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CONDITIONAL GRANT

SERVICES AND SPONSORSHIP AGREEMENT

This Services and Sponsorship Agreement (this "**Agreement**") is entered into to be effective as of this 1st day of April 2015 (the "Effective Date") by and between Franklin Covey Client Sales, Inc., a Utah corporation ("**FranklinCovey**"), Leader.org, a Utah nonprofit corporation ("**Sponsor**") and the school identified on the signature page below ("**School**").

RECITALS

WHEREAS, FranklinCovey offers to schools a unique educational solution, entitled "The Leader in Me®," which helps schools establish a culture of character and leadership with its teachers and students (the "**TLIM Solution**").

WHEREAS, upon review of School's grant application, Sponsor desires to sponsor School, and as a grant to School, pay to FranklinCovey a portion of the funding necessary for the delivery of Year 1 Components (defined below) listed in Exhibit C following FranklinCovey's delivery of said Year 1 Components to School.

WHEREAS, if School meets or exceeds the requirements for Year 1 Components, Sponsor may authorize School to receive the Year 2 Components (defined below) listed in Exhibit C as an extension of its grant to School.

WHEREAS, if School meets or exceeds the requirements for Year 2 Components, Sponsor may authorize School to receive the Year 3 Components (defined below) listed in Exhibit C as an extension of its grant to School.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the parties agree as follows:

AGREEMENT

- A. Performance Requirements of School.** As a condition to Sponsor's funding of the delivery of the TLIM Solution, the School agrees to meet or exceed the requirements outlined below.

1. Training. Per the grant terms, School shall commit to have all teachers, staff, and administrators participate in the TLIM Solution Year 1 Components and, if approved, Year 2 and/or Year 3 Components training as prescribed in the attached Exhibit C.
2. Data. Except as may be otherwise limited by Federal and State law, School shall provide the following data to Sponsor and/or FranklinCovey each year during the five (5) year "**Term**" (described in Section J below):
 - a. Online surveys for staff (administrators, teachers, staff), parents and students (grades 4-6) administered and taken anonymously through FranklinCovey's The Leader in Me Online portal at various stages of each school year (e.g., prior to Year 1 Term training, end of each school year).
 - b. Student discipline referrals (to be provided after completion of each school year during the Term).
 - c. Student attendance (to be provided after completion of each school year during the Term).
 - d. Academic test scores (overall % of students passing grade-level Math and Reading—to be provided as soon as School receives the data after the completion of each school year during the Term).
 - e. Gallup Student Poll (Gallup, the well-known research company, offers an annual Student Poll to public schools and districts (grades 5 and above only) at no cost through a web-based survey. The poll measures three key indicators shown to drive student achievement, future employment and leadership skills: 1) student hope for the future, 2) engagement with school, and 3) well-being. School shall participate in this poll and share data with Sponsor in the fall of each school year during the Term). (NOTE: Sponsor will send to School instructions for how to administer this online.)
3. Lighthouse Team. The School shall organize and actively engage, during the Term, a school "**Lighthouse Team**" to lead and continually improve the implementation of the TLIM Solution and to focus the School's efforts on qualifying for "**Lighthouse Milestone**" status.
4. Lighthouse Milestone. The School shall make best efforts to be fully qualified to achieve the Lighthouse Milestone (see Exhibit A) within three (3) years of beginning the implementation of the TLIM Solution.
5. Leadership Events. The School will hold a "**Leadership Event**" as referenced in Exhibit A prior to the end of every academic school year for the duration of the Term to showcase the School's leadership work.
6. Progress to Lighthouse Assessment Reports. At the end of each school year for the duration of the Term of this Agreement, School will submit a "**Progress to Lighthouse Assessment Report**" to Sponsor containing the following information described. (NOTE: The information provided in the Reports must not include the names of students or any other personal information that may violate applicable privacy laws, unless written permission is received from the individual being identified, and in the case of a student, permission from the parent or guardian.)
 - a. School's self-assessment of progress towards Lighthouse Milestone with reference to the nine "**Lighthouse Criteria**" as described on Exhibit A.
 - b. A summary of the School's successes, challenges and key learning experiences resulting from implementing the TLIM Solution. This summary shall also contain detailed stories of how the TLIM Solution has positively impacted students, teachers, staff, administrators, parents and families.
 - c. Information about each annual **Leadership Event**.
 - d. Once the Lighthouse Milestone is achieved per Exhibit A, a summary of how the principal has provided mentoring services during the school year to other principals working to achieve the Lighthouse Milestone.
7. Commitment to Continuity in LIM Process. The School, in conjunction with district personnel, shall make best efforts to ensure School's continued engagement and pursuit of the Lighthouse Milestone in the event a principal change during the Term of this agreement.

- B. **Payment Terms.** FranklinCovey shall deliver components of the TLIM Solution, as described in Exhibit C, and invoice School, with a copy to Sponsor, as follows:
1. **Invoice to School for Year 1 Components.** FranklinCovey shall invoice the School up to, and not to exceed, the amounts listed for each Year 1 Component in Exhibit C upon the delivery of each Year 1 Component listed in Exhibit C to be delivered to School during the first academic school year or other agreed upon timeframe described in Exhibit C ("**Year 1 Term**") wherein School implements the TLIM Solution ("**Year 1 Components**"). Travel expenses for providing Year 1 Components are to be invoiced at actual cost and shall be paid for only up to the total combined estimated travel expense amounts listed in Exhibit C.
 2. **Copy of Invoice to Sponsor.** FranklinCovey shall send to Sponsor a copy of the invoice delivered to School for the Year 1 Components as described above, and Sponsor agrees, on behalf of, and as a grant to, School, to pay FranklinCovey up to, and not to exceed, the amounts listed for each Year 1 Component in Exhibit C delivered to School.
 3. **School's Annual Sustainment Core Fee.** School agrees to pay FranklinCovey the non-refundable amount of **\$6,150 PLUS coach travel and expenses** associated with the Coaching System™ services as described in Exhibit B (the "**Coaching System™ Services**") and in accordance with the following schedule:
 - a. \$6,150 invoiced within 30 days of the signing of this Agreement. TLIM Coach travel and expenses invoiced upon occurrence during year one (plan on approximately \$500 for travel and expenses, however actual expenses will be invoiced); and
 - b. \$6,150 invoiced upon the beginning of each contract year for contract years two through five of the remainder of the Initial Term (defined below). TLIM Coach travel and expenses invoiced upon occurrence during years two through five (plan on approximately \$500 for travel and expenses, however actual expenses will be invoiced).
 4. **School's Qualification for Year 2 Components Grant.** Qualification is based on the completion of Performance Requirements as outlined in Section A. In its review of School's performance, Sponsor determines in its sole discretion that School has met or exceeded the requirements, and Sponsor may authorize School to receive Year 2 training components during the second academic school year or other agreed upon timeframe described in Exhibit C ("**Year 2 Term**") of implementation of the TLIM Solution ("**Year 2 Components**") as an extension of Sponsor's grant. Sponsor's written authorization of the Year 2 Component grant must be received by School prior to the delivery of Year 2 Component training. Without said authorization, School shall be responsible for the cost of Year 2 Components. In the event that Sponsor awards School a grant relating to Year 2 Components, (i) FranklinCovey shall invoice School for such Year 2 Components, with a copy to Sponsor, in the same manner as provided for in Paragraphs 1 and 2 of this Section B, and (ii) Sponsor agrees, on behalf of, and as a grant to, School, to pay FranklinCovey up to, and not to exceed, the amounts listed for each Year 2 Component in Exhibit C delivered to School.
 5. **School's Qualification for Year 3 Components Grant.** Qualification is based on the completion of Performance Requirements as outlined in Section A. In its review of School's performance, Sponsor determines in its sole discretion that School has met or exceeded the requirements, and Sponsor may authorize School to receive Year 3 training components during the third academic school year or other agreed upon timeframe described in Exhibit C ("**Year 3 Term**") of implementation of the TLIM Solution ("**Year 3 Components**") as an extension of Sponsor's grant. Sponsor's written authorization of the Year 3 Component grant must be received by School prior to the delivery of Year 3 Component training. Without said authorization, School shall be responsible for the cost of Year 3 Components. In the event that Sponsor awards School a grant relating to Year 3 Components, (i) FranklinCovey shall invoice School for such Year 3 Components, with a copy to Sponsor, in the same manner as provided for in Paragraphs 1 and 2 of this Section B, and (ii) Sponsor agrees, on behalf of, and as a grant to, School, to pay FranklinCovey up to, and not to exceed, the amounts listed for each Year 3 Component in Exhibit C delivered to School.
 6. **Component Innovations and Delivery Methods.** Sponsor reserves the right to modify and approve in writing the delivery method of each Year 1, Year 2 and Year 3 Component based on FranklinCovey innovations of TLIM Solution and on economies of scale that may be achieved by technology developments and by having multiple schools in the same region implement various components in the Year 1, Year 2 and Year

3 Components together. The intent of such modifications would be to lower the cost of TLIM Solution implementation while maintaining high quality, and to consider unique school needs.

7. **FranklinCovey-donated Student Materials.** FranklinCovey agrees to provide student materials as described in Exhibit D. These materials are provided as a one-time award during the first year of the grant agreement, and were made available through FranklinCovey's commitment to donate one student activity guide/journal for each 7 Habits Signature 4.0 Participant Kit sold.
8. **Payment.** Payment for Year 1 Components, and if applicable, Year 2 and/or Year 3 Components, shall be due within thirty (30) days of the date of the applicable invoice.
- C. **Facilities.** School shall be responsible for providing an appropriate classroom for TLIM Solution training and to furnish the classroom with audio/visual equipment required by FranklinCovey and all costs associated therewith.
- D. **Scheduled Training Cancellation/Reschedule Fees.** In an effort to keep travel costs down, School agrees to provide thirty (30) days written notice (email sufficient) to schedule a FranklinCovey consultant to deliver a TLIM Solution session. If School provides fewer than thirty (30) days' written notice, School agrees to pay FranklinCovey for all travel costs that exceed the amount allocated for travel under the grant. Further, fifteen (15) calendar days' notice is required to cancel or reschedule a TLIM Solution session. If School provides fewer than fifteen days' notice, School will be billed a cancellation fee of 75% or a rescheduling fee of 25% of the consulting fee to cover FranklinCovey's costs incurred. School will not be assessed a cancellation/rescheduling fee for any TLIM Solution session canceled or rescheduled by FranklinCovey.
- E. **Substitution of Instructor.** If for any reason the scheduled FranklinCovey instructor is unable to conduct a particular TLIM Solution session, FranklinCovey will provide a substitute instructor or, at School's option, reschedule the TLIM Solution session.
- F. **Copyright.** FranklinCovey owns or controls all intellectual property rights, proprietary rights and copyrights to all of the TLIM Solution concepts and materials including, but not limited to, the materials described in the attached Exhibit C and all derivative works (the "**Materials**") and any documentation, images, animation, sound, music and text on the Site. Unless otherwise provided herein, any unauthorized use, reuse, copying, reproduction, recording, transmittal, modification or revisions of any Materials, concepts or any portion thereof is expressly prohibited and shall constitute a breach of this Agreement. Additionally, School shall not (nor permit anyone else) to reverse engineer, decompile disassemble, or otherwise attempt to discover the source code or underlying ideas or algorithms of any software used with the Site. Nothing in this Agreement implies a grant of license for School to use the Materials outside of the scope of this Agreement. The Materials are intended for individual use only and are not for resale.
- G. **Additional Materials.** If School wishes to purchase additional Materials not covered by the grant Materials described in Exhibit C, School may contact FranklinCovey to order such additional Materials at FranklinCovey's then current price. FranklinCovey shall invoice School, and School shall pay the invoiced amount in accordance with Section B above. School shall also be responsible for shipping/handling charges.
- H. **Web-based Resource Tool.** Only teachers and administrators of School ("**Site Users**") shall have access to the Teacher Lounge on the "Leader in Me" website (www.theleaderinme.org) (the "**Site**"). Site Users will be assigned a unique user identification name and password. School and Site Users agree not to make the Site available in any manner to individuals who are not participating in the implementation of the TLIM Solution or to the general public. The Site is provided for the benefit of the School, its teachers, administrators, students and parents. FranklinCovey will not provide technical support to School and Site Users or be liable in the event the Site or related technology fails. Site Users for the Teacher Lounge agree to accept the terms and conditions of such Site, which may be found at <http://www.theleaderinme.org/footer-menu/terms-of-use/>.
- I. **Intellectual Property Licenses.**
 1. FranklinCovey grants to School, a limited, non-exclusive, revocable license, to use the FC IP (defined below) within schools only in connection with the delivery or promotion of FranklinCovey's The Leader in Me® solution. For clarity, the FC IP may be used with, but not meant to be limiting, lesson plans, posters, tee shirts, pins and songs and other similar uses. School is expressly prohibited from using the FC IP in developing training. The license to the FC IP shall not be sublicensed, assigned, or transferred by School. All works created by School, using the FC IP shall be deemed derivative works ("**Derivative Works**"), and

are owned by FranklinCovey and may be used only pursuant to the license granted herein. The "FC IP" shall mean The Leader in Me trademarks and copyrighted materials provided to each school by FranklinCovey, including The 7 Habits®.

2. FranklinCovey grants to School a limited, non-exclusive, nontransferable, non-sub licensable, revocable license to access the Site during the term of the Agreement. Access to the Site is licensed, not sold, to School.
3. **Restricted Uses:** School, nor its employees, teachers, students or staff, shall file share or publicly post (e.g. Slide Share, Pinterest®, Facebook®) the FC IP and/or any Derivative Works. Such use constitutes a breach of this Agreement and/or federal copyright laws.

- J. Term.** The term of this Agreement is for five (5) years (the "Term"). Upon the implementation of Year 1 Components, and if applicable, Year 2 and/or Year 3 Components, Sponsor shall have no further financial obligations pursuant to this Agreement whatsoever. By signing this Agreement and thereby accepting any portion of Sponsor's Year 1 and/or Years 2-3 Component grant, School is obligated to fulfill all School Performance Requirements listed in Section A and to fulfill its financial commitment outlined in Section B, Paragraph 3 each year for the full 5-year Term. These contractual obligations to Sponsor remain binding whether or not School qualifies for a Year 2 or Year 3 Component grant.

FranklinCovey shall commence scheduling and delivering the Coaching System™ Service in accordance with Section B, Paragraph 3 above only once it has received School's Annual Sustainment Core Fee.

School may be released from the Annual Sustainment Core Fee only if there is a change in state or local laws which affect the funds appropriated for the deliverables covered under this Agreement. In such case, School shall inform FranklinCovey and Sponsor in writing of the change in the law and shall work in earnest to develop alternative sources of funding within the district or community to fulfill its obligation.

School shall be responsible for informing its district of the requirements described in this Section and ensuring it has received legal approval.

- K. Recordings.** Unless otherwise agreed upon in writing by FranklinCovey, School shall not make or allow to be made any audio and/or video recordings of the TLIM Solution. School shall inform the audience and otherwise take reasonable actions to insure that no recordings of the TLIM Solution are made.
- L. Participant Materials Returned.** Customized products, online profiles, online learning modules, and personal coaching sessions purchased in learning bundles are not eligible for refund. Software products must be returned within fourteen (14) days of purchase or TLIM Solution training date in the original, unopened packaging for refund. All Materials carry an unconditional guarantee against any manufacturing defect for one (1) full year.
- M. Limitation of Liability.** NEITHER FRANKLINCOVEY NOR ITS LICENSORS MAKE ANY WARRANTY, GUARANTEE OR REPRESENTATION EITHER EXPRESS OR IMPLIED 1) REGARDING THE MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE SITE, OR 2) THAT CERTAIN RESULTS MAY BE OBTAINED IN CONNECTION WITH THE USE OF THE SITE. NEITHER FRANKLINCOVEY NOR ITS LICENSORS ASSUME ANY RESPONSIBILITY FOR ANY DAMAGE OR LOSS CAUSED BY THE USE OR MISUSE OF THE SITE OR THE USE OR MISUSE OF ANY THIRD PARTY OR SCHOOL'S SOFTWARE, HARDWARE OR SYSTEMS. NEITHER FRANKLINCOVEY NOR ITS LICENSORS SHALL BE LIABLE TO SCHOOL FOR ANY CONSEQUENTIAL, INCIDENTAL OR PUNITIVE DAMAGES ARISING FROM THE SITE PROVIDED HEREUNDER. FRANKLINCOVEY'S AGGREGATE LIABILITY TO SCHOOL IN RELATION TO ANY CLAIMS ARISING UNDER THIS AGREEMENT SHALL NOT EXCEED THE TOTAL AMOUNT PAID TO FRANKLINCOVEY UNDER THIS AGREEMENT.
- N. Indemnification of Sponsor.**
1. Except for Sponsor's commitment to fund as specifically set forth in Paragraph 2 of Section B, above, and if Year 2 or Year 3 Components grant is awarded, Sponsor's commitment to fund as set forth in Paragraphs 4 and 5 of Section B, above, FranklinCovey shall indemnify, defend and hold Sponsor, its directors, employees and agents, harmless from and against any and all claims, actions, suits, proceedings, losses, damages, liabilities, costs and expenses (including without limitation, reasonable attorneys' fees) ("Claims") related to or arising from FranklinCovey's breach of its duties, obligations or representations

under this Agreement or that may be made or claimed by anyone for injuries to persons or damage to property, resulting from acts or omissions of FranklinCovey or its employees or agents; or by any employees of, or subcontractors used by, FranklinCovey for injuries or damages claimed under workmen's compensation or similar acts. FranklinCovey shall defend Sponsor against any such liability, claim or demand should Sponsor so request. Sponsor agrees to notify FranklinCovey of any written claims or demands made against Sponsor for which FranklinCovey may be liable hereunder.

2. Except for Sponsor's commitment to fund as specifically set forth in Paragraph 2 of Section B, above, and if Year 2 or Year 3 Components grant is awarded, Sponsor's commitment to fund as set forth in Paragraphs 4 and 5 of Section B, above, School shall indemnify, defend and hold Sponsor, its directors, employees and agents, harmless from and against any and all Claims related to or arising from School's breach of its duties, obligations or representations under this Agreement or that may be made or claimed by anyone for injuries to persons or damage to property, resulting from acts or omissions of School or its employees or agents; or by any employees of, or subcontractors used by, School for injuries or damages claimed under workmen's compensation or similar acts. School shall defend Sponsor against any such liability, claim or demand should Sponsor so request. Sponsor agrees to notify School of any written claims or demands made against Sponsor for which School may be liable hereunder.
- O. **Entire Agreement.** This Agreement represents the entire understanding between the parties and supersedes all prior agreements, whether written or oral, relating to the subject matter hereof. In the event any terms contained in any subsequent purchase order (or similar document) sent or received in connection with this Agreement are inconsistent with the terms of this Agreement, the terms of this Agreement shall prevail.
 - P. **Modification of Agreement.** All amendments or modifications to this Agreement must be in writing signed by the parties hereto.
 - Q. **Binding Authority.** The person executing this Agreement on behalf of School, Sponsor and FranklinCovey, warrants they have the authority to bind School, Sponsor and FranklinCovey, respectively.
 - R. **Affirmative Action/Equal Opportunity Employer.** FranklinCovey complies with the EEO clause of EO 11246, as amended, and 41 CFR 60-741.4 and 41 CFR 60-250.4.
 - S. **Force Majeure.** No party shall be required to perform any term, condition, or covenant of this Agreement so long as such performance is delayed or prevented by acts of God, material or labor restriction by any governmental authority, civil riot, floods, hurricanes, or other natural disasters, or any other cause not reasonably within the control of the parties.
 - T. **Governing Law.** This Agreement shall be governed in accordance with the laws of the State of Utah. In the event that any action is necessary to enforce the terms of this Agreement, the prevailing party shall be entitled to recover reasonable costs and attorneys' fees, whether or not any suit is filed.
 - U. **Compliance with State and Local Laws.** School hereby accepts sole responsibility for its compliance with all state and local laws, including but not limited to laws relating to purchasing, contracting, taxes, authorizations, bonding and so forth.
 - V. **Compliance with Charitable Organizations Laws.** Sponsor is a nonprofit Utah corporation, exempt from federal income taxation under Section 501(a) of the Internal Revenue Code ("Code") and described as a private foundation under Section 501(c)(3) of the Code. As such, Sponsor is in all instances subject to, and must comply with, (a) the Code and related Treasury Regulations, interpretations of those authorities by the Internal Revenue Service and courts of competent jurisdiction, and (b) the Utah Revised Nonprofit Corporation Act (collectively, the "Charitable Organizations Laws"). As a material and necessary inducement for Sponsor to enter into this Agreement, FranklinCovey and School agree that the performance, interpretation and enforcement of this Agreement shall at all times be governed by, and subject to, the Charitable Organizations Laws (including without limiting the foregoing prohibitions contained therein with respect to prohibited transactions or prohibited private benefits or private inurements). Further, if and to the extent of a determination of counsel to the sponsor or determination, ruling or assessment by the Internal Revenue Service or other authority of competent jurisdiction that any term or condition of this Agreement violates the Charitable Organizations Laws, notwithstanding anything to the contrary in this Agreement, this Agreement shall be, and hereby is, amended and reformed, whether retroactively or currently, to the extent required or necessary to ensure compliance with such Charitable Organizations Laws.
 - W. **Enforceability.** Should any one or more of the provisions of this Agreement be determined to be illegal or unenforceable, all other provisions shall be given effect separately therefrom and shall not be affected thereby.

- X. **Counterparts**. This Agreement may be executed in counterparts, and delivered by facsimile or other electronic means, in which case all such counterparts shall constitute one and the same agreement.
- Y. **Authorized Disclosure**. School and FranklinCovey hereby authorize Sponsor to provide an executed copy of this Agreement to donors of Sponsor in order to provide such donors with evidence of the relationship and duties of the parties hereto.

In Process