

**GENERIC CHURCH COVENANT AS OF MAY 8, 2020 AND LIONHEART
CHILDREN'S ACADEMY
PARTNERSHIP COVENANT**

This Partnership Covenant ("Agreement"), is made and entered into as of this ____ day of _____, 20__, (the "Effective Date") by and between **Lionheart Children's Academy** located at 610 S. Industrial Blvd., Suite 170, Euless, TX 76040 ("Lionheart" or "Academy") and **Church Name** located at (insert address here) ("Church") (collectively the "Partners").

PARTNERSHIP OVERVIEW

- A. The Partners desire to work together in order to accelerate the Church's mission to reach their community with the gospel. Lionheart has specific passion and expertise to reach kids and young families through providing high-quality child care programs. To that end, Lionheart partners with local churches to operate Christ-centered preschool and school-age programs (Lionheart Children's Academy or "Academy") to reach more children and families in the most gospel-sensitive season of their lives and integrate them into the Church.
- B. Lionheart's vision is to empower the Body of Christ to take leadership of the child care industry for the advance of the gospel. Lionheart seeks to be a world-class operator of children's academies focused on educational and operational excellence as well as intentional spiritual impact in the lives of the children and their parents. The Church provides facilities and practical spiritual support for reaching these children and parents and integrating them into the Church. The congregation leverages the Academy as an outreach tool with their unchurched friends and commits to intentionally reaching out and inviting them. Lionheart is designed to be a powerful new "front porch" for the Church to engage families, serve and love them well, share the gospel and connect them to the Church.
- C. Lionheart seeks to bless the Church spiritually and financially while handling all of the day-to-day operations. To achieve those ends, the Partners agree as follows:

**ARTICLE I
GENERAL PROVISIONS**

- 1.01 Tax-Exempt Purpose. The tax-exempt purpose of the Academy is to expand the Church's religious education and outreach in the community by providing Christ-centered infant, toddler, preschool, school-age and summer programs that meet the needs of working families. Lionheart is a Christian Section 501(c)(3) ministry, as defined in the Internal Revenue Code and as such Partners are in full alignment.
- 1.02 Scope of Services. The Partners agree upon the scope of services which may include both full- and part-time infant, toddler, preschool and school-age programs as more fully described in Exhibit A. This may also include the integration of existing weekday church programs serving Lionheart age children and their families if indicated in Exhibit A.

- 1.03 Term. This Agreement shall commence on the Effective Date and shall continue through the launch date of the Academy and for a period of **BLANK (XX)** months thereafter, unless terminated by the Partners as provided in Article VII or dissolved by law. The plan is to launch the Academy in **INSERT DATE** with the restart of the local school year.
- 1.04 Automatic Renewal. Upon the expiration of the Initial Term as described in Section 1.03, unless written notice of Termination is provided as described in Article VII, this Agreement will automatically renew annually thereafter.

ARTICLE II SPIRITUAL STRATEGY

- 2.01 Target Demographic. In line with the spiritual purpose, the Academy will seek to have at least 50% of the participating families be either unchurched (or minimally connected) at all times. This will not be a rigid policy but will remain an intentional priority. The main outreach focus of the Academy is working families in need of full-time child care as this serves the largest segment of the community and those families least likely to be connected to a church. However, it is important to get Church member participation to stimulate early growth and assist in ministry to unchurched families.
- 2.02 Spiritual Leadership. In addition to the industry standard staffing, the Academy will employ a Community Director (“CD”) who will be responsible for ensuring the spiritual goals of the Academy are achieved. The Community Director is in practical effect an additional member of the pastoral staff and usually attends Church staff meetings. The CD is required to attend the Church unless by mutual agreement of the Partners.
- 2.03 Church Engagement. The Community Director and Academy Director (as defined below) will work with church staff to maximize relationship-building and church assimilation opportunities between church staff/members and the unchurched families using the Academy. Church staff should be engaging with Academy kids and parents frequently such as during pick up and drop off, weekly worship and ROAR time (chapel), and graduation events. The Academy is designed to be a tool to empower the Church to accomplish more effective community outreach. The effectiveness of the Academy is greatly improved as the Church leadership casts vision and energizes the congregation to use the Academy to connect unchurched friends and neighbors to the Church.
- 2.04 Spiritual Goals. Lionheart and the Church will establish specific mutually agreed upon spiritual goals for the Academy each year which will include evangelism of children and families and integration into the church.

ARTICLE III OPERATIONS

- 3.01 General. Lionheart handles most operational concerns – leaving the Church to focus on spiritual connection and integration of the Academy families. Unless otherwise indicated, Lionheart is responsible for all Academy staffing and employee services, marketing, daily operations, information technology, leadership development, licensing compliance, accounting and payroll.
- 3.02 Staffing. The Academy leader is the Academy Director (“AD”). The Academy Director and all Academy staff are employees of Lionheart. Lionheart is responsible for all employment responsibilities including taxes, benefits and compliance with all state or federal employment regulations. Church partners will provide input and consultation on staffing decisions as desired – especially for the Academy Director and the Community Director positions. It is strongly preferred that the AD and CD are active members of the Church. Church members are preferred for all Academy staffing to maximize spiritual impact and seamless integration to church. The Church agrees to work with Lionheart to give best effort to recruit Academy leadership as well as teacher staffing from the congregation. Lionheart retains final responsibility for all staffing decisions. All employees will be required to sign and abide by the Statement of Faith and Commitment to Biblical Living, which is included as Appendix 1.
- 3.03 Signage. Good signage is critical to the success of the partnership to reach the general public who may initially be attracted to the location for Lionheart services. Signage expectations are defined in Exhibit B. Church agrees to work with Lionheart to obtain approval for additional signage from appropriate regulatory authorities.
- 3.04 Marketing. Lionheart is primarily responsible for the development and execution of a marketing strategy in collaboration with the Church to create awareness and excitement to fill the Academy. Much of this strategy will focus on attracting unchurched families through social media, public school relationships and community outreach. Church agrees to work with Lionheart to execute a robust internal marketing strategy to mobilize the congregation to use the Academy for their child care needs and encourage friends and neighbors to do so as well. This strategy should include regular vision casting from the senior pastor – especially leading up to launch and as the Academy is growing to capacity.
- 3.05 Hours of Operation. The operating hours of the Academy are generally from 6:30 a.m. to 6:00 p.m. weekdays or as otherwise provided in Exhibit A. The Academy is closed on National Holidays and during two In Service trainings each year. A holiday closure schedule is sent to parents every year.

- 3.06 Minimum Standards/Governmental Licensing. Subject to Church responsibilities in Section 4.03, Lionheart will be responsible for maintaining all minimum standards for child care centers as required by any licensing or oversight authority and shall further be responsible for obtaining and maintaining the requisite licenses and permits to operate the Academy. The Church will leverage any local relationships or goodwill to assist in the permitting/licensing process.
- 3.07 Supplies. Lionheart and the Church will develop a mutually agreed upon system for sharing, storing, maintaining, and replenishing supplies in the shared space.
- 3.08 Classroom Walls. Lionheart and Church will develop a mutually agreed upon manner in which the wall space in the classrooms will be used. Lionheart may post information as required for child care licensing compliance. The goal of shared space is that each Partner can operate freely, yet in cooperation with others sharing the same space.
- 3.09 Transportation. Lionheart will provide all transportation needed for the Academy – usually in the form of very cool Lionheart buses! The Church may have prearranged use of the Academy vehicles if available. The Church would need to carry \$1 million hired non-owned auto liability coverage and provide a Certificate of Insurance showing Lionheart as an additional insured with a waiver of subrogation. Academy vehicles are owned by Lionheart and leased to the Academy.

ARTICLE IV FINANCIAL OBLIGATIONS

- 4.01 Financial Partnership Overview. The desire of the partnership is that the Church and Lionheart share appropriately in the costs, risks and energy required to launch the Academy and grow it to its spiritual and financial potential. Each partner also shares in the spiritual blessings and financial benefits that result so that the Church can expand ministry and Lionheart can expand its vision with additional churches. Lionheart has exerted best efforts to define and forecast the startup costs, operating revenue, expenses and potential surpluses of the Academy below and in Exhibit D. Fulfillment of these projections will require the best efforts of Lionheart and the Church in an ongoing spirit of partnership and remain only projections. Lionheart and the Church will collaborate regularly and jointly establish annual budgets and financial goals in light of actual experience.
- 4.02 Significant Time. Significant time may pass from the execution of this agreement to the date of launch due to construction or other issues. These projections are made with the best information available at the time of the Agreement and conditions may change in the interim period until launch. Lionheart will keep the Church informed of any significant change in projections in the interim and provide the Church an updated projection of pre-launch costs six months prior to launch.

- 4.03 Facilities. One of the main Church investments in the partnership is the provision and maintenance of the facilities. Lionheart partners with the church to maximize utilization of their facility during the week to advance the vision of the church to better serve and reach the community. The Church shall be responsible for all costs associated with the development of the facilities required to operate the Academy as defined in Exhibit C (“Premises”) unless any such costs are listed in Exhibit D as Start-Up Expenses. The Church shall also be responsible for the day-to-day maintenance, support and long-term improvements of the Premises to maintain legal compliance with applicable licensing standards and remain comparable to other high-quality child care facilities. Such costs include utilities, janitorial services, trash removal, internet, security, repairs, maintenance, carpet and paint. Ongoing needs for Premises improvements and refresh will be discussed and determined as part of the annual budget process described in Section 4.10. The Church will provide Lionheart the use of the Premises, along with access to such space and non-exclusive use of common areas such as parking lots, playground, lobbies, restrooms, storage closets, hallways and entrance/exits.
- 4.04 Furniture, Fixtures and Equipment (“FF&E”). Operating the Academy requires additional FF&E above what would be required for normal church activities. The church is responsible for providing the initial FF&E outlined in Exhibit E unless any such costs are listed in Exhibit D as Start-Up Expenses. Additional needs for FF&E will likely arise over the course of the partnership due to opening additional rooms, normal replacement needs, licensing changes, or other unanticipated needs and are not included in the financial projections in Exhibit D. These needs for additional FF&E will be discussed with the Church in advance or as part of the Annual Budget process outlined in Section 4.10 and if desired will be paid for by Lionheart and added to Operating Expenses as defined in Section 4.07. All FF&E will be used by both Partners but will remain the property of the church.
- 4.05 Start-Up Expenses. The Academy will incur Start-Up Expenses including “PreLaunch” and “Ramp Up” expenses as projected in Exhibit D. The PreLaunch expenses will be incurred beginning approximately 6 months prior to launch through the launch date. The Ramp Up expenses are the operating losses incurred until such time as the Academy begins operating at a surplus. Start-Up Expenses can be paid for by the Church or Lionheart. If paid by Lionheart, these funds are borrowed from Kingdom-minded investors - often as unsecured loans at BLANK% interest. Lionheart welcomes the Church's participation in securing this funding if desired and if at a lower rate we will adjust the budgets accordingly. If these costs are paid by Lionheart they will be financed at BLANK% interest with payments deducted from the Church share of surplus according to the schedule in Exhibit D.
- 4.06 Surplus. The Partners fully expect that the Academy will generate significant surpluses over time. These projections are included in Exhibit D. The Academy will pay BLANK% of all revenue generated net of Actual Operating Expenses (“Surplus”) to the Church to help further their mission and ministry and recoup the investments in the partnership. The other BLANK% will be paid to Lionheart to help fund additional Academies or subsidize Academies in lower-income communities.

- 4.07 Operating Expenses. “Actual Operating Expenses,” consist of (1) those expenses incurred in carrying out the Academy’s day-to-day operations, including but not limited to the following: payroll, processing fees, employee benefits, transportation, food service, classroom supplies, office expenses, telephone, curriculum, collateral, marketing, insurance, bus rentals, merchant fees, bad debts and other expenses; (2) interest and principal payments on any Lionheart financed Start-Up Expenses and, (3) Lionheart support services in the amount of ten percent (10%) of gross revenue with a minimum fee of \$8,334 per month and a maximum of \$25,000 per month. These support services include but are not limited to leadership development, marketing, human resources, training, accounting, finance, fund raising, legal, information technology, operational oversight, and risk management and are detailed in Exhibit F. A comprehensive spreadsheet detailing all projected revenue, Operating Expenses, and Surplus will be provided to the Church.
- 4.08 Delays. The enclosed projections are based on opening the Academy on the planned launch date in **INSERT DATE**. In the event that delays occur in having the Premises available (such as construction or permitting delays), both Partners acknowledge that additional Start-Up Expenses may be incurred due to the hiring of staff etc. Church agrees to fund at least 50% of these additional Expenses and the balance if any will be added to the Lionheart-funded Start-Up Expenses if applicable.
- 4.09 Distributions. All distributions of Surplus will be made no less than 30 days after the close of each quarter. Along with each distribution of Surplus, Lionheart will provide to the Church the calculations supporting the amount of the distribution.
- 4.10 Annual Budget. The Church and Lionheart will agree to an annual budget each calendar year. The initial seven-year budget projections summary is in Exhibit D. Lionheart will provide estimates during the annual budget process on any additional FF&E or Premises upgrades recommended. The Partners will cooperate with respect to financial decisions, recognizing that Lionheart retains ultimate responsibility for the Academy budget. Any material projected variance from the Annual Budget projected Surplus (greater than 10%) will be discussed promptly with the Church.
- 4.11 Certification and Records. Lionheart will use its best efforts in all matters, including financial matters, and will maintain its books and records in accordance with Generally Acceptable Accounting Principles. Lionheart shall maintain a complete set of records, statements, and accounts concerning the total operation of the Academy, in which books shall be entered each transaction pertaining to the Academy. All books and records of the Academy will be available during working hours and upon reasonable notice for inspection and examination by the Church. Lionheart obtains a full independent audit annually and is certified with the Evangelical Council for Financial Accountability (ECFA).

ARTICLE V INSURANCE AND INDEMNIFICATION

5.01 Insurance to Be Maintained by Lionheart. Lionheart shall maintain the following types of insurance and have the Church named as an additional insured and provide the Church with an annual Certificate of Insurance;

- Commercial general liability insurance containing sexual abuse/molestation coverage
- Automobile liability
- Umbrella liability
- Employment practices liability and workers comp

The limits, deductibles, and other terms and conditions of such policies of insurance are detailed on Exhibit “H”. Lionheart shall deliver to Church proof that the insurance described in Exhibit H is in full force and effect. Lionheart shall provide advance written notice to Church prior to any termination of such insurance policies.

5.02 Insurance to Be Maintained by the Church. A broad form real property, personal property and business interruption (or comparable coverage) insurance policy will be maintained by the Church during the term of this agreement. This is to cover the replacement of the property as well as costs (wages during shut down to manage situation) and lost income during any forced insurable shut down of the Academy. The Church should maintain coverage in such amounts, with deductibles and terms that are in the Church’s judgement, reasonable to replace all the Academy business property and facilitate a return to full operations as quickly as possible. If the Church will be using the Lionheart buses, they must also maintain a hired and non-owned auto liability policy to cover their use of the buses. The Church will maintain a hired physical damage limit of at least \$60,000 to cover full reimbursement of any damage to a Lionheart bus caused by Church use.

5.03 Mutual Indemnification. Lionheart and Church will at all times and to the fullest extent permitted by law, indemnify the other Party (the “Indemnified Party”) from and defend the Indemnified Party against all actual, compensatory, incidental, or consequential damages (including lost profits) arising from any judgment or award, all amounts paid in settlement of a dispute and all related costs and expenses and reasonable attorneys’ fees of the Indemnifying Party that arise out of or are based upon any act, error or omission of the Indemnifying Party and results in any suit, proceeding, claim, demand, investigation, or inquiry alleging or based upon bodily injury or property damage (collectively, “Action”) relating to the operations or transactions contemplated under this Agreement. The Indemnified Party shall give the Indemnifying Party immediate notice of any Action subject to indemnification.

ARTICLE VI PARTNERSHIP HEALTH

- 6.01 Communication and Decision-Making. Maintaining good communication and clear decision-making is vital to the long-term health of the partnership. Lionheart appoints Nathan McClintock, President as the decision-maker and primary communication liaison between Lionheart and the Church ("Lionheart Liaison"). The Church appoints _____ (name/title) as the decision-maker and primary communication liaison between the Church and Lionheart ("Church Liaison"). The Church Liaison is responsible for communicating decisions and other Lionheart matters to the appropriate Church staff. The Lionheart Liaison will maintain regular communications with the Church Liaison to keep updated on Academy progress and any major issues that may arise or changes in Academy leadership. The Church Liaison will communicate any Lionheart matters that are not resolved by local Academy leadership to the Lionheart Liaison. Either Partner may replace its own Liaison at any time, so long as it provides written notice to the other Partner.
- 6.02 Partners for Life. Lionheart desires to fully meet or exceed our commitments to the Church. To accomplish this, Lionheart uses a methodology called Partners for Life which will include an initial expectation meeting with all the key stakeholders at the Church to mutually agree, in writing, on the priority expectations for the first year. Those expectations will be spelled out in measurable goals/objectives and become the basis for Lionheart's quarterly reporting. If an expectation is falling short, Lionheart will report on the corrective action plans it is implementing to remedy that shortfall. Prior to the start of every school year, Lionheart will meet with the church to update expectations for the new year.
- 6.03 Dispute Resolution. As equally yoked spiritual partners, the Parties are committed to the spirit of 1 Corinthians 6:1-8 to resolve any conflicts. Any disputes with this agreement will be resolved first with Christian mediation, then secondly by Christian binding arbitration. The parties agree to follow the Rules of Procedure for Christian Conciliation, Institute for Christian Conciliation, or similar faith-based mediation and arbitration group. This agreement is subject to Texas law.

ARTICLE VII TERMINATION

- 7.01 Termination. It is the desire of the Partners that this partnership would endure perpetually for the accelerated advance of the Church's mission. Circumstances may arise where either Partner would desire to terminate the partnership. It is the intent of the Partners that this partnership would terminate in a way that honors Christ and respects the continued missions of both Partners. The general terms for termination and specific situations that may arise are outlined below.

- 7.02 General Terms for Termination. Either Partner may terminate this agreement for Good Cause (defined in Section 7.03) upon receipt of 60 days written notice at any time. Either Partner may terminate this agreement for any reason upon receipt of one hundred and eighty (180) days written notice. If Lionheart terminates the agreement and the Church wishes to continue operation, then Lionheart will give best efforts to assist the Church in assuming operations or transitioning to another operating partner. If the Church terminates the agreement without Good Cause prior to the recovery of any Lionheart-provided Start-Up Expenses, then the Church will be obligated to reimburse Lionheart for any such unrecovered amounts. Upon termination all FF&E will become or remain property of the church. Lionheart will retain exclusive rights to any Lionheart branded items, including any buses used at the Academy. This agreement will continue to govern operation of the Academy after notice of termination has been provided.
- 7.03 Good Cause Definition. “Good Cause” means (1) the failure by either Partner to adhere to a material term of this Agreement unless corrected within sixty days of receiving written notice, (2) the rendering of a final judgment against either Partner related to misconduct.
- 7.04 Continued Operation by The Church. In the event that the Church terminates the Agreement without Good Cause but wishes to continue operation, Lionheart retains exclusive rights to the name “Lionheart Children’s Academy” and the Church agrees to change the name of the Academy. Lionheart agrees to give best effort to help the Church transition to operating the Academy and will allow the church to hire all Lionheart employees. Church agrees to pay Lionheart 36 months of Lionheart's share of the monthly Surplus at the time of termination (calculated from the average of the Surplus from the three most recent months) for efforts expended on behalf of the partnership to launch and grow a successful Academy and to help launch another academy.
- 7.05 Discontinued Operation by Lionheart. In the event that Lionheart terminates the Agreement without Good Cause, Lionheart agrees to not launch a competing Academy within the trade area (within 7-minute drive time) of the Church if the Church continues operating an academy. Should the Church discontinue operating a childcare academy any time in the future, Lionheart would be released from this action and free to open another Academy within the 7-minute drive time. Lionheart agrees to pay the Church 36 months of Lionheart’s share of the monthly Surplus at the time of termination (calculated from the average of the Surplus from the three most recent months) to cover expenses related to the transition.
- 7.06 Partners Cease Operations. Both Partners acknowledge that this agreement may be terminated immediately if either Partner ceases as an entity.

ARTICLE VIII OTHER LEGAL STUFF

- 8.01 Grant of Trademark License. The Partners grant each other the non-exclusive, worldwide right and license to use the other Partner's name and logo (the "Mark") in connection with the Academy and any advertising or promotional materials.
- 8.02 Trademark Royalty. No Royalty payments are contemplated in consideration of the Trademark License granted in Section 8.01.
- 8.03 Validity. In the event that any provision of this Agreement shall be held to be invalid, the same shall not affect in any respect whatsoever the validity of the remainder of this Agreement.
- 8.04 Integrated Agreement. This Agreement constitutes the entire understanding and agreement among the Partners hereto with respect to the subject matter hereof and there are no agreements, understandings, restrictions or warranties, written or otherwise, among the Partners other than those set forth herein with respect to the subject matter hereof.
- 8.05 Headings. The headings, titles and subtitles used in this Agreement are for ease of reference only and shall not control or affect the meaning or construction of any provision hereof.
- 8.06 Notices. Except as may be otherwise specifically provided in this Agreement, all notices required or permitted hereunder shall be in writing and shall be deemed to be delivered when deposited in the United States mail, postage prepaid, certified or registered mail, return receipt requested, addressed to the Partners at their respective addresses set forth in this Agreement or at such other addresses as may be subsequently specified by written notice or otherwise made known to the other Party.
- 8.07 No Assignment. Neither Partner shall assign or transfer his or her rights or duties in the joint venture without the express written consent of the other Partner. Any transfer or assignment made without the consent of the other Partner shall not relieve the transferor or assignor of his or her duties or obligations under this Agreement.
- 8.08 Waiver. The failure of either Party to enforce any provisions of this Agreement shall not be construed as a waiver or limitation of that Partner's right to subsequently enforce and compel strict compliance with every provision of this Agreement.
- 8.09 Binding Effect. The provisions of this covenant shall be binding upon and inure to the benefit of both Partners and their respective legal representatives, successors and assigns.
- 8.10 Amendment. This Agreement may be amended only by an instrument in writing signed by both Partners hereto.

Acknowledged and Agreed Upon by:

Lionheart Children's Academy

Church Name

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Address: _____

Address: _____

Exhibit A - Scope of Services

- Preschool for ages 6 weeks to Pre-Kindergarten during the weekdays all year long from 6:30AM to 6:00PM.
- Before and After School program for elementary age children during the school year from 6:30-8:00AM and then from 3:00-6:00PM. Bus transportation to and from school.
- All day summer programs for elementary age children.
- Closed during Lionheart holidays which will be reviewed with the church each year.
- Lunch and snacks will be provided and prepared in on-site kitchen.
- No integration of existing Church programs is contemplated.

Exhibit B - Signage

Having the right signage is critical to the success of the Academy. This includes signage to attract unchurched families to the Academy and signage to direct families appropriately once onsite. Signage needs include:

- Permanent and clearly visible advertising space on the main Church sign.
- Directional signs at each church entrance and at the corners of the church to direct new and/or prospective parents to the child care Academy.
- Permanent and clearly visible directional/advertising sign on the exterior of the main building adjacent to the entrance.
- Advertising space/mention/links as appropriate in church publications/advertising vehicles, i.e. church bulletins, e-marketing campaigns.
- Bulletin inserts during peak enrollment times.
- Listing on the church website as an integrated ministry.
- Interchangeable classroom signage by each door defining usage for Sunday's and weekday.
- Permanent, clearly visible, lighted signage on the building that is compliance with city/county code

* Directional signs at the church entrances/corners should be factored into the church's setup/tear down process and cost for Sundays, unless the church desires to do more permanent structures.

Exhibit C – Premises

The Premises will include areas listed below and marked on floor plans:

- All classrooms designated for Lionheart use.
- Large Multiuse Room.
- Outdoor Playground.
- Reception area for check in.
- Dedicated offices for our staff, equipment and meetings.
- Staff break room.
- Kitchen for preparing and heating breakfast and lunches.
- Storage for materials and supplies.
- See below floor plan.

Floor Plan - Level 1

- INSERT FLOORPLAN

Exhibit D - Academy Financial Projections

[illegible]

Exhibit E – Initial Furniture, Fixtures and Equipment (FF&E)

Operating the Academy requires additional FF&E above what would be required for normal church activities. The church is responsible for providing the initial FF&E as outlined below. Any prices listed are simply estimates.

Security System Parents and staff given personalized codes for check in. Need all exterior doors with access to the children's areas to be locked with remote control access (prefer the ability for an intercom to verify identity before buzzing in). Ideally, parents have a code or badge that allows them to enter during operating hours.

Playground This is one of the best drive-by marketing tools for the Academy. Licensing requires the playground to be divided into several areas with equipment appropriate for varying ages. Size requirements vary by State. Texas: Playground must have 80 sq ft per child for 25% of the licensed capacity (i.e. 200 capacity = 4,000 sq ft of outdoor play space. This can include secured off parts of parking lots for school age students to use).

- Soft rubber fall zones or Astro turf in hot areas of the country.
- Shade structures.
- Water play area if possible is a great marketing attraction.
- Water drinking fountain (not required, but a nice addition).

High Speed Internet throughout the Academy

Classroom Cameras

- \$250 per classroom for HD color and audio.
- DVR and Computer with software for video recordings. This protects children, parents and staff. DVR and computer system keeps recordings for up to 4 weeks.
- Large monitor at front desk area reflecting each classroom camera feed.

Electronic Monitor Display for Information for Parents

Lobby Furniture

- 4 easy chairs
- Coffee table
- Photo frames
- Wall decorations

Laundry Room If the Academy has over 200 children enrolled, then 2 sets of laundry equipment is good to have - \$2,000.

- High capacity washer
- High capacity dryer

Reception Desk & Check in Equipment

- Counter with transition wall, low enough for person sitting to see over the wall and monitor traffic in the lobby
- File cabinets underneath the transition wall
- Drawer storage underneath the transition wall
- Check in tablets (ideally, attached to wall or surface)
- Computer for Front Desk Admin
- Space for a director to sit at the front desk with admin
- TV monitor access to play video feed from classrooms

Office for Academy Director For private consultations with parents, children and staff.

- Desk
- Laptop Computer with 15-inch screen minimum and 8G memory
- LG 37inch widescreen monitor for easy view of budgets and P&L statements from the National Office
- If space permits, it's nice for there to be a conference room with table and 4 chairs for meetings
- TV monitor for observing classrooms

Storage Room and Shelving \$2,000-3,000 depending upon available space.

- Storage racks

Kitchen Equipment

- Convection oven instead of open flame stove requiring hood - \$3,500 (\$10,000 if no hood provided)
- Warming box - \$1,000
- Commercial microwave - \$600
- Pass through dishwasher with stainless steel tables - \$10,000
- One three large capacity compartment sinks
- Stainless steel racks for pantry storage - \$400 each
- Commercial fridge - \$3,500 (40 cu ft)
- Commercial freezer - \$3,500 (40 cu ft)
- Dishes, cups and utensils for 200 capacity Academy

Monument Street Signage Average \$10,000

Outside Building Signage Average \$3,000

Directional Signage on Street or in Parking Lot

Copier \$150-200 rental + average \$800 for usage

Indoor General Play Space in Case of Inclement Weather & General Assembly This could also be used for Chapel Time and school programs with parents.

LCA Would Prefer Consultation on FF&E Purchases Below:

iPads with Case & Keyboard for Each Classroom \$275 each

iPad Docking Cart \$200

Classroom Equipment Average initial setup is \$100,000-150,000 and annual refresh average is \$6,000-12,000 per year. Equipment cost and availability varies depending upon vendor. Quantity varies depending upon size of the Academy and number of rooms for each age group.

Exhibit F – Lionheart National Support Services

Lionheart brings a comprehensive support system and services to the Partnership to maximize likelihood of ongoing success of the Academy. Lionheart support is designed to compete effectively with the major national brands. These services are designed to ensure operational excellence and maintain spiritual intentionality. Support services that are specific to each Academy are itemized in the operating budget. Support services that are not specific to the Academy are described below and covered by the Support Services fee indicated in Section 4.07.

Operational Support

Licensing and Operating Support

- Our senior leaders have over 100 years of child care leadership over 100 academies
- Operating at or above licensing minimum standards
- Proactive policies to prevent deficiencies
- Playbook of tried and true policies available to the Operations team in real time
- Consistent auditing of Academy reports to stay efficient

People Management, Development and Support

- Direct operational leadership (VP Operations)
- Partners for Life administration
- Recruiters to ensure we hire well educated and Spiritually aligned staff
- Onboarding programs to set leaders up for success
- Staff training programs
- In-Service training days
- Culture and Best Christian Workplace

Marketing

- Perform market analysis to ensure strategies match the local market
- Lead branding and advertising efforts to attract leads
- Marketing representative to supply Church with marketing materials (graphics for social media, videos for services, flyers for bulletins, etc)
- Engage families through LCA Social Media platforms
- Production Team to supply LCA Branded items to cut costs of using external printing services

IT Support

- Desktop and systems setup and maintenance
- Help Desk support

Spiritual Support

- Executive Community Director to coach and support Community Directors to ensure Spiritual focus is maintained
- Weekly prayer times with academies
- Custom Spiritual Reporting platform maintained and updated by IT Team

Educational Support

- Curriculum design and development
- Teacher training
- Room design by educational experts to maximize space and learning potential
- On-going trainings for teachers and leadership based on best practices in early childhood education
- Research and development of resources and tools from latest early childhood education research
- Educational experts support leadership in meeting educational goals and objectives

Financial and Employee Services

- Accounting services including Intacct financial reporting
- Payroll, timekeeping, taxes and benefits
- Workers comp and student insurance administration
- Unemployment claims handling
- OnCare cloud-based Academy management system integration with financial systems
- Accounts payable and bill payments
- Accounts receivable oversight to policy and write-offs
- Scholarship administration
- Fund raising, grants and restricted giving administration
- Government food program administration
- Government affordable subsidy administration
- Expense reports, reimbursements and credit card reconciliation
- Merchant services accounting
- Banking and bank reconciliations
- Chargebacks administration
- Providing working capital to support Academy
- Fund raising and loan administration
- Annual budgeting
- Quarterly forecasting
- Academy models and key performance indicator measures
- Host Church financial reporting
- Record retention, back up, recovery and archiving
- Insurance services and claims administration
- Fleet acquisition, rental, registration and maintenance
- Legal and risk management, including covenant
- Evangelical Council for Financial Accountability (ECFA) Certification
- Maintenance of an acceptable control environment
- Ongoing internal audits and annual independent audit

Exhibit G – Launch Support

Academies are generally launched to align with the local school calendar. Lionheart has a robust launch plan and process as outlined below to ensure the Academy opens with excellence and on enrollment goal. This plan begins 8-9 months prior to launch.

Launch Services Provided by Lionheart

- Complete a comprehensive market and demographic analysis to assess viability.
- Complete a competitive analysis and pricing strategy, set tuition rates and enrollment projections.
- Provide support for vision casting within the Church (Sunday service presentations, staff/elder meetings, town hall gatherings).
- Raise launch capital.
- Recruit, hire and train staff.
- Build a prayer team and publish a monthly prayer calendar.
- Develop and execute a comprehensive marketing plan (signage, print, mailers, flyers, local advertising, internet, social media, etc.) Leverage host church resources and web presence to promote Lionheart.
- Execute a comprehensive community relations program to visit local businesses, schools, local chamber meetings and other networking activity to promote the Academy.
- Ensure the Academy is ready for local government approval and child care licensing (attend public hearings, obtain special use permits and a certificate of occupancy, partner with the church to make building and/or playground modifications, as needed).
- Identify and obtain classroom and Academy needs (ordering and placing all materials, manipulatives, furniture and equipment).
- Design and implement childcare security systems.
- Determine and set up food service system.
- Order, purchase, wrap and utilize buses.
- Set up accounting, finance, audit, reporting, insurance, tax and regulatory systems and platforms.

Exhibit H – Insurance

Insurance Maintained by Lionheart

1. Commercial General Liability and Abuse/Molestation Coverage: CGL Limits \$1,000,000 per occurrence, \$3,000,000 aggregate; abuse/molestation \$1,000,000 per occurrence, \$2,000,000 aggregate
2. Commercial Auto Liability: Limits \$1,000,000 Combined Single Limit, \$2,500 deductible
3. Umbrella Liability: Limits \$2,000,000 per occurrence, \$2,000,000 aggregate
4. Employment Related Practices Liability: Limits \$1,000,000 per occurrence, \$1,000,000 aggregate
5. Workers Comp Insurance: For all workers according to state requirements

Insurance to be maintained by the Church

A broad form real property, personal property and business interruption (or comparable coverage) insurance policy will be maintained by the Church during the term of this agreement. This is to cover the replacement of the property as well as costs (wages during shut down to manage situation) and lost income during any forced insurable shut down of the academy. The Church should maintain coverage in such amounts, with deductibles and terms that are in the Church's judgement, reasonable to replace all the academy business property and facilitate a return to full operations as quickly as possible. If the Church will be using the Lionheart buses, they must also maintain a hired and non-owned auto liability policy to cover their use of the buses. The Church will maintain a hired physical damage limit of at least \$60,000 to cover full reimbursement of any damage to a Lionheart bus caused by Church use.

Appendix 1
Statement of Faith and Commitment to Biblical Living

I. STATEMENT OF FAITH

The Scripture

We believe that the Bible is the authoritative and infallible revelation from God to man.

God

We believe that God eternally exists in three persons—the Father, the Son, and the Holy Spirit—and that these three are one God, having the same nature, attributes and perfection, and worthy of the same worship and obedience.

Man

We believe that man was originally created in the image of God but has fallen through sin, and as a consequence has separated himself from God, being dead in sin. Man is now essentially and unchangeably unholy apart from divine grace.

Jesus Christ

We believe that Jesus Christ was sent by God the Father to manifest God to man and to become the Redeemer of a lost world. Jesus was born of the Virgin Mary, lived a sinless life, and voluntarily accepted the Father's will and became the sacrificial Lamb to take away the sins of man through His death on the cross. On the third day after His burial, He rose again and was received into heaven where He now rules over all things and makes intercession for His people.

Salvation

We believe that salvation is available to all by grace through faith in Jesus as Lord and Savior.

The Holy Spirit

We believe in the Holy Spirit, who indwells believers at the moment of their conversion and empowers believers to live the Christian life.

The Church

We believe that all who are united to the risen and ascended Christ are members of His Church regardless of denominational affiliation. Having become members one of another, all are under solemn duty to keep the unity of the Spirit in the bond of peace, rising above doctrinal differences and loving one another with a pure heart.

The Local Church

We believe that the local church is the primary instrument of God in the world today for the purpose of Biblical teaching, corporate worship, encouragement, fellowship, discipleship, evangelism, and missions. Christians should make a commitment to a local church where they can be spiritually fed, connect with other ministries, and practice Biblical stewardship.

The Christian Life

We believe that Christians are called to walk not after the flesh but after the Spirit, and so living in the power of the Spirit they will not fulfill the desires of the flesh. The flesh with its fallen nature needs to be kept constantly in subjection to Christ, so as not to come forth in our lives and bring dishonor to the Lord.

The Eternal State

We believe that after death, those who have trusted in the Lord Jesus Christ shall be resurrected and be reunited with Christ in heaven. Those who have not believed in Christ will be separated from God forever.

II. COMMITMENT TO BIBLICAL LIVING

As employees of Lionheart and ambassadors of Jesus Christ, we are on mission to make Christ known. It is critical that we each commit to a standard of Biblical living in order to honor Christ and His mission. The following represent the Lionheart Children's Academy Commitment to Biblical Living. This Commitment is one that all staff members agree to and are held accountable to in love during the duration of their ministry with Lionheart.

Integrity in Relationships

Jesus

Staff members are committed to growing in their relationship with Jesus Christ. Their highest priorities are daily personal worship and obedience as they seek to know Him and become more like Him. Lack of time with the Lord quickly renders us ineffective in ministry. Our desire is that you would primarily serve from the overflow of your own relationship with Jesus. This filling comes through time with the Lord. (Jn. 4:13-14, Jn. 10:10, Jn. 15:5, 9-12, Eph. 5:17).

Family

Staff members recognize the necessity of healthy family and interpersonal relationships. Marriage, children, family, and spiritual families are all precious to the Lord and gifts from Him. (Eph. 5:31-33, Ps. 127:3-5, Rom. 12:10) Staff members commit to being wholly present and growing in their family roles and commit to not allowing ministry to supersede that. At Lionheart there will be times when staff members need to attend to a family need (sick child, school event, planned family event, funeral, etc.). They are freed to make boundaries within the priority of family so long as they notify their supervisor, honor the commitment to complete their work, and consider how to help, equip, and communicate with those that will be affected by their choice or absence.

Single Staff Members

Staff members who are single should guard their relationships with a divine standard of purity. (1 Cor. 6:19-20). Staff members recognize the need to live above reproach in their relationships including the refusal to cohabit with a member of the opposite sex prior to marriage.

Marriage

Staff members believe marriage is a sacred union between one man and one woman. (Gen. 1:27, 2:24) Married staff members commit to investing time, energy, and personal sacrifice to love and honor their spouse, and commit to not allowing ministry to supersede that. (Eph. 5:31-33) Staff members will protect that relationship by maintaining upright relationships with other staff members and clients. They hold to the standards set forth in God's word regarding sexual purity, integrity of the mind, and holiness in all that they see and act on. Those staff members who find themselves struggling with marital issues should understand their role and Lionheart's role.

Role of the staff member

- To establish and maintain authentic communication with their Lionheart supervisor informing them there is a marital issue and the steps they are taking to address those issues.
- To seek accountability within their church for reconciliation and restoration.
- To seek Biblical counseling personally and with their spouse for reconciliation and restoration.
- To make Lionheart aware if separation or divorce is ultimately the outcome, despite taking the above actions.

Role of Lionheart

- To respond to the staff member's authentic communication with mercy, truth, openness, and accountability.
- To help connect the staff member to local Biblical counseling if the staff member's church does not provide such services.
- To continue to cultivate ongoing accountability for the staff member until full reconciliation and restoration are achieved in the staff member's marriage as determined by the church and/or counselor.
- To inform and update Executive Leadership of the circumstances, actions, efforts, and accountability for the staff member.
- To maintain strict confidentiality with all that is communicated and known, except as it applies to what Executive Leadership should know.

Marriage and Ministry Leadership

Lionheart views a direct connection between marriage and ministry. Should a staff member become separated, have divorce proceedings filed, or become divorced, Lionheart and the staff member's supervisor reserve the responsibility and right as leaders to individually review the nature of that separation or divorce to determine if that staff member should continue in leadership and/or continue to be on staff with Lionheart. Should a reprieve or removal of leadership be the determined action, the staff member may have the opportunity to be reinstated to leadership under review by Executive Leadership. This statement is wrought out of stewardship of the ministry and our responsibility to the staff member's personal wellness and marriage. Should an individual review be required, it will be done in this spirit.

Self

Staff members commit to care for their physical body, recognizing it is the vessel through which God works. (2 Cor. 7:1, 2. Cor. 4:7-11). The physical appearance of a staff member should reflect modesty and professionalism. Lionheart reserves the right to address a staff member regarding the appropriateness of their corporate dress. (Ro. 15:2, Ro. 12:10b, Phil. 2:4). Staff members commit to rhythms of work and rest that are appropriate to their family and the season they are in to avoid burnout. (Ps. 127:2, Matt. 11:28-30). Lionheart affirms the Biblical teaching that we are made in the image of God and have been created male and female by intentional design from birth. (Gen. 1:27).

Lionheart

Staff members commit to integrity in their relationship with Lionheart. The relationship between staff and Lionheart leadership is characterized by open and collaborative communication founded on respect and love for one another. In ministry, we have the privilege of leading and serving other believers and staff members should lead by example. Staff members bear with one another in love, humility, compassion, kindness, gentleness, patience, and grace, knowing that we will be held accountable to Christ for how we have treated one another in ministry. (1 Pet. 5:2-4, 1 Thess. 2:11-12, Col. 3:12-14, Gal. 6:9-10, Eph. 4:1-3). Lionheart expects that each staff member will do their best in their role as unto Christ. (1Pet. 4:11, 1 Cor. 10:31).

Churches

Staff members commit to honoring the staff at the churches with which we partner or intend to partner. This includes honesty, full disclosure, purity in word and action, and treating each person as Christ would. They commit to respecting denominational differences, seeing the Body as having one Head and many parts; giving grace for differences or denominational preferences that do not line up with their own personal views, so long as those differences do not go against our Statement of Faith. (Gal. 6-9-10, Eph. 1:22).

Disciplines Within Ministry

Evangelism

Lionheart is committed to intentional relational evangelism as the most powerful strategy for leading children and their parents to Christ. Staff members will be intentional to cultivate authentic and loving relationships with children and their families and seek opportunities to share the gospel and connect them to the local church.

Church Participation

Staff members commit to being active members in good standing of a local, evangelical Christian church holding to the same core Biblical doctrines outlined in the Lionheart Statement of Faith. (Acts 2:42-47, Heb. 10:24-26).

Prayer

Staff members are committed to prayer as the crucial foundation of their ministry and role. Lionheart prays corporately each week. Each staff member commits to pray for our ministry and one another. Staff members cultivate a culture of prayer by praying and by sharing what God is doing as a result of that prayer. (Matt. 7:7-8, Jas. 5:16, 1 Pet. 4:7).

Servant Leadership

Staff members are committed to both serving and leading. Servant leadership includes understanding that many people are affected by your leadership. Staff members commit to seeking out the best interests of those they serve. This includes speaking truth in love, serving towards what's best for the whole staff, speaking hope into difficult situations, living with integrity and setting the example. (Phil. 2:1-4, Eph. 4:15-16, 1 Pet. 1:3-9, 1 Tim. 4:12, 1 Pet. 5:2-3, 5b-6, 1 Jn. 4:7, 1 Cor. 16:13, Josh. 1:9, Eph. 4:1-3, Gal. 6:9-10, Jn. 10:14, Mk. 10:43-45).

Cooperation in Ministry

Staff members see themselves as vital members of a unified team in the work of Lionheart. They seek to maintain healthy and productive relationships with other employees. We strive to be like-minded, having the same love, being one in spirit and purpose. (Phil. 2:2). If any person determines that they cannot be included in and support the goals and values of Lionheart, they will share their concerns with their supervisor. They will determine together how to best address those concerns including but not limited to bringing those to Executive Leadership for discussion and discernment, and up to resignation of the staff member's position so that they can serve in an organization that aligns with their personal goals, values, and convictions. (Prov. 15:22, 1 Cor. 12:4-7, 20).

Standards for Biblical Conduct

The standards for conduct reflect the clearest parts of scripture that prescribe how we are to live in light of the grace of Jesus Christ. Lionheart regards them seriously. God's Word speaks with clarity regarding sin and these have no part in our new life in Christ, including common struggles such as:

- Immorality and Impurity (1 Cor. 6:18, Gal. 5:19, 1 Thess. 4:3, Gal. 5:19, Eph. 5:5)
- Idolatry (Ex. 20:4, 1 Cor. 10:14, Gal. 5:20)
- Selfish Ambition (Gal. 5:20, Phil. 2:3)
- Disputes or Dissentions (Ro. 16:17, Gal. 5:20)
- Jealousy (Gal. 5:20, Jas. 3:16)
- Unchecked anger (Prov. 14:29, Gal. 5:20, Col. 3:8, Jas. 1:19)
- Pride (Prov. 16:18, 1 Jn. 2:16)
- Envy (Prov. 14:30, 1 Pet. 2:1)
- Unwholesome Talk and Gossip (Eph. 4:29, Col. 3:8, Prov. 11:13, 20:19)
- Greed or a love of money (Ecc. 5:10)

Through Scripture, God also gives us hope and grace that our new life in Christ involves a process of us becoming more like His Son. The fruit of the Spirit is a result of being sanctified and abiding in Him. The concept of fruit shows a sense of growing, sweetness, season, a seed hope for more fruit to come, and a benefit for the one that partakes or experiences this fruit from our lives. At Lionheart, we expect that staff members will grow, offer sweetness to those around them, have seasons where certain fruit is shown for God's glory, display evidence that more fruit is on its way, and those that are around them will benefit from the Spirit's work in them. This looks like:

- Love (Jn. 13:34, Gal. 5:22, 1 Jn. 4:7)
- Joy (Gal. 5:22)
- Peace (Matt. 5:9, Gal. 5:22, Titus 3:2)
- Patience (Gal. 5:22, Col. 3:12)
- Kindness (Gal. 5:22, Col. 3:12)
- Goodness (Gal. 5:23)
- Faithfulness (Gal. 5:23)
- Gentleness (Gal. 5:23, Eph. 4:2)
- Self-control (Gal. 5:23)

These fruits will be a central part of how we live and serve in ministry together. We are committed to live by the Spirit and keep in step with the Spirit. (Gal. 5:24-25).

III. SIGNATURE

By signing below, I signify my agreement with the (i) Statement of Faith, and (ii) Commitment to Biblical Living, including the Integrity in Relationships, Disciplines within Ministry, and Standards for Biblical Conduct. I understand that failure to follow the Statement of Faith or Commitment to Biblical Living can result in disciplinary action, up to and including termination of employment.

Employee's Printed Name

Employee's Signature

Date