modification process that may occur, K12 will provide the School's governing Board for review the Product Price List and will notify the School in writing of any revision to the Product Price List that it has implemented for similarly situated schools. The Product Price List will be subject to change no more than once annually and will be provided to the School for its review.

6.2 Technology Platform and Support Services Fee. In consideration of the value of the Technology Platform and Support Services provided by K12 as specified in detail in Exhibit A, the School agrees to pay K12 and its Affiliates seven percent (7%) of the Program Revenues for the Technology Services (the "Technology Platform and Support Fee") each Fiscal Year of the Agreement.

6.3 Management Services Fee. In consideration of the value of the Management Services provided by K12, as specified in Exhibit A, the School agrees to pay K12 and its Affiliates eight percent (8%) of the Program Revenues each Fiscal Year of the Agreement Management Services Fee"). The Management Fee reflected herein will remain firm throughout the Term of the Agreement.

6.4 State Charter School Commission Fee. K12 agrees that the administrative fee payable to the Commission as set forth in the Charter will be included in the School's annual budget.

6.5 Priority of Payments. Payments from the Program Revenues will be paid in the following order of priority: (1) State Charter School Commission Fee. (2) Program Expenses identified in Section 4.12 above to include all Program teacher salaries and fees for Educational Products and Support Services; (3) Technology Platform and Support Services Fees and Management Services Fees payable to K12 and its Affiliates, including any fees for administrative, technology or educational support products and services purchased by the School in addition to those enumerated in Exhibit A; and, (4) Balanced Budget Credits and Advances, if any.

## 7. GRANTS AND DONATIONS.

The School and K12 may, together or independently, on behalf of the Program, solicit and receive grants and donations from public funds through competitive or noncompetitive processes, and private sources consistent with the Program's objectives and the Charter; provided, however, that any solicitation of such grants and donations by K12 will be subject to the approval of the School. Such grants and donations will be deemed to be included in Program Revenues but not included in determining the Technology Platform and Support Fee or the Management Fee. Nothing in this Agreement will be construed to prohibit either Party from soliciting funds or grants solely for non-Program related purposes and using such funds or grants solely for such purposes.

## 8. PERSONNEL SUPPORTING THE PROGRAM.

8.1 K12 Staff Assigned to the Program. To satisfy its obligations under this Agreement, K12 may assign personnel to the Facility or other locations as it deems necessary to carry out the Program. The School, per its governing Board's exercise of independent judgment consistent with its fiduciary responsibilities, hereby entrusts K12 with the authority to select, supervise, evaluate, transfer, promote, discipline and dismiss the teaching staff, teaching support staff, office personnel and any other personnel as appropriate and necessary to deliver the Educational Products and Services described in this Agreement. Such personnel may be assigned to the Program on a full or part-time basis.

8.2 Head of School ("HOS"). Matt Arkin will serve as the initial HOS. In the event of a vacancy in the position of HOS, K12 will advertise the HOS position and be responsible for the initial vetting and interviewing of candidates. The School through the

governing Board will designate any of those candidates, or any other person, to be interviewed by K12. K12 will recommend a candidate from among the persons interviewed, and the School's governing Board will interview that candidate and vote on whether to approve the candidate for hiring as HOS no later than the next regularly scheduled meeting after receipt of K12's recommendation. K12 will not offer the position to any candidate before receiving the approval, in writing, of the School's governing Board. K12 will have sole authority to set the salary and other terms of employment for the HOS, subject to the School's authority to approve the budget. The process for appointment of a HOS is intended to be accomplished in good faith and through collaboration by both parties.

8.3 Poor Performance by K12 Staff. The HOS will inform the School (by way of directly contacting the Schools' governing board) of any discipline or termination of a K12 staff member assigned to the Program if the matter, in the HOS's reasonable judgment, merits Board attention. If the School's governing board is dissatisfied or concerned about the job performance of a K12 staff member assigned to the Program, the School's governing board shall discuss the matter first with the HOS or its equivalent. In the event the Board is not satisfied with the HOS's job performance, the Board will provide K12 written notice pursuant to this Agreement and set forth the specific issues and requested action, with supporting documentation if available and K12 shall review and respond within five (5) business days. If K12 and the School do not agree on the appropriate course of action within ten business days of K12's response, the School's governing Board will have the authority to act as it deems appropriate and consistent with the School's obligations under the Charter, including directing K12 to remove the HOS from their position at GCA at such time as the School has deemed appropriate, or take action that K12 alone is authorized to take as the employer of the HOS, up to and including discharging the HOS, in which case the provisions of Section 8.2 above will apply.

8.4. Employment of Teachers. Unless otherwise mutually agreed in writing, the Program teachers will be employed by K12 and all costs associated with teacher employment (including, without limitation, salaries, benefits, professional development and other Program related reimbursable expenses) will be a Program Expense. K12 will recruit, supervise, direct, train and discipline teachers, including master and lead teachers, to assist in the delivery of the Educational Products and Services. Teachers may work on a full- or part-time basis. Each teacher must be qualified in his or her grade level(s) and subject(s), must meet all legal requirements for teachers in Georgia, and must have applied for or completed a criminal background check and unprofessional conduct check to the extent required by Applicable Law.

8.5. Teacher Discipline. K12 will be empowered to formulate and implement binding decisions on disciplinary matters pertaining to teachers.

8.6. Student-Teacher Ratios. K12 will make recommendations to the School's governing board for an appropriate ratio of teachers to pupils for the Program to ensure academic performance, including high school, subject to the terms and conditions of the Charter and/or Applicable Law. The School's governing board will not unreasonably withhold its consent to recommendations that are consistent with the terms and conditions of the Charter and Applicable Law.

8.7. Teacher Contract Renewals. Notwithstanding anything to the contrary herein, each year during the Term (except for the initial year) before any teacher contracts are extended for the following school year, K.12, in collaboration with the School's governing board,

will determine the maximum number of the then-current Program teachers to return and the number of new teachers to be hired in the next Fiscal Year. K12 will determine which teachers should return and who will be retained or offered contracts for the upcoming school year. Such determination will be based on criteria including but not limited to: teacher performance, forecasted enrollments, funding, and Educational Products and Services to be offered.

8.8 New Teacher Hires. As part of the budgeting process the Parties will also agree on the number of new teachers to be hired based upon factors including, but not limited to, enrollment and funding. As enrollment for the upcoming Fiscal Year becomes more certain, the number of agreed teachers to be hired may be amended.

8.9 Student Support Staff. K12 will employ Student Support Staff for the Program. The School will be responsible for all costs associated with the employment of such staff (including, without limitation, salaries, benefits, travel and other Program related expenses) and all such costs will be Program Expenses. Student Support Staff is defined as any position that provides direct services to teachers, students and parents (which may include Special Education Coordinators, Registrar, Guidance Counselor, Nurse, Community Relations Coordinator, Truancy Officer, Related Services Coordinator, or similar positions). K12, in consultation with the Board, will recruit, set the terms of employment, hire, supervise, discipline and terminate Student Support Staff.

8.10 Determination of Employer Entity. The Parties anticipate that, except as otherwise required by Applicable Law or to the extent necessary for the School to maintain its status as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986 as amended ("IRC"), the HOS, teaching staff and other administrative personnel provided by K12 pursuant to this Agreement will be provided by K12. In the event that K12 determines that it is necessary or desirable that any of the K12 staff members providing services under this Agreement become an employee of the School (for example, due to a change in functional duties to a Student Support Staff position), K12 will notify the Board of such determination in writing and upon the written agreement of the Board, such K12 staff member will become an employee of the School; such change will become effective on the date specified by K12 in such notice. In the event that at any time or from time to time K12 determines that it is necessary or desirable that any of the School's staff members to become an employee of K12 because, for example, of a change in the employee's functional duties to an administrative position, K12 will notify the Board of such determination in writing and upon the written agreement of the Board such School employee will become an employee of K12; such change will become effective on the date specified by K12 in such notice.

8.11 Retirement Benefits. To the extent required by Applicable Law, qualified staff members will participate in the Georgia Teachers Retirement System and K12 will, pursuant to TRS, make the statutorily required employer contributions.

8.12 Background Checks/Investigations and Qualifications. Each person who works at the School, provides services to the School, or is assigned to the Program or reasonably expected to have contact with an enrolled Student(s) will be subject to both a criminal background check and unprofessional conduct search as a condition of hiring or accepting services from any person who works at the School, is assigned to the Program, or is reasonably expected to have contact with any Student(s). Upon the School's written request, K12 will provide the School with documentary evidence of the results of such screenings performed regarding K12 employees. Upon K12's written request, the School will provide K12 with documentary evidence of the results of such screenings performed regarding School employees.

## 9. PAYMENT OF PRODUCT AND SERVICE FEES.

9.1. Payment Out of School Funds Managed by K12. The School authorizes K12 to pay itself the fees set forth in this Agreement, upon receiving approval from the School's governing board and as set forth in the School's expenditure authorization policy (as approved by the Board annually).

9.2. Invoicing and Payment of Fees. K12 will submit to the School a detailed invoice for the Educational Products and Support Services delivered for the prior calendar month. For any fees calculated as a percentage of Program Revenue, such fees will be calculated based upon the approved budget or approved budget modification in effect for the applicable calendar month and will be billed as services rendered on a monthly basis during the Term even though Program Revenue may be received by the School beyond the expiration of the Term.

9.3. Location of Payment. All payments made hereunder will be made to K12 or its applicable Affiliate, and at the address set forth above, or such other address provided by K12 in writing.

9.4. Payment Date and Interest. All invoices payable to K12 and its Affiliates are due within thirty (30) days from the invoice date. K12 will pay itself fees pursuant to each invoice within thirty (30) days from the invoice date, and no interest will accrue on any invoiced amount not paid within thirty (30) days due solely to K12's failing to take the action necessary to pay timely. In the event the School is at fault for late payment, interest will accrue on any unpaid invoice balance at one and one-quarter percent (1.25%) per month but not to exceed fifteen percent (15%) per annum on each overdue amount. Advances will be reimbursed no later than thirty (30) days from the date on which the School receives Program Revenues sufficient to pay the invoice unless otherwise agreed in writing by both Parties. The School will pay interest on the overdue Advance at a rate of prime plus two (2%), not to exceed fifteen (15%) per annum.

9.5. Taxes. Except as otherwise stated herein, K12 is not responsible for any taxes or third-party charges related to the activities, ownership or operation of the Program. Without limiting the foregoing, the fees for the Educational Products and Support Services set forth herein are exclusive of sales, use, property, excise, value-added, or other similar taxes. The School agrees to pay any sales, use, property, excise, value-added, or other similar taxes, if any, imposed by Applicable Law, and except for taxes based on K12's income or value and will be paid from Program Revenues and included in the annual budget.

9.6. Year-End Adjustments. Within thirty (30) days after completion of the School's audited financial statements for each Fiscal Year, K12 will prepare and submit to the the School's governing board a statement of the total amounts of the Support Services , Technology Platform and Support Services and Management Services or other Service fees set forth in this Agreement (collectively "Service Fees") payable with respect to such Fiscal Year, including the calculation of such amounts (which calculations will be based upon the School's audited financial statements for such Fiscal Year on an accrual basis in accordance with Generally Accepted Accounting Principles). If the total amount of the Service Fees calculated in accordance with the foregoing sentence exceeds the total amount invoiced by K12 pursuant to Section 9.2, then the excess amount will be payable to K12 from the Program Revenues; if such total amount is less than the total amount invoiced by K12 pursuant to Section 9.2, then the shortfall amount will be

payable to the School. Payment of any such amount payable to K12 will be due thirty (30) days after the submission of the statement thereof. If at that time the School has insufficient Program Revenues to pay the amount due, payment to K12 will be due within thirty (30) days of the School's receipt of Program Revenues sufficient to pay the amount due.. Reimbursement of any such amount payable to the School, will be paid directly to the Governing Board c/o its Chair, with a copy to the HOS, and due thirty (30) days after K12 or the School in writing notifies the other of the amount of overpayment, provided, that each party may elect in its discretion to set-off the amount any such overpayment or underpayment against any outstanding obligations of the other party or any Affiliate of K12.

9.7 Disputed Amounts. If the School disputes any charge invoiced by K12 ("Disputed Amounts"), the School (or its authorized designee) must submit in writing a reasonably detailed description of the nature of the dispute, along with the Disputed Amount with documentation reasonably necessary to support the claim regarding the Disputed Amount no later than ninety (90) days after the School's receipt of the then-current Fiscal Year audit results.

## 10. RELATIONSHIP OF THE PARTIES.

10.1. Policy Management and Collaboration. The Parties acknowledge and agree that in providing the Services, it shall be the responsibility of K12 to recommend various policies for the operation of the Program and will implement procedures consistent with those policies, but that the School retains ultimate responsibility for adopting policies and for overseeing K12's implementation and K12 will cooperate with such oversight. K12 and the School will work collaboratively on the creation of School policies that may include, but are not limited to, policies relating to the budget, authorization of expenditures, curriculum, admissions procedures, student conduct, school calendars, procedures for resolution of parent or student complaints and disputes between School employees, and the responsible use of computer equipment and other instructional property. The School shall provide K12 written copies of all policies adopted and must promptly notify K12 in writing of any changes to such policies.

10.2. Status of the Parties and Relationship between the Board, the School, and K12. The School and K12 are the Parties to this Agreement. The Board is not a Party to this Agreement. No individual member of the Board is party to this Agreement. K12 is not a division or other part of the School. The School is an independent legal entity authorized under State law, and is not a division or a part of K12. The relationship between the Parties was developed and entered into through arms-length negotiations and is based solely on the terms of this Agreement. Nothing herein will be construed to create an employer-employee relationship, a partnership or a joint venture relationship by or between the School and K12. Neither Party will be the agent of the other except to the extent otherwise specifically provided for in this Agreement where K12 is authorized to take action on behalf of the School. Neither Party will represent to third parties, and will whenever needed disclaim to such parties, any ability to bind the other to any debt or duty imposed by contract or otherwise, other than as provided for in this Agreement or as otherwise agreed in writing by K12. Except as otherwise set forth in this Agreement, should a Party in violation of this provision purport to bind the other to a debt or other obligation, the violating Party will indemnify the other Party in full for any cost, expense or other form of liability incurred as a result of the violation.

10.3. Board's Role. The Board is the governing body of the School. Neither the Board nor any individual member of the Board assumes any liability under this Agreement nor is

the Board a third party beneficiary of this Agreement

10.4 No Related Parties or Common Control; Certain Permitted Participations.

Nothing in this Agreement is intended to supplant the Board's authority or interfere with the Board in its governance of the School pursuant to the Charter. Except as contemplated by this Agreement (or any agreement between the Board and any Affiliate with respect to the provision of services described hereunder) K12 will not have any role or relationship with the Board that expressly or in effect limits the Board's ability to exercise its rights, including termination rights, under this Agreement or its ability to govern the School. No director, trustee, member, manager, officer, Shareholder, or employee of K12 will be a member of the Board, but the HOS will serve in an advisory ex-officio role in relation to the Board at its request and in its sole discretion. None of the Board's voting power will be vested in K12 or its directors, trustees, members, managers, officers, Shareholders, or employees, and none of the voting power of K12's board of directors or Shareholders of K12 will be vested in the Board or its directors, trustees, members, managers, officers, Shareholders, or employees. Each Party agrees that it will not take any action that would cause the Board and K12 to be members of the same control group, as defined in Section 1.150 et seq. of the regulations under the IRC, or related persons, as defined in Section 144(a)(3) of the IRC. The Board agrees to take such action as is necessary to permit employees or agents of K12 to attend executive sessions when the Board determines, at the Board's sole discretion, that such attendance is necessary and in keeping with the Board's duties and not reasonably likely to cause waiver of any attorney-client or other privilege or confidentiality otherwise applicable to executive sessions.

11. OTHER SCHOOLS.

The Parties acknowledge that K12 and its Affiliates will have the right to render similar services to other persons or entities including other public or private schools or institutions within and outside of the State ("Other Schools"). K12 will maintain separate accounts for reimbursable expenses incurred on behalf of the School and Other Schools, if any. All grants or donations received by School, or by K12 for the specific benefit of School, will be maintained in separate accounts and used solely for the Program. The Parties acknowledge further that K12 and its Affiliates rendered services, prior to the Effective Date of this Agreement, to the school identified in the Georgia Department of Education records as "Georgia Cyber Academy (Program of Odyssey School)" that is a separate entity and unrelated under Georgia law to the School, that serves grades k-12, and that is governed by a board separate and distinct from the School's governing Board. K12 will maintain the School and "Georgia Cyber Academy (Program of Odyssey School)" entirely separately and without intermingling the two schools' funding, accounts, policies, or records (to the extent possible) of any kind.

12. TERMINATION EVENTS.

12.1 Termination for Cause. The Parties will use good faith efforts to resolve all disputes relating to this Agreement as set forth in Section 22; however, either Party may terminate this Agreement at any time with ninety (90) days' prior written notice to the other Party for cause. Termination for cause will mean the breach of any material term or failure to fulfill any material condition, term, provision, representation, warranty, covenant or obligation contained in this Agreement, and a failure to cure such a breach within forty-five (45) days after receiving written notification from the terminating Party. Upon termination of this Agreement, the non-breaching Party shall be entitled to seek any remedies for which it would be entitled at

law or in equity.

12.2 Termination for Material Reduction in Program Revenue. K12 may terminate this Agreement in the event there is a material reduction in Program Revenue of more than 10 percent below the amount for the prior Fiscal Year that will materially increase the financial risk to K12 in providing the Educational Products and Support Services. K12 will notify the Board of its intent to terminate under this provision and provide the Board ninety (90) days notice so that the Parties may work together to find alternative funding or other means to offset the reduction in Program Revenue. If the Parties are unable to find additional revenue or other means in that ninety (90) day time-frame, K12 may terminate this Agreement and such termination will be effective: (i) immediately upon written notice by K12 to the Board, if notice or publication of such reduction is given at least ninety days (90) prior to the commencement of the school year to which such reduction is applicable; or (ii) at the end of the school year upon written notice to the Board if notice or publication of such reduction is given during the school year to which such reduction is applicable. In the event K12 elects not to terminate this Agreement in accordance with this provision, K12 may in good faith reasonably revise and determine the level of products and services to be provided in accordance with Applicable Law, considering any such funding reduction.

12.3 Termination upon Loss of Program Approval or Charter. This Agreement may be terminated immediately by either Party upon written notice to the other Party: (i) if the Authorizer provides written notice that it has terminated, revoked, or non-renewed the Charter, or (iii) upon a final adverse determination by the highest court in the State that the Program is no longer valid under Applicable Law. K12 acknowledges that, in the unlikely event that the highest Court of the State takes action that causes the Charter to terminate or dissolve, the School will lack the authority and the ability to fulfill this Agreement and that its failure to fulfill its obligations under this Agreement in those circumstances will not constitute a breach of this Agreement.

12.4 Termination in the Event of Certain Changes in the Charter or School Policies. K12 may terminate this Agreement effective upon 90 days prior written notice to the School's governing board in the event that the Charter is amended or the Board or Authorizer adopts or amends a policy without the prior written approval of K12, and the effect of such amendment or policy could reasonably be determined to require K12 to increase materially the level of services required to be provided hereunder or to increase materially the financial risk to K12 arising from its performance of its obligations hereunder, thus rendering K12's performance economically unviable as determined in good faith by K12. In the event the Board or Authorizer adopts such an adverse policy while a school year is in process, K12 agrees to use its best efforts to complete the then current school year without waiving any rights and remedies hereunder.

12.5 Change in Applicable Law. If any change in Applicable Law enacted after the Effective Date could reasonably be expected to have a material 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 (which 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 is effective at a later date), may request renegotiation of this Agreement. Such renegotiation will be undertaken in good faith. If the Parties are unable to renegotiate and agree upon revised terms within one hundred twenty (120) days after such notice of renegotiation, then this Agreement will be terminated effective at the end of the school year in which such notice was given, unless

earlier termination is necessary to protect the health, welfare, or safety of students.

### 13. TERMINATION EFFECTS.

13.1 Payments Due. Except as otherwise agreed by the Parties in writing, termination does not relieve the School of any obligations for payments due to K12 as of the date of termination. The School will owe K12 for products and services delivered through the date of termination but K12 will not be entitled to accelerate any payments that would be due under the Agreement but for termination, and the School will not be obligated pay any such payments.

13.2 Balanced Budget Credits Outstanding. In the event this Agreement expires or is terminated pursuant to Section 12, the School will fully exhaust its Net Assets in order to reimburse K12 for balanced budget credits outstanding up the amount of Net Assets available. If any Balanced Budget Credits remain after the Net Assets are fully exhausted, K12 will forgive the remaining Balanced Budget Credits.

13.3 Property. Upon termination or expiration of this Agreement, K12 will have the right to remove its equipment and all other property that may be in the School's possession. In contrast, the School will retain possession of equipment and other property that the School owns or leases from third parties.

13.4 Transition. For a fee acceptable to K12 and the School's governing Board and upon terms and conditions set forth in writing and signed by the Parties, K12 will assist the School for a period not to exceed 120 days following the effective date of termination of this Agreement, with the School's transition to another educational program or administrative services arrangement, to the extent that such transition is permitted by this Agreement.

13.5 Fees Owed. In the event this Agreement terminates as provided herein, or it expires pursuant to its terms, and unless otherwise agreed by the Parties in writing, the School will pay for all products and services actually rendered to it through the end of the then current Fiscal Year, including any fees due to K12 in accordance with the terms of this Agreement. Provided however, that if termination occurs prior to the end of the then current Fiscal Year, the payment of all such products, services and fees due K12 will be determined on an accrual basis in accordance with GAAP per the schools audited financial statement .

### 14. INTELLECTUAL PROPERTY RIGHTS.

14.1. Authority to Sublicense. The School acknowledges and agrees that K12 has the right to sublicense from its Affiliates to the School certain intellectual property rights and interests in and to K12 and its Affiliate's (and respective licensor's) intellectual property, including but not limited to curriculum, trade secrets, know-how, proprietary data, documents and written materials in any format, artwork, graphics, charts, software, licenses, marketing materials, website design and domain numbers and names for K12, its Affiliates and the Program, the Program name and website design(s) and other materials created for the Program, and curricular materials and any and all customization and derivative works thereof (collectively, "K12 Proprietary Materials"). The School further acknowledges and agrees that: (i) it has no intellectual property interest or claims in the K12 Proprietary Materials or any customization and

derivative works thereof or any other materials created for use in connection with the K12 Proprietary Materials, (ii) it has no right to use the K12 Proprietary Materials unless expressly agreed to in writing by K12, and (iii) K12 and its Affiliates (and respective licensors as the case may be) own all intellectual property rights in and to the K12 Proprietary Materials.

14.2 Sub-License of K12 Proprietary Materials. K12 hereby grants the School a royalty-free, nonexclusive, non-transferable sub-license, during the Term and for a period of thirty (30) days following the expiration or earlier termination of this Agreement, to use and distribute the K12 Proprietary Materials solely in connection with the Program operations as contemplated in this Agreement. Notwithstanding the foregoing, the School will not: (i) modify or otherwise create, or permit third parties to modify or otherwise create, derivative works from or using the K12 Proprietary Materials, (ii) sublicense any rights under this Agreement without the advance written approval of K12, which approval may be withheld by K12 in its sole discretion, or (iii) frame any website owned by K12. Upon the termination of such license, the School will cease use of the K12 Proprietary Materials, and will return all K12 Proprietary Materials to K12 promptly, including those in the possession of the Board, any teachers and School employees participating in the Program, and students participating in the Program.

14.3. Rights of K12 in K12 Proprietary Marks. The School acknowledges and agrees that, as between the School and K12, K12 only has the right to sublicense certain intellectual property rights and interests in and to K12 and its Affiliate's trademarks, service marks, and trade names (including K12, K12 (& Design), trade names, trade dress, program name, and the logo names and design(s) for the Program as well as those featured in Exhibit B (collectively, "K12 Proprietary Marks"). The School further acknowledges and agrees that it has no intellectual property interest or claims in the K12 Proprietary Marks or any customization and derivative works thereof or any other materials created for use in connection with the K12 Proprietary Marks and has no right to use the K12 Proprietary Marks except in the limited capacity as set forth in Section 14.4 or unless expressly agreed to in writing in advance by K12, which agreement K12 may withhold in its sole discretion.

14.4. Sub-License of K12 Proprietary Marks. K12 hereby grants the School a royalty-free, non-exclusive, non-transferable sublicense, during the Term and for a period of thirty (30) days following the expiration or earlier termination of this Agreement, to use the K12 Proprietary Marks relating to the Program solely in connection with the operations of Program as contemplated in this Agreement. Notwithstanding the foregoing, the School will not be permitted to sublicense any rights under this Agreement without the advance written approval of K12, which approval may be withheld by K12 in its sole discretion. Upon the termination of such license, the School will cease use of the K12 Proprietary Marks.

14.5. Limitations on Use of K12 Proprietary Materials and K12 Proprietary Marks by School. The School will use the K12 Proprietary Materials and the K12 Proprietary Marks only as provided in this Agreement. Notwithstanding the foregoing license rights, the School also agrees not to not alter, copy, disassemble, reverse engineer or modify the K12 Proprietary Materials and/or the K12 Proprietary Marks in any way, nor will the School act or permit action in any way that would impair the rights of K12 in them. The School's authorized use will not create any right, title, or interest in or to the K12 Proprietary Materials or the K12 Proprietary Marks any customizations and derivative works thereof or any other materials created for use in connection with the foregoing. K12 will have the right to monitor the quality of the School's use of the K12 Proprietary Materials and the K12 Proprietary Marks, and the School will notify K12 promptly in writing of any known infringement thereof and of any use of K12's Intellectual Property (including the K12 Proprietary Materials, and/or the

K12 Proprietary Marks) by an unauthorized party, other than set forth or contemplated by this Agreement, of which the School becomes aware. K12 and the School agree to reasonably assist each other in pursuing measures to prevent further use of K12's Intellectual Property by said unauthorized party. Any references to or use of the K12 Proprietary Materials or the K12 Proprietary Marks by the School will contain the appropriate trademark, copyright or other legal notice provided from time to time by K12 and will be subject to additional trademark usage standards developed by K12 and modified from time to time by K12 with advance notice in writing.

14.6. Publicity/Press Release. K12 may use the School's name and refer to the School's Program by name in a listing of new, representative or continuing schools in press releases, on its website, or in other marketing materials or dissemination of non-disparaging information. The Parties may agree to cooperate in joint marketing activities or in issuing a joint press release at the request of either of them, subject to prior written consent and approval of the form and substance of both the School and K12.

## 15. LIMITS ON LIABILITY AND DAMAGES.

15.1. Incidents and Maximum Liability. Each Party's maximum liability and obligation to the other for any cause whatsoever, including any claim in contract or in tort, relating to this Agreement will be limited to the extent of coverage in fact provided by insurers under the liable Party's insurance, which is required under this Agreement, and the recovery will be limited to the amount of actual direct damages paid by the insurer.

15.2. Specifically Excluded Damages. Neither Party will be liable for any damages other than those provided for provided for in Section 15.1 of this Agreement. Neither Party will 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, damages for third-party claims, or lost or destroyed data, even if that Party has been advised of the possibility of such damages. Neither occasional short-term interruptions of service or products, which are reasonable under comparable industry standards, nor interruptions of service or products resulting from events or circumstances beyond K12's reasonable control will be cause for any liability or claim against K12 under this Agreement, nor will any such occasion render K12 in breach of this agreement.

## 16. ASSIGNMENT.

Except as otherwise provided in this Agreement, neither Party may assign or delegate any rights or obligations under this Agreement without the prior written consent of the other Party. Except as prohibited by Applicable Law, K12 may assign all of its rights and obligations under this Agreement to any Affiliate. K12 may delegate the performance of its duties hereunder to any person or entity but K12 shall be responsible for the performance, in accordance with the terms of this Agreement, of any services performed by its delegates.

## 17. INDEMNITY.

17.1 Indemnification. To the extent not prohibited by the Charter or Applicable Law, each Party to this Agreement will, as the "Indemnifying Party," indemnify, defend, and hold the other Party, as the "Indemnified Party," harmless from and against any and all claims, demands, suits, or other forms of liability (including without limitation costs and reasonable attorneys' fees) that may arise out of, or by reason of (a) the Indemnifying Party's breach of any

expressed representation or warranty, covenant or other obligation set forth in this Agreement, (b) the Indemnifying Party's noncompliance with any Applicable Law in connection with the School's operations, but excluding any Claims that arise from conduct undertaken in accordance with the Commission's or the School's instructions or written policies, except where such instructions arise from and are in accordance with the specific advice or recommendations provided by K12 (c) the Indemnifying Party's negligence, or (d) any action taken or not taken by the Indemnifying Party with respect to this Agreement, that results in death, injury or loss to person or property, except to the extent that such Claims arise out of actions or omissions of the Indemnified Party. The Parties jointly may purchase general liability and property policies, or by such other means achieve the indemnification required, as the parties agree. Nothing in this subsection or elsewhere in this Agreement will preclude the School or the Board from asserting or declining to assert a claim of governmental immunity.

17.2 Notice Requirement. The Indemnified Party must give written notice to the Indemnifying Party of the existence of a threatened or asserted claim promptly after such Indemnified Party first receives notice of the existence of the threatened or asserted Claim, provided that such Indemnified Party will not be foreclosed from seeking indemnification hereunder by any failure to provide such prompt notice except and only to the extent the Indemnified Party actually incurs an incremental expense or otherwise has been materially prejudiced as a result of the Indemnified Party's delay.

17.3 Defense and Settlement of Claims. The Indemnifying Party will bear the cost of the Indemnified Party's defense-of any such third-party action as described above. The Indemnified Party will be represented by counsel of its choice who will conduct the defense of such Claim. Except with the prior written consent of the Indemnified Party, the Indemnifying Party will not consent to entry of any judgment or enter into any settlement on behalf of the Indemnified Party. In the event that any Indemnified Party seeking indemnification hereunder has been advised by its counsel that the ~~such~~ Indemnified Party and the Indemnifying Party ~~may~~ have available to it have the same defenses and/or counterclaims available to them in response to the Claim, such that there is no conflict of interest to prevent any one attorney or law firm from representing the Indemnified Party and the Indemnifying Party with respect to the Claim, the Indemnifying Party will have the right to take over and assume control over the defense of such claim at the sole cost of the Indemnifying Party, provided that if such Indemnifying-Party does so take over and assume control, such Indemnifying Party will not settle such claim without the written consent of the Indemnified Party. In the event that the Indemnifying Party does not accept the defense of any matter as above provided, the Indemnified Party seeking indemnification hereunder will have the right to defend against such Claim, provided that such Indemnified Party will not settle such Claim without the written consent of the Indemnifying Party. In any event, any Indemnified Party seeking indemnification hereunder and the Indemnifying Party will cooperate in the defense of any claim subject to this Section 17.

## 18. INSURANCE COVERAGE.

18.1. Liability Coverage. Within thirty (30) days after the Effective Date of this Agreement, each Party will initiate and will maintain for the Term of this Agreement, including any extensions of the Term, and for a period of two (2) years after the expiration or termination of this Agreement, comprehensive general liability insurance, including product liability,

contractual liability (applicable to the indemnification obligations of the Parties set forth in Section 17, and advertising injury insurance, with reputable and financially secure insurance carriers for not less than \$5,000,000 (combined single limit for bodily injury and property damage per occurrence and in the aggregate). Each Party's insurance (excluding D&O and E&O insurance) will include the other party and its Affiliates, trustees, directors, officers, employees, contractors and agents as additional insureds. Such insurance will be written to cover claims incurred, discovered, manifested, or made during or after the Term.

18.2. Evidence of Insurance. Each Party will furnish a certificate of insurance evidencing such coverage within thirty (30) days after the Effective Date of this Agreement. Thereafter, each Party will provide thirty (30) days' advance written notice to the other of any cancellation or material adverse change to such insurance.

18.3. Workers' Compensation Insurance. Both Parties will initiate and maintain workers' compensation insurance for its respective employees working at the School or for the Program, as required by Applicable Law.

18.4. Cooperation. Each Party will comply with any information or reporting requirements required by the other Party's insurer(s), to the extent reasonably practicable.

## 19. REPRESENTATIONS AND WARRANTIES.

19.1. Representations and Warranties of K12. K12 hereby represents and warrants to the School:

19.1.1. Organization and Good Standing. K12 is a company duly organized, validly existing, and in good standing under the laws of the State of Delaware and is a wholly owned subsidiary of K12 Inc.

19.1.2. Power and Authority; Authorization; Binding and Enforceable Agreement. K12 has full limited liability company power and authority to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement has been duly authorized and executed by K12 and constitutes the valid and legally binding obligation of K12, enforceable against K12 in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and other laws of general applicability relating to or affecting creditors' rights and by general principles of equity.

19.1.3. Professional Services. K12 warrants that the Services will be performed in an professional and workmanlike manner in accordance with commercially reasonable industry standards and HQCS standards to the extent possible, and deliverables, if any, will materially comply with the agreed upon functional specification set forth in the applicable Exhibit A, if used in a manner consistent with the conditions for which it was designed. 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 AND K12 AND ITS AFFILIATES MAKE NO GUARANTEES AS TO THE RESULTS OR ACHIEVEMENTS OF THE STUDENTS. Without limiting the foregoing, K12 makes no guarantees and will not be liable for non-accessibility of the K12 website, end-user connection speed or connectivity problems regardless of the reason.

19.1.4. Non-Conformities. The foregoing warranties will not apply to defects

or non-conformities: (a) resulting from software, hardware or interfacing not supplied by K.12, its Affiliates or authorized contractors; (b) resulting from inadequate or improper maintenance, modification or usage by the School, its employees or students; or (c) where there has been improper site preparation or site environment maintenance by the School, its employees or students. In addition, the foregoing warranty will not apply to requirements not expressly included in this Agreement.

19.2. Representations and Warranties of the School. The School hereby represents and warrants to K12:

19.2.1. Organization and Good Standing. The School is a non-profit corporation duly organized, validly existing, and in good standing under the laws of Georgia.

19.2.2. Power and Authority; Authorization; Binding and Enforceable Agreement. The School represents that, no later than the Effective Date, it is legally authorized to contract with a private entity for the provision of the products and services provided for in this Agreement and that, as of such date, the School will have the authority necessary to operate as a Commission charter school under Applicable Law. The Agreement has been duly authorized and executed by the School and constitutes the valid and legally binding obligation of the School

19.2.3. Provision of Authority to K12. The School has provided and will provide K12 with all authority and power necessary and proper for K12 to undertake its responsibilities, duties, and obligations provided for in this Agreement.

19.2.4. Effectiveness and Enforceability of the Charter. The School has provided K12 a true and complete copy of the Charter and will promptly provide K12 any amendments to the Charter that may take effect during the Term.

19.2.5. Certain Provisions of the Charter. The Charter will, when approved, authorize the School to operate and receive the federal and state education funds identified in this Agreement, as well as other revenues, and otherwise vests the School with all powers necessary and desirable to carry out the Program and other activities contemplated in this Agreement.

19.2.6. Renewal and Maintenance of the Charter. The School will use best efforts to renew the Charter upon its expiration and to maintain it while it is in force.

19.3. Mutual Representations and Warranties.

19.3.1. Each Party warrants to the other that there are currently no pending actions, claims, suits, or proceedings, to its knowledge, threatened against it, which if adversely determined, would have a material adverse effect on its ability to perform its obligations under this Agreement.

19.3.2. Each Party represents that its execution, delivery and performance of this Agreement will not, to its knowledge, constitute or cause it to breach or commit default under any other agreement, or other instrument to which it is a party or by which it or any of its assets is bound.

20. OFFICIAL NOTICES.

All notices and other communications required by the terms of this Agreement will be in writing and sent to the Parties hereto at the addresses set forth below (and such addresses may be changed upon proper notice to such addressees). Notice may be given by: (i) certified or registered mail, postage prepaid, return receipt requested, (ii) reputable overnight earner, postage prepaid, (iii) facsimile (with confirmation of transmission by sender's facsimile machine), or (iv) personal delivery (with written receipt confirming such delivery). Notice will be deemed to have been given (i) two days after mailing as described in clauses (i) and (ii) of the foregoing sentence, (ii) on the date of personal delivery or (iii) on the date of transmission of a facsimile if on a business day during normal business hours (or, if not, the next succeeding business day). Electronic mail does not constitute official notice under this Agreement. The addresses of the Parties are:

**For K12:**

EVP of School Management & Services  
K12 Inc.  
2300 Corporate Park Drive,  
Suite 200  
Herndon, Virginia 20171  
Fax: (703)483-7330

**With Copy To:**

General Counsel  
K12 Inc.  
2300 Corporate Park Drive, Suite 200  
Herndon, Virginia 20171  
Fax: (703) 483-7496

**For School:**

GCA Board Chair  
Ryan Mahoney  
Vice President of Public Policy  
Georgia Chamber of Commerce  
270 Peachtree Street NW, Suite 2200  
Atlanta, Georgia 30303-1240  
(404) 223-2489  
[.rmahoney@gachamber.com](mailto:rmahoney@gachamber.com)

**With Copy To:**

Alexa R. Ross  
ROBBINS ROSS ALLOY BELINFANTE LITTLEFIELD LLC  
999 Peachtree Street NE  
Suite 1120  
Atlanta GA 30309  
Fax: 404.856.3250  
[aross@robbinsfirm.com](mailto:aross@robbinsfirm.com)

## 21. NON-SOLICITATION/NON-HIRING

21.1. Non-Solicitation/Non-Hiring. Each Party agrees that during the Term of this Agreement and for a period ending twelve (12) months after the expiration or termination of this Agreement for any reason, unless mutually agreed to by the Parties in writing, it will not directly solicit, recruit for employment, offer employment to, offer subcontracting opportunities to, or otherwise employ or use the services of any consultant or employee of the other Party or Affiliates if that consultant or employee or former consultant or employee has been assigned to or worked under this Agreement.

21.2. Unpermitted Solicitation/Hiring Remedies. In the event of such unpermitted solicitation or hiring, as described immediately above, by a Party of such consultant or employee, in contravention of the clause immediately above, the other Party, at its option, may file for injunction or other equitable relief in any court of its choosing, notwithstanding the provisions of Section 22.2, but neither Party consents to jurisdiction in any court that otherwise would not have subject-matter jurisdiction over the dispute and personal jurisdiction over the defendant(s) or to any venue not otherwise proper and convenient, and neither Party waives its right to object or defend on grounds of jurisdiction and/or venue and *forum non-conveniens*. The Parties agree that any violation of the clause immediately above would result in loss which cannot be reasonably or adequately compensated in damages in an action at law, and that a breach would cause great and irreparable injury and damage. The Party seeking injunctive or other equitable relief will not be required to post a bond.

21.3. 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 of the other Party; however, such Party shall continue to be precluded from engaging or otherwise using a Party's employee, former employee or consultant as provided for herein.

## 22. DISPUTE RESOLUTION, VENUE AND GOVERNING LAW.

22.1. 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 account manager or other managerial-level employee of the other Party. If the dispute is not resolved after thirty (30) calendar days from the receipt of such written notice, then the Parties will escalate the matter to the EVP of School Management and Services for K12. If the dispute is not resolved after fourteen (14) business days after that, then the Parties will escalate the effort to resolve to the chairperson of the School's governing board and the CEO for K12 who will have five business days to resolve 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; and (ii) the relevant dispute is not resolved within the time periods provided under herein.

22.2. Mediation and Arbitration. If the Parties are unable to resolve the dispute pursuant to the Section immediately above, they will attempt in good faith to settle any and all disputes through a process of mediation in the metro Atlanta, Georgia area under the supervision of a mutually agreed upon mediator. In the event that mediation fails to settle such a dispute, the

Parties hereby agree to proceed to final and binding arbitration in Fulton County, Georgia, pursuant to the then existing rules of the American Arbitration Association. Except as may be required by law, neither a Party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both Parties. Judgment upon the award rendered may be entered by the federal or state courts located in the Northern District of Georgia. Each Party will bear its own costs and expenses associated with the dispute resolution procedures set forth in this Section 22.2, except that the Parties will share equally any fees payable to a professional mediator and/or arbitrator. The cost will be treated as a Program Expense and Program Revenues will be the sole source of funds from which the School will pay its portion.

22.3 Injunctive Relief. Notwithstanding the foregoing dispute resolution procedures, the School acknowledges that in the event it breaches any provision contained in the Section entitled "Intellectual Property Rights", K12 may suffer irreparable harm in which the full extent of damages may be impossible to ascertain and monetary damages may not be an adequate remedy. As such, in its sole discretion, K12 may seek immediate judicial relief as available in law or equity, and the initiation of any judicial proceeding will suspend the dispute resolution procedures set forth above. K12 will be entitled to enforce this Agreement by an injunction or other equitable relief without the necessity of posting bond or security, in addition to its right to seek monetary damages or any other remedy. The decision by K12 not to seek judicial relief during the above described dispute resolution procedures, will not create any inference regarding the presence or absence of irreparable harm.

22.4 Jurisdiction and Venue. In the event any dispute is not resolved or resolvable by the procedures set forth in Section 22.2, each Party: (a) irrevocably and unconditionally consents and submits to the jurisdiction of the Superior Court of Fulton County, Georgia and federal courts located in the Northern District of Georgia for purposes of any action, suit or proceeding arising out of or relating to this Agreement and irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of or relating to this agreement in such courts and agrees not to plead or claim forum non conveniens; (b) agrees that service of any process, summons, notice or document by U.S. registered mail to the address set forth above for each Party will be effective service of process for any such action, suit or proceeding brought against such Party;

22.5 Governing Law. Georgia law 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.

## 23. MISCELLANEOUS.

### 23.1. Coordination: Exercise of Approval or Consent Rights.

23.1.1. Coordination and Consultation. The Parties will coordinate the performance of their respective activities hereunder and will establish such procedures as they will mutually agree to be effective for achieving the purposes of this Agreement and allowing each of them to perform its obligations and exercise its rights under this Agreement. Without limiting the generality of the foregoing, K12's legal counsel and the School's legal counsel will consult from time to time with respect to the requirements of Applicable Law, the Charter, and the School's and the Authorizer's policies as they relate to the Program's operations.

23.1.2. Approval or Consent Rights. In performing services and its other

obligations under this Agreement, or in exercising its rights under this Agreement, including granting or withholding any consents or approvals or making any requests of the other Party, each Party must act reasonably (including as to the timing of its actions) except to the extent that this Agreement provides that it may act as it determines "in its sole judgment" or "its sole discretion," or words to that effect, in the applicable provision. Whenever it is provided in this Agreement that the Parties will or may agree as to a certain matter, each Party will have the right to agree or disagree in its sole discretion following good faith discussions.

23.2. Force Majeure. Notwithstanding any other sections of this Agreement, no Party will be liable for any delay in performance or inability to perform (except for payments due hereunder) due to acts of God or due to war, riot, terrorism, civil war, embargo, fire, flood, explosion, sabotage, accident, labor strike, Internet outage or other acts beyond its reasonable control and unrelated to its fault or negligence.

23.3. Entire Agreement. This Agreement including its attachments hereto constitutes the entire agreement of the Parties with respect to the subject matter hereof, and supersedes all previous and contemporaneous oral and written negotiations, commitments, agreements, warranties, representations and understandings. This Agreement will not be altered, amended, modified, or supplemented except in a written document executed by the Parties.

23.4. Counterparts, Facsimile Transmissions. 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.

23.5. License Audit. In the event that K12 has reasonable cause to believe that the School has used the Educational Products in excess of the license rights granted herein, K12 may, Upon forty-five (45) days' written notice, K12 may audit the Program's use of the Educational Products and the School agrees to cooperate and provide reasonable assistance with such audit. The School agrees to pay within thirty (30) days of written notification any fees applicable to the School's use of the Educational Products in excess of the license rights granted herein from the Program Revenues or, K12 may revoke the related technical support and license(s).

23.6. Amendment. This Agreement will not be altered, amended, modified, or supplemented except in a written document executed by the Parties.

23.7. Waiver. No waiver of any provision of this Agreement will be effective unless in writing, nor will such waiver constitute a waiver of any other provision of this Agreement, nor will such waiver constitute a continuing waiver unless otherwise expressly stated.

23.8. Interpretation. The Parties hereto acknowledge and agree that the terms and provisions of this Agreement, will be construed fairly as to all Parties hereto and not in favor of or against a Party, regardless of which Party was generally responsible for the preparation of this Agreement. The provisions of this Agreement are intended to be consistent with Charter. Should an unforeseen situation arise in which the controlling provisions(s) of this Agreement prove ambiguous or unclear, the parties will interpret and apply the controlling provision(s) in a manner consistent with the Charter.

23.9. Severability. In the event any term, provision or restriction is held to be illegal, invalid or unenforceable in any respect, such finding will in no way affect the legality, validity or enforceability of all other provisions of this Agreement.

23.11. Successors and-Assigns. This Agreement will be binding upon, and inure to the benefit of, the Parties and their respective successors and permitted assigns. No Third-Party Rights. This Agreement is made for the sole benefit of the School and K12 and their respective successors and permitted assigns. Except as set forth in Sections 14 and 17 and except for each Affiliate of K12, which will be a third party beneficiary of this Agreement, nothing in this Agreement will create or be deemed to create a relationship between the Parties to this Agreement, or any of them, and any third person, including a relationship in the nature of a third-party beneficiary or fiduciary.

23.12. Survival of Termination. All representations, warranties, and indemnities expressly made in this Agreement will survive termination of this Agreement.

23.13. Headings and Captions. The headings and captions appearing in this Agreement have been included only for convenience and will not affect or be taken into account in the interpretation of this Agreement.

IN WITNESS WHEREOF the Parties have entered into this Agreement as of the date set forth below.

For and on behalf of

Georgia Cyber Academy Inc.

Signed: Ryan Mahoney

Name: Ryan Mahoney

Position: Chairman

Date: 4-11-14

For and on behalf of

K12 Virtual Schools LLC

Signed: Therese L. Kewey

Name: Therese L. Kewey

Position: President

Date: 4-11-14

## **EXHIBIT A**

### **Products and Services**

#### **I. Educational Products, Pupil Recruiting and Product Related Services:**

During the Term, K12 and its Affiliates will provide or cause to be provided to the School, its Students and its personnel the following Educational Products and related services in accordance with the fees published on the Product Price List provided to the Board:

1. Online School: For each school year during the Term, K12 will provide a license for and access to: (i) K12® Curriculum and associated learning management system for grades K through 12, in each case in Language Arts, Math, Science and History in addition to electives per the K12 course catalogue; and (ii) any third party curriculum which K12 generally offers its Schools, in each case for such courses required by Applicable Law.

2. Instructional Tools. Such instructional tools and supplies, including without limitation textbooks and multi-media teaching tools, as K12 determines in its discretion to be necessary to deliver the Educational Program.

3. Product Related Services. Pupil Recruitment and related services are included in the cost of the curriculum and materials in the product Price List:

a. Additional Instructional Support. K12 will make available the necessary instructional support and teachers as mutually agreed upon in accordance with the Product Price List as the Program may require for the Educational Products and related offerings.

b. Pupil Recruitment. Recruitment of students in K12's discretion, including creation, design and preparation of recruitment materials and advertisements; assist with demand creation for the Program and its information sessions and other events via mail, e-mail, newspapers, magazines, journals, radio, television, community forums, town hall meetings, and other forms of communication and outreach on School's behalf; develop community outreach strategy and connect with local organizations. Design School recruitment materials, letterhead, business cards, and logos to create school identity. Develop, design, publish, and maintain the Program's interactive website.

c. Family Services. Plan and arrange school orientation sessions; represent the Program at conferences and other events. Field and respond to incoming calls, letters, faxes, and e-mails about the Program, its curriculum, the application/enrollment process, instructional materials, etc. Conduct focus groups, surveys, interviews, observation sessions, and/or user testing on the learning management system to obtain feedback on how to improve the Program and curriculum, as appropriate. Create "feedback buttons" on lessons so that Students, their parents, and teachers may submit comments and suggestions; respond to suggestions and implement improvements where K12 deems them to be valuable. Conduct exit interviews with those Program students and their parents who withdraw in order to learn more about how to improve the Program for students. Create and distribute a parent manual and/or student handbook which includes

a starting kit for logging onto the learning management system. Assist with the design and implementation of parent orientation sessions.

d. Balanced Budget Provision. In consideration for the opportunity to provide School with the services and products set forth in this Agreement, the Parties agree that the Program will not end a Fiscal Year in a Negative Net Asset Position in accordance with Section 4 of the Agreement.

e. Computers for Full Time Students (see Section 4.12.7) For Full Time Students (unless otherwise agreed to in writing by the Parties), such computers, monitors, software and other hardware as K12 determines in its discretion to be necessary to deliver the Program unless such students opt out of such offering. Computers may be provided upon request to Full Time Students who qualify for a Free and Reduced Lunch under the National School Lunch Program (limited to one per student, consistent with approved School policies. Computers and printers shall be returned to K12 upon a Student's withdrawal or upon expiration or termination of this Agreement. If computers are not returned the School will be charged at the then replacement value of such equipment.

f. High School Services: As requested and as available, K12 can offers the following for High School students:

- i. Social Networking - Access to a monitored, private, virtual social community for students, parents and teachers to communicate and connect. Students benefit from exchanging ideas and information with students around the world using the K12 program and gaining a sense of connectedness within the boundaries of a contained but global community. Each K12 sponsored school will also have its own sub-community to generate school pride as well as provide its own content and clubs, a school calendar, announcements, and information on upcoming activities and outings.
- ii. Counseling Tools – Web-based counseling tool(s) to support college, career planning and exploration. Specifically the tool(s) may include:
  1. Counselor's Office – Web-based system allows college and career counselors to collect and organize detailed information about students' post-secondary plans;
  2. Course Manager – Fully automated system to help students choose the courses they'll need to achieve their post-secondary goals;
  3. Family Connection – Provides students and families access to age/grade-appropriate resources for course, college, and career planning. Counselors can build multi-year course plans, conduct targeted college searches, research scholarships, etc.;
  4. Career Planner – Integrated so students and parents can see how career decisions relate to course and college planning activities, and counselors can guide and track student progress.

4. Support Services

- a. Teacher Effectiveness and Training (two percent (2%) of Program Revenues). Develop new teacher training and ongoing professional development for teachers, including Virtual National Teacher Training (VNTT), the initial training offered by the K12 Teacher Effectiveness Division to all teachers new to teaching at a virtual program using the K12 program. Develop and maintain the K12 Teacher Handbook, a resource guide with more than 200 pages of relevant information for teachers. Host the Teacher Support Website, an online community where teachers can interact with the K12 Teacher Effectiveness Division and other teachers from across the country to share resources and expertise. Host the Teacher Help Desk, a drop-in resource for teachers to receive real-time assistance from the K12 Teacher Effectiveness Division, open via phone, Elluminate drop-in, and email to teachers forty hours each week. Host ongoing teacher professional development sessions throughout the school year for new and returning teachers on topics related to teacher effectiveness in a virtual environment. Develop and deliver Online Synchronous Instructor training, which certifies teachers as effective instructors using Elluminate, the virtual classroom tool used by K12 Virtual Academies for real-time virtual instruction with students.
- b. Enrollment and Admissions (two percent (2%) of Program Revenues). Implementation of the Program's admissions policy, including management of the application and enrollment process; creation, design and publication of Program's applications and enrollment packages; and communicating with potential students and their families and assisting families through the enrollment process; conduct random lottery if required.
- c. Customer Care (two percent (2%) of Program Revenues). K12 will provide or cause to be provided to the School the design, implementation and maintenance of a customer care program to include training school staff, parents, learning coaches, and students as appropriate and necessary on technology systems, providing telephone and other support for the program, administration in troubleshooting system errors, and telephone support for students and supporting teachers and school care associates in answering technology-related questions. K12 will provide school care and support services on the learning management system, computer and software issues.
- d. Compliance Reporting (one percent (1%) of Program Revenues). During the Term, K12 will provide or cause to be provided to the School, a compliance program with respect to Applicable Laws. K12 will generate reports on pupil academic performance, attendance and progress as may be required by Applicable Laws. K12 will assist the School with audits related to attendance and other topics involving compliance issues.

**II. Technology Platform and Support Services:** During the Term, K12 and its Affiliates will provide or cause to be provided to School the technology services (the "Technology Platform and Support Services") described below. K12 will provide the Technology Platform and Support Services at School's Facility (defined below) and from K12's offices, as deemed necessary and in K12's discretion.

1. 24-7 monitoring of production services, i.e., SAMS and the on-line learning management system;
2. Monitor and analyze system data, to fix production issues as they may arise;
3. Generate reports on pupil academic performance, attendance and progress;
4. Seek and secure competitive pricing and centralized purchase discounts for computers, monitors, printers, software and other peripherals for the Charter School;

5. Train school staff, and parents and students, as deemed appropriate and necessary, on technology systems;
6. Develop, design, publish, and maintain the Program's interactive website;
7. Install and maintain the Program's computer network;
8. Generate reports e.g., omnibus report, demographic reports, etc.;
9. Develop community tools on the school's website and K12 platform (including password protected threaded discussion and message boards, moderation functionality, directories, etc.);
10. Determine hardware configurations (including software and operating systems) for the school's technology needs;
11. Provide onsite and telephone support for the Program administration in troubleshooting system errors, and telephone support for students;
12. Propose for the School adoption policies and procedures regarding the responsible use of computer equipment and other school property;
13. Support teachers and School care associates in answering technology-related questions from students, parents, teachers, and administrators;
14. Install software to generate master image of computer configurations for teachers, administrators, and students in order to standardize the user experience and lower costs and turn-around time for implementation and troubleshooting;
15. Ensure electronic security of student records (through the use of encryption, firewalls, etc.);
16. Provide a Web-filtering device to ensure that students do not have access to inappropriate materials on the Internet;
17. Prepare for, supervise, and implement all system roll-overs at the end of each academic year;
18. Assist with local, state, and federal reporting requirements;
19. Assist the school for audits related to attendance and other subjects;
20. Design and implement inventory management systems with the school's distribution and hardware vendors, as well as reclamation programs, as needed;
21. Support and design the Program's accounting system;
22. Provide online enrollment, registration and placement services;
23. Provide school email accounts for school employees;
24. Provide School care and technology support services on the learning management system, computer and software issues;
25. Oversee changes to the Program website to maintain quality assurance and make sure that there are not "version control" problems;
26. Coordinate security, creative, and content issues pertaining to the website;
27. Coordinate Web hosting contracts and relationships with vendors across the State as needed;
28. Handle troubleshooting issues for the school's website and send issues to the appropriate person or division for resolution; and
29. Additional Technology Services in K12's discretion and any other services as agreed to in writing by the Parties from time to time.

**III. Management Services:** During the Term, K12 and its Affiliates will provide or cause to be provided to School the management services (the "Management Services") set forth below. K12 will provide the Management Services at School's Facility and from K12's offices in Herndon, Virginia and elsewhere, as deemed necessary in K12's discretion.

1. **Educational Program Consulting.** Propose 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 in the Program. K12's recommendations for the Program will be consistent with Applicable Law and the Charter.

2. **Personnel Assistance.** Assistance with the supervision of all personnel providing Educational Products and Support Services, Technology Platform and Support Services, and Management Services.

Management of all Program employees including recruiting; hiring recommendations; reference, certification and background checks (excluding performing payroll functions or securing of payroll services; negotiation, securing and management of health, retirement and other benefits which will be the School's responsibility). Work with School to develop human resources policies, bonus plans, and strategic plans for staffing, development, and growth. Provide teacher performance evaluation models to School and advise School on effective ways to measure teacher performance in a virtual setting.

3. Facility Management. Identify location of School's Facility, assist with negotiation of lease and leasehold improvements and help manage Facility. The performance of K12's Educational Support and Administrative Services will be based out of this Facility, with support from K12's corporate location in Virginia and or other locations as necessary. The Facility will also serve as the principal office for all of School's personnel assigned to the Program.

4. Business Administration. Administration of all business aspects and day-to-day management of the Program. These services will include:

- a. Consultation, and services as liaison for School with the Sponsor, and other governmental offices and agencies;
- b. Consultation and advice regarding special education programs, processes, support services and reimbursements;
- c. Consistent with other provisions of the Agreement, provide school administrative staff as appropriate;
- d. Work with School's counsel, if any, on legal matters affecting the Program;
- e. Preparation of forms, operations manuals, handbooks, guides, and policies and procedures as necessary or required by the Charter or Sponsor;
- f. Consultation with respect to, and monitoring and oversight of, state reporting systems;
- g. Assist School in identifying and applying for grants and other funding opportunities;
- h. Assist with the administration of federal entitlement programs (e.g., Title I, I.D.E.A.);
- i. Arrange contracts with school districts, education services centers, and professional service providers for special education, testing and other support services on School's behalf;
- j. Establish and implement policies and procedures to maintain proper internal controls; and
- k. Provision of such other administrative and consulting services as agreed in writing by the Parties from time to time.

5. Budgeting and Financial Reporting.

a. Preparation of a proposed annual budget for the Program, including projected revenues, expenses and capital expenditures. The Parties agree that the last budget approved by School and agreed to by K12 prior to the effective date of this Agreement will serve as the approved annual budget of the Program for the first Fiscal Year. The proposed budget for subsequent years will be submitted by K12 to School on or before May 15<sup>th</sup> preceding the start of the applicable school year covered by such proposed budget. On or about October 31 of each school year during the Term, K12 will submit to School any proposed modifications to the annual budget for that school year to take into account the actual student enrollment for such school year and other changes in key assumptions. K12 will also submit to School from time to time any other proposed modifications to the annual budget as K12 will deem to be necessary or desirable, to be acted upon by School consistent with Applicable Law and this Agreement.

b. As practical and as possible, provide to School on a periodic basis, detailed statements of all revenues received, from whatever source by the Program, and detailed statements of all direct expenditures for services rendered to the Program.

c. Provide to School all financial reports required under Applicable Law and by the Sponsor.

d. Subject to any confidentiality obligations imposed on K12 by third parties, provide to School such other information either required by the Sponsor to be made available to School or the Sponsor requested by School, in each case within a reasonable time following such written request therefore, and in all cases consistent with Applicable Law.

e. To the extent applicable, assist in the preparation of required non-profit filings, including form 990 tax returns. Notwithstanding the foregoing, K12 will not be responsible for filing School's form 1023, but will work with School's counsel and/or accountant to prepare the application for tax-exempt status, as necessary.

6. Financial Management.

a. In accordance with School's expenditure authorization policy, K12 will, within commercially reasonable periods of time or as required by any agreement governing same, make payment for all Program Expenses, out of the Program funds managed by K12.

b. As required by Applicable Law, all Program Revenues and other funds belonging to the School will be maintained in an account(s) belonging to the School, over which the chair of the School's governing board (or the board member designated by the chair) will have sole authority to approve expenditure, transfer, and all other uses of such funds. The School will designate one or more representatives of K12 who will have signature authority over the account(s) by providing K12 and the financial institution holding the account(s) with a writing signed by the chair of the School's governing board that identifies the K12 representative(s) by name and title. . The School will immediately transfer to such account(s) all funds received by the Program from any source, including

but not limited to per pupil payments or reimbursements received from the local school district, state, federal and/or any other source, as well as any and all contributions received by the Program.

c. Perform necessary planning, forecasting, accounting and reporting functions as appropriate.

d. Assist and coordinate in any third-party audit(s) of the Program.

7. Maintenance of Financial and Student Records.

a. K12 will maintain and keep the records and books of the Program at the Facility. K12 may maintain electronic or paper copies of records and provide other services elsewhere, unless prohibited by Applicable Law. The School recognizes and agrees that for purposes of the Family Educational Rights and Privacy Act and the State open records act, K12 has a legitimate educational interest for purposes of School disclosing to K12 the Program student's educational records.

b. K12 will maintain accurate financial records pertaining to the operation of the Program and will retain all such records for a period of seven (7) years (or longer if required by Applicable Law) from the close of the Fiscal Year to which such books, accounts, and records relate.

c. K12 will maintain accurate student records pertaining to students enrolled in the Program in the manner required by Applicable Law, and retain such records on behalf of School at the Facility until this Agreement is terminated, at which time such records will be retained by and become the sole responsibility of School.

d. Ensure accessibility of Program records to School, its independent auditor and the State for completion of audits required by Applicable Law. The Parties understand that all financial, educational and other records, regardless of source of origin, are the property of School. The Parties agree to maintain, retain, disclose, and withhold Program records as may be required and in the manner required by Applicable Law.

8. Student Discipline. Provide necessary information and cooperate with School on the handling of all student disciplinary matters, including without limitation attendance and truancy matters. K12 will recommend policy and procedures for School adoption consistent with Applicable Law.

9. Annual Reports to Sponsor. Assist School with the creation, design, and arrangement for publication and dissemination of an annual report regarding the Program

10. Sponsor Policies and Charter Renewal. Assist School in complying with all applicable Sponsor policies as reasonably interpreted to apply to the Program. Assist School with drafting the Programs Charter renewal application, including working with School to develop any necessary budgetary and curriculum information. Present and defend School's Charter renewal application before the Sponsor/Agency.

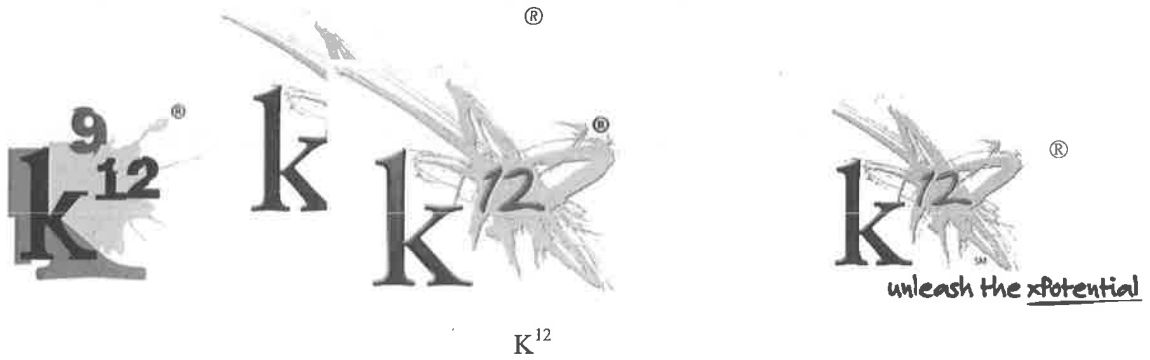
11. Instructional Property Management. Prepare and submit to School proposed policies and procedures regarding the responsible use of computer equipment and other instructional property. Arrange for the distribution and re-shipment or return (as necessary) of computers, printers and instructional materials for families, administrators, and teachers.

12. Public and Governmental Relations. Conduct public and governmental relations on the behalf of the Program with the community, the media and relevant governmental offices and agencies, including drafting and distribution of Program press releases.

13. Additional Administrative Services. Any other services as agreed to in writing by the Parties from time to time.

## EXHIBIT B

### K12 Proprietary Marks



Unleash the xPotential®

The xPotential®

A+nywhere Learning System®



Exhibit C  
Georgia Cyber Academy Charter Agreement

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# FIRST AMENDMENT TO EDUCATIONAL PRODUCTS AND SERVICES AGREEMENT

## Between the Georgia Cyber Academy And K12 Virtual Schools LLC

The Educational Products and Services Agreement made and entered into as of July 1, 2014 ("Agreement"), by and between the Georgia Cyber Academy ("GCA") and K12 Virtual Schools L.L.C. ("K12") (each of GCA and K12 are a "Party" and, collectively are the "Parties"), is hereby amended as follows, effective on the date on which this First Amendment bears the signatures of both parties hereto.

In addition to the educational products and administrative and technology services set forth in the Agreement, K12 will provide the following additional equipment, logistics services and technical support services to support state required online testing of GCA students during the 2015-2016 school year in accordance with the fees presented in the GCA Spring 2016 Testing Price List provided to the Board.

### 1. Services

- a. Site Validation. K12 will physically validate facilities for 49 sites. In all rooms where assessments will be administered, perform a test of mobile lab technology and capture test load simulation data and ISP signal quality measurements. Optimal placement of network devices will be documented.
  - i. Notify GCA if a facility is found to not be suitable
  - ii. Includes survey checklist, engineers test multiple carriers, antennas, equipment configurations, and types of Wi-Fi devices, identifying primary and secondary networks (no additional charge to deploy these at sites were deemed necessary), failover process is identified and documented; sr. engineers coordinate with sites to use native infrastructure when possible and prepare it for use for students
- b. Configuration Services. K12 will configure laptops and network equipment to the specific assessments being used.
- c. Briefings. GCA and K12 will attend weekly status briefings (hosted by K12).
- d. Training. Prior to assessment, GCA site lead will attend virtual, recorded, or in person familiarization or training session and review of roles and responsibilities (presented by K12). K12 will also prepare and deliver equipment setup and troubleshooting training for GCA testing personnel as needed.
  - i. TSE Training: Extensive, real-time training of techs on GCA specific equipment and test
- e. Networks. K12 will provide a secure private network (with redundant internet connection) of sufficient bandwidth to conduct assessments. If a site is found to have insufficient primary or secondary network, GCA must accept the risk in writing to K12 if GCA wishes to conduct testing there anyway.
- f. Equipment delivery and Setup. K12 will deliver equipment to GCA offices in Atlanta, GA for "paper/pencil sites" and individually to "online" sites. Pickup for return of equipment to our warehouse will be either from GCA offices or individually from test sites.
  - i. For designated "online" sites, K12 will set-up and test network equipment the day before testing begins. If that is not possible due to GCA's contract with the test site, K12 will complete set up no less than one-half hour prior to the scheduled testing start time.
  - ii. If requested in advance by a GCA site lead, or the Testing Coordinator, K12 will set up a Cradlepoint or Jetpack for non-testing use at the test site.
- g. Onsite and Emergency Support. K12 will provide onsite support.
  - i. All onsite tech support will have a national criminal records background check. GCA teachers must be present when onsite tech is in proximity of students.
  - ii. Five (5) regionally based supervisors available as backup and support within short driving distances of all sites in the region.

- iii. Setup, tear down all equipment. Includes at least one onsite support (1) tech per "online" location. Techs are trained on network and PC troubleshooting.
- h. Monitoring. K12 will monitor site status and troubleshoot issues from a central operations center. During the testing window, the operations center will be available from 6:00 AM until completion of testing each day, or other hours as deemed mutually agreeable. K12 will provide remote support for GCA test site personnel when no technology support specialist is onsite.
- i. Debrief. Within a reasonable time period after testing, GCA staff will participate in surveys and attend a de-briefing session to formulate best practices (hosted by K12).

2. Equipment

- a. Laptops and Peripherals: Leasing model; headphones, mice, privacy screens, power strips, extension cords, includes lightweight boxes for ease of use in remote sites, return processing for Spring 2016 testing. Pricing is as per the National Price List.
- b. Jetpack: Suitable for smaller sites with ten (10) or less students for Spring 2016 testing
- c. Cradlepoint: Suitable for larger sites with more than ten (10) students for Spring 2016 testing.

3. Fees

- a. All equipment costs will be invoiced upon shipment for the testing cycle based on actual units at the National Price List per unit. Invoices for technology support personnel will be issued at the conclusion of the testing cycle in accordance with the 2015-2016 GCA State Testing Price List. Invoices are payable net of thirty (30) days.

The Parties agree that, except as explicitly set forth in this First Amendment, all provisions of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the Parties by their authorized representatives have signed this First Amendment.

Georgia Cyber Academy

Signature: Christy Thomas  
Name: Christy Thomas  
Title: CFO Board  
Date: 4.19.16

K12 Virtual Schools L.L.C.

Signature: Allison Cleveland  
Name: Allison Cleveland  
Title: EVP  
Date: 4/20/16

### GCA Spring 2016 Testing Price List

#### FEES

Fees are set forth below for the Spring 2016 testing cycle. Invoices are payable net 30 days. All equipment costs will be invoiced upon shipment for the testing cycle based on actual units at the following price per unit. Invoices for technology support personnel will be issued at the conclusion of the testing cycle.

<b>Laptops (as per National Price List)</b>		<b>Unit type</b>	<b>Price Per Unit</b>
Laptop and Peripherals	Leasing model; headphones, mice, privacy screens, power strips, extension cords, includes lightweight totes for ease of use in remote sites, return processing		
	Spring '16 (1mo)	laptops	\$ As per NPL
<b>Networking (as per National Price List)</b>			
Jetpack (for small sites <10 students) for Spring	Lease model - 1mo (service included)	Jetpacks	\$ As per NPL
Cradlepoint (larger sites > 10 students) for Spring	Lease model - 1mo (service included)	Cradlepoints	\$ As per NPL
<b>Services</b>	<b>Notes</b>	<b>Rates</b>	
Site Validation (49 sites)	Includes survey checklist, engineers test multiple carriers, antennas, equipment configurations, and types of Wi-Fi devices, identifying primary and secondary networks (no additional charge to deploy these at sites were deemed necessary), failover process is identified and documented; sr. engineers coordinate with sites to use native infrastructure when possible and prepare it for use for students	\$575 per site	
Tech Support Supervisors	5 regionally based supervisors available as backup and support within short driving distances of all sites in the region.	\$30,360	
Onsite Support (20 sites)	Setup, tear down all equipment. Includes onsite support (1) tech per location. Techs are trained on network and PC troubleshooting.	\$658 per site per day	
Emergency Response	(1)resource located in Atlanta, GA dedicated to emergency communication and response	\$6900 flat fee	
TSE Training	Extensive, real-time training of techs on GCA specific equipment and test	\$3450 flat fee	
Equipment Distribution and Q&A, Training Video	Week of April 18	\$3680 flat fee	

**SECOND AMENDMENT TO  
EDUCATIONAL PRODUCTS AND SERVICES AGREEMENT  
BETWEEN  
GEORGIA CYBER ACADEMY INC.  
AND K12 VIRTUAL SCHOOLS, L.L.C.**

The Educational Products and Services Agreement made and entered into as of July 1, 2014, ("2014 Agreement"), by and between the Georgia Cyber Academy Inc. ("GCA") and K12 Virtual Schools L.L.C. ("K12") (each of GCA and K12 are a "Party" and, collectively are the "Parties"), is hereby amended as follows, effective on September 29, 2016.

1. Section 1.10 is amended to read as follows as of the effective date of the 2014 Agreement:

**1.10 Net Assets** means the difference between total assets and liabilities of the Program at the end of a given Fiscal Year. For the sake of clarity, and consistent with the definitions in Sections 1.6, 1.6.1, 1.6.2, 1.11.1 and 1.11.2, Net Assets does not include any long term obligations or liabilities that are required to be set forth in accounting and financial reporting pursuant to GASB 68. Excluding from Net Assets the long term obligations and liabilities required to be set forth in accounting and financial reporting pursuant to GASB 68 will not result in or cause an increase in balanced budget credits under this Agreement.

2. All other provisions of the 2014 Agreement shall remain in full force and effect.

Agreed to on behalf of K12 Virtual Schools L.L.C.:

By: DocuSigned by:  
Alison Cleveland  
027850C5D0C014DB

Print Name: Alison Cleveland

Title: EVP

Date: 11/9/2016

Agreed to on behalf of Georgia Cyber Academy Inc.

By: Ryan Mahoney

Print Name: Ryan Mahoney

Title: Board Chair

Date: 9-29-16

### Third Amendment to Educational Products and Services Agreement

The following Amendment is mutually agreed upon pursuant to Section 23.6 of the Educational Products and Services Agreement ("Agreement") executed on April 11, 2014 by and between Georgia Cyber Academy Inc. ("School") and K12 Virtual Schools LLC ("K12").

A new section will be added to the Agreement, which reads as follows:

"Section 8.2.1 Executive Director. The School may employ an Executive Director and the Board will determine the Executive Director's responsibilities, consistent with this Agreement. In filling a vacancy in the position of Executive Director, the Board will notify K12 when the Board has identified an eligible candidate as finalist and provide K12 with at least one week to interview the candidate and provide feedback and an indication of whether K12 supports the hiring of the candidate. The process for selecting an Executive Director is intended to be accomplished in good faith and through collaboration by both parties, but the parties recognize that the Board has sole authority to determine whether to hire an eligible candidate as Executive Director. To avoid any confusion, when a candidate for Executive Director is not eligible to be employed due to Section 21 of this Agreement, the Board may request a waiver from K12, and K12 may, in its sole discretion, determine whether to grant said waiver in that instance, without constituting a continuing waiver or a waiver beyond the specific waiver articulated in writing and signed by both parties in that instance. In those instances where the Board has requested said waiver, K12 will not automatically get the opportunity to interview the candidate, but can ask the Board for such an opportunity."

IN WITNESS WHEREOF the School and K12 mutually agree to this Amendment as of the date set forth below.

For and on behalf

Georgia Cyber Academy Inc.

Ryan Mahoney  
Signature

Ryan Mahoney  
Name Printed

Board Chair, GCA  
Title

8-25-17  
Date

For and on behalf

K12 Virtual Schools LLC

Allison Cleveland  
Signature

Allison Cleveland  
Name Printed

EVP, K12 Inc.  
Title

08/24/17  
Date

**FOURTH AMENDMENT TO  
EDUCATIONAL PRODUCTS AND SERVICES AGREEMENT**

This Fourth Amendment to the Educational Products and Services Agreement ("Fourth Amendment" and "EPSA") is entered by and between Georgia Cyber Academy, Inc. ("School") and K12 Virtual Schools LLC ("K12") effective as of the date last signed below. All changes to the EPSA provided for in this Fourth Amendment will take effect as of the Parties' execution of this Fourth Amendment, but for the changes as to which an effective date is specified.

**WHEREAS**, the Parties entered into the EPSA effective July 1, 2014, subsequently amended by the First Amendment to the EPSA effective April 20, 2016; the Second Amendment to the EPSA effective September 29, 2016; and the Third Amendment to the EPSA effective August 25, 2017 (collectively, "Agreement");

**WHEREAS**, the Parties desire to amend the Agreement as it relates to the employing party for certain School team members (i.e., individuals who are either employees of the School or of K12 and provide services to School), to certain budgetary matters, and to certain matters regarding provision of services to students with disabilities; and

**WHEREAS**, except as amended by this Fourth Amendment, the Parties desire for all provisions of the Agreement to remain in full force and effect.

**NOW THEREFORE**, the Parties agree as follows:

**I. CHANGES TO RECITALS**

**Section C of the Recitals** of the Agreement shall be revised by deleting "recruitment and management" in line 5 and by inserting in its place "and recruitment,"

**Section D of the Recitals** of the Agreement shall be deleted and replaced with the following:

"WHEREAS, The Parties enter this Agreement in the utmost good faith and acknowledge that all terms, provisions, duties, and rights set forth in the Agreement are subject to the Charter and Applicable Law."

**Section E of the Recitals** of the Agreement shall be deleted in its entirety and replaced with the following:

"WHEREAS, the School sets and carries out the policies and procedures set by its Governing Board, including policies and procedures regarding educational, financial, and human resources operations."

**II. CHANGES TO NUMBERED SECTIONS**

**Section 1.2** of the EPSA shall be revised by deleting “No Child Left Behind Act” and by inserting in its place “Every Student Succeeds Act.”

**Section 1.12** of the EPSA shall be revised by deleting “Management Services” in line 3 and by inserting in its place “Administrative Services.”

**Section 1.15** of the EPSA shall be revised by deleting “Management Services or Management Fees” in lines 17-18 and by inserting in its place “Administrative Services or Administrative Services Fees.”

**Section 2.2.2** of the EPSA shall be revised by deleting “Management Services” and inserting in its place “Administrative Services” and by deleting “teacher recruiting, training and management” and inserting in its place “teacher recruiting and training”.

**Section 2.4** of the EPSA shall be replaced with the following:

2.4 Services Related to Students With Disabilities and English Language Learners.

a. Effective January 1, 2019 (or such later date that the Parties may agree in writing), K12 shall provide the School the services described in subsection 2.4(b) to facilitate the School’s serving the following students:

i. Each student with a disability who requires special education and related services pursuant to the Individuals With Disabilities Education Act (“IDEA”), as specified in each such student’s Individualized Education Plan (“IEP”).

ii. Each student who is an English Language Learner (“ELL”), as specified in each such student’s ELL Plan.

iii. Each student with a disability receiving services under Section 504 of the Rehabilitation Act of 1976 (“Section 504”), as specified in each such student’s 504 Plan.

b. K12 shall provide the following services to help the School provide services to students as described in the IEP, Section 504 Plan, or ELL Plan of each student described in subsection 2.4(a):

i. Identify, recruit, and hire related services providers that meet the requirements of the IEP/Section 504 Plan/ELL Plan per student, as specified by the School.

ii. K12 shall ensure that the related services providers are properly credentialed and maintain proper credentials to provide the related services and enter into the Related Service Manager contracted related service providers and approved therapists. The pertinent credentials are those stated by the Georgia Department of Education. The School shall timely notify K12 of changes in contractual requirements with any related services provider(s), and such notice will give rise to K12's obligation promptly to ensure that the provider(s) are properly credentialed as to any new or different related service specifics for which he/she/they are responsible. K12 shall timely notify the School if a related service provider requests termination and the School shall timely notify K12 if there is an issue with a related service provider requiring renegotiation or termination of a contract. Between K12 and the School, with the exception of the credential verification responsibilities stated herein, K12 shall not be responsible for verifying that the related service providers are complying with the terms of the related service provider contract nor shall K12 be liable to the School if the related service provider does not comply with the terms of its contract.

c. The School shall provide to each student described in subsection 2.4(a) all required services other than those stated in subsection 2.4(b). This shall include that the School shall verify related service provider service delivery and invoices in a timely manner to ensure that K12 is able to comply with the terms of the related service provider contracts.

d. The School pursuant to Section 17 shall indemnify and hold harmless K12 for any Claims, as is defined in Section 17, that may arise due to any services that are required to be provided by the School pursuant to this Section 2.4 or any Claims that arise because of any actions or inactions by the School.

e. K12 and the School will exert best efforts to meet the January 1, 2019 target date but acknowledge that the January 1, 2019 target date may not allow the Parties sufficient time to put in place components necessary for a smooth transition from K12 to the School of the items specified in this section. In that case, the Parties will agree to a later date, in writing.

**Section 4.2** of the EPSA shall be revised as follows effective as of July 1, 2019:

4.2 **Balanced Budget Credits.** The School and K12 agree to exert best efforts to avoid a Negative Net Asset Position for the School in each and every Fiscal Year during the Term. In an abundance of caution, the School and K12 want to provide as one of the means for the School to avoid a Negative Net Asset Position utilizing 'Balanced Budget Credits' from K12 as described in and subject to Sections 4.7 and 4.9.

**Section 4.5** of the EPSA shall be revised by deleting the first two sentences and replacing them with the following:

K12 and the School agree that the School will maintain one reserve ("Reserve Fund") of \$250,000 annually of Program Revenues each year of the Term. The Reserve Fund shall be \$250,000 on an annual basis unless additional funds are agreed to in writing by both parties. The Reserve Fund will serve as the School's solitary emergency fund, funded consistently with Section 6.5 of this EPSA, and will be used at the School Governing Board's discretion and in good faith to address extraordinary or unplanned changes in circumstance. The School will notify K12 in advance of each expenditure (as to amount, purpose, and payee) from the Reserve Fund.

**Section 4.7** of the EPSA shall be revised as follows effective as of July 1, 2019:

4.7 **Final Program Budget.** The School will adopt an annual final Program budget ("Final Program Budget") for each Fiscal Year during the Term. The Final Program Budget will take into account projected enrollments, funding, teacher/other staffing based on Board policies, operating expenses, surplus, deficit, or any other assumptions relevant to non-K12 expenses and K12 fees for the Fiscal Year. The Program budget process shall begin with the HOS and Executive Director (ED) and K12 Regional Vice President (or other authorized designee) meeting to discuss the School's priorities for the relevant school year. The Regional Vice President will work with the K12 finance team to develop a proposed budget.

No later than April 30th of the then-current school year, K12 and the School (the HOS and ED) will present the Board with a proposed Program budget for the upcoming Fiscal Year, proposed jointly by K12 and the School (HOS and ED); or, in the event that K12 and the School (HOS/ED) do not agree on a proposed budget, one budget proposed by K12 and one budget proposed by the School. The School, at the direction of its Governing Board, shall adopt a Final Program Budget not later than thirty (30) days prior to the start of the immediately upcoming Fiscal Year. K12 shall issue Balanced Budget Credits as necessary for the School to avoid a Negative Net Asset Position for the immediately upcoming Fiscal Year up to the amount stated in the budget adopted by the School. Once the budget is approved by the Board pursuant to this section, any further Balanced Budget Credits are limited as provided by Section 4.9.

**Section 4.9** of the EPSA shall be deleted in its entirety effective as of July 1, 2019 and revised as follows:

4.9 Variances from Budget. In the event that the Program budget reflects a Negative Net Asset Position at any time during the Fiscal Year of more than an aggregate of two percent (2%) the School, through its Governing Board and K12 will exert best efforts to reach agreement on budget modifications that may be necessary and appropriate to balance the budget. As part of this process, the School, through its governing board may require additional Balanced Budget Credits. However, K12 reserves the right to limit such Balanced Budget Credits up to 2% per year or other agreed upon variance in writing.

**Section 4.11** of the EPSA shall be revised to add “work with School staff to” at the end of the first line after (i) and in the last sentence after the word “also.”

**Section 4.13.4** of the EPSA shall be deleted and replaced with the following:

4.13.4 School Support Staff as referenced in Section 8.4 below, including salaries, benefits, computers and peripherals, software, travel and all other reimbursable expenses per approved School policies.

**Section 4.13.17** of the EPSA shall be revised as follows:

office and Governing Board meeting expenses such as rent, maintenance, office, furniture, supplies, computers, learning and tutoring center supplies and all other Program expenses approved in the budget, provided that any Program Expenses that the School knows or reasonably should have known will exceed the approved budget or budget modifications by two percent (2%) or more must be approved in accordance with Sections 4.8 and 4.9.

**Section 5.1** of the EPSA shall be revised as follows:

The Termination date of June 30, 2021 will be replaced with “June 30, 2021 or the date by which GCA’s next charter contract (expected to commence effective as of July 1, 2019) with its authorizer expires, whichever date is later.”

**Section 5.2** of the EPSA shall be revised by adding to the beginning of the section, “Subject to the terms of the Charter and Applicable law.”

**Section 6.2** of the EPSA shall be revised by adding the following to the end of the existing language:

As is set forth in greater detail in Exhibit A, Technology Platform and Support Services includes, but is not limited to the following services: school management information systems, learning management systems, and networks/systems management.

**Section 6.3** of the EPSA shall be revised by deleting it in its entirety effective as of July 1, 2019 and replacing it with the following:

6.3 Administrative Services Fee. In consideration of the value of the Administrative Services provided by K12, as specified in Exhibit A, the School agrees to pay K12 and its Affiliates twelve percent (12%) of the Program Revenues each Fiscal Year of the EPSA ("Administrative Services Fee"). As is set forth in greater detail in Exhibit A, Administrative Services includes, but is not limited to the following services: general administrative services, financial support, human resource administration, public relations/student and family outreach/community network management, enrollment and admissions, compliance reporting, customer care, and teacher effectiveness and training."

**Section 6.5** of the EPSA shall be revised by deleting it in its entirety effective as of July 1, 2019 and replacing it with the following:

"6.5 Priority of Payments. Payments from the Program Revenues, as set forth in the budget approved pursuant to Section 4, will be paid in the following order of priority: (1) State Charter School Commission Fee. (2) Program Expenses identified in Section 4.13 above to include all Program teacher salaries and fees for Educational Products and Support Services except for Third Party Provider Payments described below. (3) Reserve Fund. (4) Third Party Provider Payments, as defined below; Technology Platform and Support Services Fees and Administrative Services Fees payable to K12 and its Affiliates, including any fees for administrative, technology or educational support products and services purchased by the School in addition to those enumerated in Exhibit A. (5) Repayment of Balanced Budget Credits and Advances, if any. "Third Party Provider Payments" are payments to third parties (i.e., parties other than K12 and its affiliates) from which the School directly procures educational products and services, as set forth in Section 4.6 of this Agreement. Should the School not have enough Program Revenue to make all payments under this Section 6.5, it agrees that all third-party providers will be treated equal by reducing the payment to vendors identified in Sections (4) by the same percentage."

**Section 7** of the EPSA shall be revised by deleting "Management Fee" in line 6 and by inserting in its place "Administrative Services Fee."

**Section 8** of the EPSA shall be revised, effective as of January 1, 2019 or such later date that the Parties agree to in order to allow for a seamless transition, except as otherwise specifically stated herein, by deleting it in its entirety and replacing it with the following:

8.1 K12 Staff Assigned to the School. K12 will employ and determine the employment terms for K12 employees who K12 deems necessary to deliver the Educational Products and Services under this EPSA. K12 will have the sole authority to select, supervise, compensate and determine compensation, evaluate, transfer, promote, discipline and dismiss its staff members. Such personnel may provide services to the School on a full- or part-time basis and may provide services onsite at the School, for the convenience of the School or elsewhere.

8.2 Administrators and Executive Director. Effective as of July 1, 2018, the School shall employ the Head of School ("HOS") and the Deputy Head of School (collectively, "Administrators") and the Executive Director ("ED"). The Parties agree that K12 may recommend candidates, will be provided an opportunity of at least one week to interview candidates, and may provide feedback and an indication of whether K12 supports the hiring of the candidate. After following this process, the School's Governing Board will have sole discretion in selecting any eligible candidates as the HOS, ED, and Administrators. The Parties agree that the process for selection of the Administrators and the Executive Director is intended to be accomplished in good faith and through collaboration by both parties. To avoid any confusion, when a candidate for one of these positions is not eligible to be employed due to Section 21 of this EPSA, the School may request a waiver from K12, and K12 may, in its sole discretion, determine whether to grant said waiver in that instance, without constituting a continuing waiver or a waiver beyond the specific waiver articulated in writing and signed by both parties in that instance.

8.3. Employment of Teachers and Other Instructional Staff and Faculty. In order to comply with Applicable Law and specifically State Department of Education Rule 160-4-9.06, effective January 1, 2019 or such later date that the Parties agree to consistently with Applicable Law in order to allow for a seamless transition, the teachers and other instructional staff and faculty of the Program will be employed by the School and all costs associated with their employment (including, without limitation, salaries, benefits, professional development and other Program related reimbursable expenses) will be a Program Expense. The School will supervise, direct, and discipline teachers and other instructional staff and faculty. Each teacher must be qualified and meet all requirements of Applicable Law. "Teachers and other instructional staff and faculty" is defined in state law and the positions of teachers (master, lead, and

Special Education), Academic Administrator, Principals, Counselors, and Family Academic Support Team currently meet that definition.

8.4 Employment of School Support Staff. Effective January 1, 2019 (or such later date that the Parties agree to in writing) all School support staff will be employed by the School. Such personnel do not include those employees of K12 pursuant to section 8.1 and necessary to provide the services set forth in the EPSA.

8.5 Retirement Benefits. To the extent required by Applicable Law, qualified staff members will participate in the Georgia Teachers Retirement System and School will, pursuant to TRS, make the statutorily required employer contributions.

8.6 Background Investigations on Employees. As part of its Administrative Services, K12 will be responsible for arranging for criminal background checks to be conducted on its employees and School employees assigned to the Program to the extent required under Applicable Law and will maintain documentary evidence that it has done so. Upon the School's request, K12 will provide the School with documentary evidence of its compliance, subject to any confidentiality requirements imposed by Applicable Law."

**Section 9.6** of the EPSA shall be revised by deleting "Support Services, Technology Platform and Support Services, and Management Services" in lines 3-4 and by inserting in its place "Technology Platform and Support Services and Administrative Services."

**Section 10.1** of the EPSA shall be revised by deleting line 3 and replacing it with the following: "policies for the operation of the Program and will implement procedures, to the extent such responsibility resides with K12, consistent with those."

**Section 10.4** of the EPSA shall be revised by deleting, "but the HOS will serve in an advisory ex-officio role in relation to the Board at its request and in its sole discretion."

**Section 13.2** of the EPSA shall be revised by adding the following to the end of the Section:

**"13.2 Balanced Budget Credits Outstanding.**

13.2.1 In the event that: (a) this Agreement expires or is terminated pursuant to Section 12 so that K12 is no longer the primary service provider; and (b) the School no longer continues to have a public online educational offering, the School shall fully exhaust its Net Assets in order to reimburse K12 for Balanced Budget Credits outstanding up the amount of Net Assets available. If any Balanced Budget Credits remain after the

Net Assets are fully exhausted, K12 will forgive the remaining Balanced Budget Credits.

13.2.2 In the event that: (a) this Agreement expires or is terminated pursuant to Section 12 so that K12 is no longer the primary service provider; but (b) the School continues to have a public online educational offering, K12 shall forgive all Balance Budget Credits issued except for the Balance Budget Credits issued for the final Fiscal Year of this Agreement. In such a case, the School shall repay K12 for the Balance Budget Credits issued for the final Fiscal Year of this Agreement over a period of no more than thirty-six (36) months after the expiration or earlier termination of this Agreement in twelve (12) quarterly installments beginning within thirty (30) days after such expiration or earlier termination of this Agreement and continuing every three (3) months thereafter.

**Section 13.4** of the EPSA shall be revised by adding the following to the end of the Section:

“Except as provided in the previous sentence, no Educational Products or Services shall be provided pursuant to this EPSA for the benefit of any Fiscal Year beyond the expiration or termination of this EPSA.

### **III. CHANGES TO EXHIBIT A**

**Before Section I of Exhibit A**, the following will be inserted:

For the avoidance of doubt, all Educational Products, Recruiting and Product Related Services, Technology Platform and Support Services, and Administrative Services provided for in Exhibit A of the EPSA including, but not limited to, operations, human resources information technology, marketing, enrollment and finance shall remain services provided by K12 and all employees providing such services shall remain K12 employees, unless such services or employees are specifically agreed to be moved to the School pursuant to written agreement of the parties.

**Exhibit A, Section I(3)(a)** shall be revised, effective as of January 1, 2019 (or such later date that the Parties agree to in writing) by deleting “and teachers.”

**Exhibit A, Section I(3)(b)** shall be revised by deleting the first line and inserting the following: “Pupil Recruitment. Recruitment of students, in collaboration with the Head of School, including creation.

**Exhibit A, Section I(3)(c)** shall be revised by deleting the eighth line of the section and inserting in its place the following: “suggestions; respond to suggestions and implement improvements where K12 and/or the School deems them to be valuable.”

**Exhibit A, Section I(3)(e)** of the EPSA shall be revised by deleting it in its entirety and replacing it with the following:

Computers for Full Time Students. Each Full-time Student who does not in writing opt out of this offering, one computer, one monitor, and software as the School in collaboration with K12 determines to be necessary to deliver the Program. The School shall in writing notify all students of this policy. Computers and printers shall be returned to K12 upon a Student's withdrawal or upon expiration or termination of this EPSA. If computers are not returned, the School will be charged at the replacement value of such computers, pursuant to the replacement fee as set forth in K12's National Price List in effect on the effective date of the Fourth Amendment to the EPSA.

**Exhibit A, Section I (4)** of the EPSA shall be deleted in its entirety effective as of July 1, 2019.

**Exhibit A, Section III, paragraph 1** of the EPSA shall be revised by deleting it in its entirety and replacing it with the following:

III. Administrative Services: During the Term, K12 and its Affiliates will provide or cause to be provided to School the administrative services (the "Administrative Services") set forth below. K12 will provide the Administrative Services at School's Facility and from K12's offices in Herndon, Virginia and elsewhere, as deemed necessary in K12's discretion."

**Exhibit A, Section III (2)** of the EPSA shall be revised by deleting it in its entirety effective as of January 1, 2019 or such later date that the Parties agree to and replacing it with the following:

2. Personnel Assistance. Assistance with the supervision of all personnel providing Educational Products and Support Services, Technology Platform and Support Services, and Administrative Services. Administration services for all Program employees including recruiting; hiring recommendations; reference, certification and background checks (including, as requested by the School, performing payroll functions or securing of payroll services; negotiation, securing and management of health, retirement and other benefits). Provide Board with draft human resources policies and strategic plans for staffing, development, and growth.

**Exhibit A of the EPSA shall be revised** effective as of July 1, 2019 **by adding Section III (2.1)** after Section III (2), and Section III (2.1) will read as follows:

Teacher Effectiveness and Training. Develop new teacher training and ongoing professional development for teachers, including Virtual National Teacher Training (VNTT), the initial training offered by the Teacher Effectiveness Division to all teachers new to teaching at a virtual program using the K12 program. Develop and maintain the K12 Teacher Handbook. Host the Teacher Support Website, an online community where teachers can interact with the K12 Teacher Effectiveness Division and other teachers from across the country to share resources and expertise. Host the Teacher Help Desk, a drop-in resource for teachers to receive real-time assistance from K12 Teacher Effectiveness Division, open via phone, live drop-in services (or a similar service), and email to teachers forty hours each week. Host ongoing teacher professional development sessions throughout the school year for new and returning teachers on topics related to teacher effectiveness in a virtual environment. Develop and deliver Online Synchronous Instructor training, which certifies teachers as effective instructors using on-line meeting tool (or a similar service), the virtual classroom tool used by K12 Virtual Academies for real-time virtual instruction with students.

**Exhibit A, Section III (3)** of the EPSA shall be deleted in its entirety effective on July 1, 2019 provided that the School takes assignment of the School's office lease pursuant to an Assignment and Assumption of Lease.

**Exhibit A, Section III (4)** of the EPSA shall be revised by deleting "management" in line 2 and by inserting in its place "administration."

**Exhibit A, Section III(4)(a)** of the EPSA shall be revised by deleting it in its entirety.

**Exhibit A, Section III(4)(j)** of the EPSA shall be revised by adding the following at the beginning of the sentence: "Work with School staff to."

**Exhibit A** of the EPSA shall be revised by adding **Sections III (4.1) through (4.3)** after Section III (4), and Sections III (4.1) through (4.3) will read as follows:

4.1 Enrollment and Admissions. Implementation of the Program's admissions policy, including management of the application and enrollment process; creation, design and publication of Program's applications and enrollment packages; and communicating with potential students and their families and assisting families through the enrollment process; conduct random lottery if required.

4.2 Customer Care. K12 will provide or cause to be provided to the School the design, implementation and maintenance of a customer care program to include training school staff, parents, learning coaches, and students as appropriate and necessary on technology systems, providing telephone

and other support for the program, administration in troubleshooting system errors, and telephone support for students and supporting teachers and school care associates in answering technology-related questions. K12 will provide school care and support services on the learning management system, computer and software issues.

4.3 Compliance Reporting. During the Term, K12 will provide or cause to be provided to the School, a compliance program with respect to Applicable Laws. K12 will generate reports on pupil academic performance, attendance and progress as may be required by Applicable Laws. K12 will assist the School with audits related to attendance and other topics involving compliance issues.

**Exhibit A, Section III(5)(a)** of the EPSA shall be revised by deleting it in its entirety effective as of July 1, 2019 and replacing it with the following:

- a. As further outlined in Section 4 of this EPSA, work with School staff on the preparation of a proposed annual budget for the Program, including projected revenues, expenses, and capital expenditures.

**Exhibit A, Section III (6)** of the EPSA shall be revised by deleting "Management" in the heading and by inserting in its place "Administration."

**Exhibit A, Section III (11)** of the EPSA shall be revised by deleting "Management" in line 1 and by inserting in its place "Administration."

**Exhibit A, Section I (3)(d)** of the EPSA shall be deleted in its entirety.

K12/GCA EPSA Fourth Amendment

**IN WITNESS WHEREOF** the Parties have entered this Fourth Amendment to the EPSA as of the last date signed below ("Effective Date"), having read it in its entirety and consulted with their respective counsel.

**K12 VIRTUAL SCHOOLS LLC**

By: \_\_\_\_\_

*Nate Davis*

Print Name: \_\_\_\_\_

*Nate Davis*

Title: \_\_\_\_\_

*Chairman and CEO*

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

*Jan 4, 2019*

**GEORGIA CYBER ACADEMY, INC.**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

**IN WITNESS WHEREOF** the Parties have entered this Fourth Amendment to the EPSA as of the last date signed below ("Effective Date"), having read it in its entirety and consulted with their respective counsel.

**K12 VIRTUAL SCHOOLS LLC**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

**GEORGIA CYBER ACADEMY, INC.**

By: K Tennyson

Print Name: Kenneth A. Tennyson

Title: BOARD CHAIR - GCA

Date: JAN 3, 2019

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The Performance Audit Division was established in 1971 to conduct in-depth reviews of state-funded programs. Our reviews determine if programs are meeting goals and objectives; measure program results and effectiveness; identify alternate methods to meet goals; evaluate efficiency of resource allocation; assess compliance with laws and regulations; and provide credible management information to decision makers. For more information, contact us at (404)656-2180 or visit our website at [www.audits.ga.gov](http://www.audits.ga.gov).