

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE
BUTTE COUNTY OFFICE OF EDUCATION
AND
SHERWOOD MONTESSORI
FOR
FY 2011-12 BUSINESS SERVICES**

THIS MEMORANDUM OF UNDERSTANDING (hereinafter "MOU") is made and entered into as of this 1st day of September, 2011, by and between the Butte County Office of Education (hereinafter "BCOE") and Sherwood Montessori (hereinafter "Sherwood") for the purpose of BCOE providing business services to Sherwood. Charter oversight responsibilities are not included in the scope of this agreement.

MEMORANDUM OF UNDERSTANDING

1. **DAY-TO-DAY OPERATIONS:** The day-to-day operations of Sherwood shall be conducted through and by Sherwood's Director and the nonprofit public benefit 501(c)(3) organizations, as set forth in the Charter. It is not the intent or the understanding BCOE will assume financial responsibilities for Sherwood. It is the responsibility of Sherwood's administration and Board of Directors to ensure compliance with Generally Accepted Accounting Principals (GAAP), adherence to the California School Accounting Manual (CSAM), and the implementation of proper financial internal control procedures.
2. **RELATIONSHIP BETWEEN PARTIES:** For the purposes of this MOU, BCOE will provide support and assistance to Sherwood for business services. Nothing in this agreement adds to or takes away from the supervisory and oversight responsibilities that CUSD maintains as the chartering agency of Sherwood.
3. **SCOPE:**
 - A. BCOE will provide the following services/activities:
 - a. General Business Services
 - Develop budgets required by the California Department of Education based on goals and direction from Sherwood's Board and Director
 - Produce monthly cash flow statement
 - Produce monthly budget to actual variance reports
 - Perform monthly bank reconciliations
 - Complete required financial reports related to Grant and Loan requirements
 - Review deposits for correct SACS coding and verify amount in Accounts Receivable
 - Create invoices for before/after school billings, camp fees for parents, and other miscellaneous receivables
 - Produce accounts payable checks after administrative staff enter data and verifies expenditures. Review SACS codes and funding class determinations
 - Assist with annual audit requests related to financial data
 - b. Payroll Services
 - Produce paychecks once a month in a timely manner after Director has verified monthly timesheets
 - Prepare quarterly and annual payroll reports (941, 940, DE9, DE-9C, & W-2)
 - STRS & PERS reporting

c. Other General Services

- Attend Board of Directors meetings as requested
- Be available to assist CUSD administrative staff, California Department of Education staff, Sherwood Director, and Sherwood Board with requests pertaining to budget, expenditures, and income within a reasonable time frame

B. Sherwood Responsibilities:

a. Provide accurate and timely information to BCOE to fulfill the scope outlined in this MOU

- Accurate employee information
- Current pay schedules
- Employee contracts
- Timesheets
- Payroll changes
- Invoices
- Other supporting documentation
- Reconciliation of monthly health insurance billing
- Maintain proper internal control procedures to ensure accurate financial data

4. ACCOUNTING SYSTEM SOFTWARE: All accounting software will be paid for by Sherwood and stored on computer equipment owned by Sherwood. Sherwood will provide BCOE reasonable access to Sherwood's computer equipment and financial software system.
5. EMPLOYEE BENEFITS / PROFESSIONAL SERVICES: Sherwood is responsible for securing and financially supporting all employee benefits such as health insurance and workers compensation. Sherwood is also responsible for contracting for professional services as needed outside the scope of this MOU for such services as liability insurance, independent auditors, and actuarial services.
6. TERM: This MOU will be in effect from September 1, 2011 through June 30, 2012. The agreement will remain in effect renewing every July 1st for the remainder of the fiscal year ending June 30th. Either party may terminate this agreement by giving 90 calendar days advance written notice to the other party.
7. FEE: The monthly fee for services provided in this MOU is \$1,700. Monthly payments to BCOE will be deducted directly from Sherwood's principal apportionment disbursements following the month of service. Payments are due no later than 90 days after the month of service.
8. INDEMNIFICATION: Sherwood shall defend, indemnify, and hold BCOE, its officers, agents, servants, representatives, employees, and subcontractors harmless from and against all claims, demands, actions, and proceedings of whatever cause or nature, and all costs and expenses connected therewith, including reasonable attorneys' fees, on account of any damage to or the loss or destruction of any property, or injury to or destruction of any property, or injury to or death of any person, caused in whole or in part by any negligent act or omission of Sherwood or any of its officers, agents, servants, representatives, employees, or subcontractors arising directly or indirectly in connection with services performed under this Agreement. Sherwood shall reimburse BCOE for any expenditure, including reasonable attorneys' fees, BCOE may make by reason of the matters that are the subject of this indemnification, and if requested by BCOE, will defend any claims or litigation to which this indemnification provision applies, at the sole cost and expense of Sherwood.

BCOE shall defend, indemnify, and hold Sherwood, its officers, agents, servants, representatives, employees, and subcontractors harmless from and against all claims, demands, actions, and proceedings of whatever cause or nature, and all costs and expenses connected therewith, including reasonable attorneys' fees, on account of any damage to or the loss or destruction of any property, or injury to or destruction of any property, or injury to or death of any person, caused in whole or in part by any negligent act or omission of BCOE or any of its officers, agents, servants, representatives, employees, or subcontractors arising directly or indirectly in connection with services performed under this Agreement. BCOE shall reimburse Sherwood for any expenditure, including reasonable attorneys' fees, Sherwood may make by reason of the matters that are the subject of this indemnification, and if requested by Sherwood, will defend any claims or litigation to which this indemnification provision applies, at the sole cost and expense of BCOE.

Notwithstanding anything to the contrary contained in this MOU, no indemnification shall be provided under this MOU based on, arising out of, or relating to any of the following:

- a. Any liability expressly assumed by a party;
- b. Any negligent or intentional misconduct of any officer, agents, servants, representatives, employees, and subcontractors;
- c. Any violation by officers, agents, servants, representatives, employees, and subcontractors of any applicable laws of the United States, including, without limitation, the California Charter School Act.

IN WITNESS WHEREOF, each of the Parties hereto has duly executed this Agreement as of the dates shown below.

Don McNelis
Superintendent
On Behalf of BCOE
1859 Bird Street
Oroville, CA 95965

Date

Michelle Yezbick
Director
On Behalf of Sherwood Montessori
746 Moss Avenue
Chico, CA 95926

Date

Russell Shapiro
Board Chairman
On Behalf of Sherwood Montessori
746 Moss Avenue
Chico, CA 95926

Date