Ira H. Hayes Memorial Applied Learning Center, Inc.

Financial Performance Framework Response

Response: Sustainability Indicators

2a. Net Income

The Audited Financials for Fiscal Year 2013 state a Change in Net Assets of ($31,791).

The net operating loss for FY 2013 was the result of a combination of factors that are highly unlikely to reoccur, and are explained as follows:

Tech Services Spending
Spending on Information Technology was $26,630.06 higher in FY 2013 than it was in FY 2012 (see Exhibit A). This investment was necessary to address technology infrastructure needs, and was intended to be offset by monies received through the USAC administered E-Rate program during the course of FY 2013 as stated below.

The above referenced spending on technology was a necessary investment in the school's infrastructure. It was an isolated occurrence, and will not be repeated in future operating periods. The possibility of incurring unreimbursed expenses of this nature in the future is highly unlikely. Nonetheless, additional budget capacity has been allocated for capital investments in future operating periods, beginning in FY 2014, in order to ensure the availability of funds (from cash) at such time as they are needed. This strategy will ensure positive Net Income in future operating periods.

Recognition of Revenue
Based on the status of the school's E-Rate reimbursement at the time of the FY 2013 audit (see Exhibit B), $24,480.00 committed from E-Rate as reimbursement for expenses already incurred could not be recognized in FY 2013. This amount will be recognized in FY 2014.

The school does not foresee the likelihood of unrecognized revenue of this nature in the future. Nonetheless anticipated revenue from this source has been adjusted in the school's operating budget beginning in FY 2014 in order to ensure positive Net Income in future operating periods.

Legal Services Spending
Spending on Legal Services was $23,912.20 higher in FY 2013 than it was in FY 2012 (see Exhibit A). This spending was necessary to address legal matters related to personnel and staffing. This spending occurred late in the fiscal year and consequently budget capacity could not be reallocated from another budget line item to offset the unscheduled expenses.

This spending was a uniquely isolated occurrence. The school does not foresee the likelihood of unscheduled expenses of this nature in the future. Nonetheless, additional budget capacity has been allocated for contingency for FY 2014, in order to ensure positive Net Income in future operating periods.

Positive Net Income in FY 2014
Net Income Year to Date for FY 2014 is significantly improved over the same period last year (see Exhibit C) due to planned reduction in expenses.

Based on current budgetary projections, should the school continue to perform to plan for the remainder of FY 2014, a Net Income in excess of $37,000 will be achieved (see Exhibit D). Based on the school's ongoing financial plan, this will serve to ensure the sustainability of the organization, and would increase the school's rating to "Meets Standard" for item 2a. Net Income.

Administrative Oversight & Governance
Budgeted revenue and spending as compared to actual activities are reviewed on a weekly basis by Administration. All adjustments to spending in response to anticipated underperformance in revenue or projected overspending are also made on a weekly basis by Administration. All unscheduled expenses (expenses not included in the school's operating budget at the beginning of the operating period) are first reviewed to establish whether or not budget capacity exists for the expenditure prior to authorization.

Upon review by administration, should an unscheduled expense be deemed necessary, budget capacity will be moved from an expense line where it is not needed to the expense line where the unscheduled expense will be booked, prior to encumbrance of the expense. The school has also established additional contingency as part of each expense object grouping. This funding can be used as a last resort for unscheduled expenses occurring later

in the fiscal year that are deemed necessary but cannot be paid for through reallocation of budget capacity from another expense line.

Budget performance is reviewed monthly by the Board of Directors, who also monitors the Statement of Activities, Budget Performance, and Statement of Cash Flows as part of their regular session meetings.

Response: Sustainability Indicators

2b. Cash Flow

The Audited Financials for Fiscal Year 2013 state a Net Change in Cash of $181,442. In FY 2012 the Net Change in Cash was ($60,680). In FY 2011 the Net Change in Cash was ($354,258). The Cumulative Net Change in Cash over the past three years of operations was ($233,496) as of the close of FY 2013.

FY2011
In FY 2011 enrollment was approximately 46 FTE students, which was substantially lower than previous years (see Exhibit CHAR). This was due to necessary changes in school administration which had caused significant disruption to the school's marketing and community involvement programs. Based on the availability of financial resources (see Statement of Financial Position FY 2010 Audited Financials), at the start of FY 2011 the governing board made the decision to maintain staff levels from the previous year in order to ensure that all student services were delivered without interruption, and that the marketing and community involvement program regained effectiveness within the community. This decision resulted in a planned Net Decrease in Cash in FY 2011, however the school had adequate financial resources available to fund the cash deficiency (see Statement of Financial Position FY 2010 Audited Financials). This resulted in a Net Change in Cash of ($354,258).

FY 2012
In FY 2012, as a result of the decision to maintain staff levels and continue investment in community involvement, student enrollment increased to just over 60 FTE students (see Exhibit CHAR). As a significant portion of the school's annual funding comes from Federal Projects, primarily Impact Aid, which is paid on the previous year's enrollment data. In FY 2012 the school's Federal Projects funding was $367,750 as compared to FY 2011 Federal Projects funding of $695,482, a difference of $327,732 (see statement of activities from FY 2012 and FY 2011 Audited Financials respectively). Based on their financial plan, the school reduced expenses in FY 2012 (see Statement of Activities from the Audited Financials for FY 2011 and FY 2012 respectively), secured access to an interest free loan from the Gila River Indian Community (see Exhibit G), and drew against it to ensure continuity of operations (see Note 5 - FY 2012 Audited Financials). This resulted in a Net Change in Cash of ($60,680) in FY 2012, however the school had adequate financial resources available to fund the cash deficiency for the foreseeable future (see Statement of Financial Position FY 2011 and FY 2012 Audited Financials), as well as a substantial available balance still remaining on the interest free loan from the Gila River Indian Community referenced above (see Note 5 - FY 2012 Audited Financials).

FY 2013
In FY 2013, as a result of continued investment in community involvement, student enrollment increased to just over 71 FTE students (see Exhibit CHAR). Additionally, funding from Federal Projects which is paid on the previous year's enrollment data increased. In FY 2012 the school's Federal Projects funding was $367,750 as compared to FY 2013 Federal Projects funding of $491,232, an increase of $123,482 (see statement of activities from FY 2012 and FY 2013 Audited Financials respectively). Although revenue activity increased, the school maintained a reduced expense structure throughout FY 2013 (see Statement of Activities from the Audited Financials for FY 2012 and FY 2013 respectively). Additionally the school drew the remaining balance on the interest free loan from the Gila River Indian Community (mentioned previously) to ensure continuity of operations (see Note 5 - FY 2013 Audited Financials), and began the process of refinancing the note held on the school's facilities to secure a lower interest rate and lower monthly payment (successfully completed subsequent to the completion of the FY 2013 Audit). This resulted in a Net Change in Cash of $181,442 in FY 2013, and reduced the school's fixed cost structure in future operating periods.

FY 2014
Due to the continued planned reduction of expenses, the school shows a Net Change in Cash of $47,552.98 as of the close of February 2014 (see Exhibit E). Should the school continue to perform to plan for the remainder of FY 2014, a Net Change in Cash of approximately $59,000 will be achieved (see Exhibit H). This would increase the school's rating to "Meets Standard" for item 2b. Cash Flow.

While the cumulative Net Change in Cash over the past three audited fiscal years is negative, the school showed positive cash growth in the most recent operating year. The school has shown improvement over the previous year in each of the two previous years of operation. Additionally, should it be needed, the school has sufficient cash available to fund deficiencies for the foreseeable future (see Statement of Financial Position FY 2013 Audited Financials).

Response: Sustainability Indicators

The school has secured lower monthly fixed costs through the refinancing of its long term obligations, and ensured access to an interest free loan from the Gila River Indian Community should it be needed to ensure continuity of operations.

Administrative Oversight & Governance

Budgeted revenue and spending as compared to actual activities are reviewed on a weekly basis by Administration. All adjustments to spending in response to anticipated underperformance in revenue or projected overspending are also made on a weekly basis by Administration. All unscheduled expenses (expenses not included in the school's operating budget at the beginning of the operating period) are first reviewed to establish whether or not budget capacity exists for the expenditure prior to authorization.

Upon review by administration, should an unscheduled expense be deemed necessary, budget capacity will be moved from an expense line where it is not needed to the expense line where the unscheduled expense will be booked, prior to encumbrance of the expense. The school has also established additional contingency as part of each expense object grouping. This funding can be used as a last resort for unscheduled expenses occurring later in the fiscal year that are deemed necessary but cannot be paid for through reallocation of budget capacity from another expense line.

Budget performance is reviewed monthly by the Board of Directors, who also monitors the Statement of Activities, Budget Performance, and Statement of Cash Flows as part of their regular session meetings.

Response: Sustainability Indicators

2c. Fixed Charge Coverage Ratio

The Audited Financials for Fiscal Year 2013 indicate a Fixed Charge Coverage Ratio of .82.

The net operating loss for FY 2013 led to the fixed charge coverage ratio deficit. This is directly attributable to the causes outlined in the response to item 2a. Net Income: increased expense without offsetting revenue for technology infrastructure, as well as increased legal expenses over budget and over the spending levels of the preceding year (see Exhibit A).

The school has sufficient cash to augment cash flow to fund fixed charges for the foreseeable future (see Statement of Financial Position from the FY 2013 Audited Financials).

The school was successful in refinancing the note held on the school's facilities to secure a lower interest rate and lower monthly payment, which resulted in a lower fixed cost obligation for future operating periods (see Exhibit F).

Net Income Year to Date for FY 2014 is significantly improved over the same period last year (see Exhibit C) due to planned reduction in expenses.

Based on current budgetary projections, the school will record a Net Income in FY 2014 in excess of $37,000 (see Exhibit D). Based on the school's ongoing financial plan, this will serve to ensure the sustainability of the organization.

Should the school continue to perform to plan for the remainder of FY 2014, a Change in Net Assets in excess of $37,000 will be achieved, resulting in a Fixed Charge Coverage Ratio of 1.16 (see Exhibit F). This would increase the school's rating to "Meets Standard" for item 2c. Fixed Charge Coverage Ratio.

Administrative Oversight & Governance

Budgeted revenue and spending as compared to actual activities are reviewed on a weekly basis by Administration. All adjustments to spending in response to anticipated underperformance in revenue or projected overspending are also made on a weekly basis by Administration. All unscheduled expenses (expenses not included in the school's operating budget at the beginning of the operating period) are first reviewed to establish whether or not budget capacity exists for the expenditure prior to authorization.

Upon review by administration, should an unscheduled expense be deemed necessary, budget capacity will be moved from an expense line where it is not needed to the expense line where the unscheduled expense will be booked, prior to encumbrance of the expense. The school has also established additional contingency as part of each expense object grouping. This funding can be used as a last resort for unscheduled expenses occurring later in the fiscal year that are deemed necessary but cannot be paid for through reallocation of budget capacity from another expense line.

Budget performance is reviewed monthly by the Board of Directors, who also monitors the Statement of Activities, Budget Performance, and Statement of Cash Flows as part of their regular session meetings.

EXHIBIT A

Ira H. Hayes M.A.L.C.
Tech Legal Services Comparison
July 2012 through June 2013

	Jul '12 - Jun 13	Jul '11 - Jun 12
6300 · Purchased Services		
6333 · Legal Services	56,063.20	32,151.00
6340 · Tech. Service	31,925.00	5,294.94
Total 6300 · Purchased Services	87,988.20	37,445.94

FCC Form 472
DO NOT STAPLE THIS FORM

Do not write in this space.

Approved by OMB
OMB Control No. 3060 - 0856
Estimated time per Response: 1.0 hours

EXHIBIT B

Universal Service for Schools and Libraries

Please read instructions before completing.

(To be completed by schools, libraries, or consortia.)

BILLED ENTITY APPLICANT REIMBURSEMENT FORM

For reimbursement of discounts on approved services already paid for by the Billed Entity Applicant.
Only one Service Provider Identification Number (SPIN) per form.
Must be completed and signed by the Billed Entity Applicant and signed by the relevant service provider.

Persons willfully making false statements on this form can be punished by fine or forfeiture, under the Communications Act, 47 U.S.C. Secs. 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. Sec. 1001.

FCC NOTICE FOR INDIVIDUALS REQUIRED BY THE PRIVACY ACT AND THE PAPERWORK REDUCTION ACT

Part 54 of the Commission's Rules authorizes the FCC to collect the information on this form. Failure to provide all requested information will delay the processing of the application or result in the application being returned without action. Information requested by this form will be available for public inspection. Your response is required to obtain the requested authorization.

The public reporting for this collection of information is estimated to range from 1 to 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the required data, and completing and reviewing the collection of information. If you have any comments on this burden estimate, or how we can improve the collection and reduce the burden it causes you, please write to the Federal Communications Commission, AMD-PERM, Paperwork Reduction Act Project (3060-0856), Washington, DC 20554. We will also accept your comments regarding the Paperwork Reduction Act aspects of this collection via the Internet if you send them to PRA@fcc.gov. PLEASE DO NOT SEND YOUR RESPONSE TO THIS FORM TO THIS ADDRESS.

Remember - You are not required to respond to a collection of information sponsored by the Federal government, and the government may not conduct or sponsor this collection, unless it displays a currently valid OMB control number or if we fail to provide you with this notice. This collection has been assigned an OMB control number of 3060-0856.

THE FOREGOING NOTICE IS REQUIRED BY THE PRIVACY ACT OF 1974, PUBLIC LAW 93-579, DECEMBER 31, 1974, 5 U.S.C. 552a(e)(3) AND THE PAPERWORK REDUCTION ACT OF 1995, PUBLIC LAW 104-13, OCTOBER 1, 1995, 44 U.S.C. SECTION 3507.

Applicant Form Identifier (Create an identifier for your own reference) **BEAR-2012BM**	**FCC Form 472 Invoice #** **(To be inserted by administrator) 1903263**

BLOCK 1: HEADER INFORMATION

1. **Billed Entity Name**	**IRA H. HAYES MEMORIAL APPLIED LEARNING CENTER**
2. **Billed Entity Number**	**222322**
3. **Service Provider Identification Number** (SPIN)	**143035546**

4. Contact Name	Cost Bureau
5. Contact Telephone Number	480- 7194550 ext
6. Total Reimbursement Amount (total from Block 2, Column 14)	$24,840.00

Filed in July 2013, but not received within the encumbrance period for FY 2013

EXHIBIT B

Billed Entity Applicant Reimbursement Form

For reimbursement of discounts on approved services already paid for by the Billed Entity Applicant.

EXHIBIT B

Billed Entity Name _ IRA H. HAYES MEMORIAL APPLIED LEARNING CENTER Billed Entity Number _ 222322
Contact Name_ Joel Brice_ Contact Telephone Number_ 480-7194550
Applicant Form Identifier_ BEAR-2012BM_

BLOCK 2: LINE ITEM INFORMATION PER FUNDING REQUEST NUMBER

	(7) FCC Form 471 Application Number (from Funding Commitment Decision Letter)	(8) Funding Request Number (FRN) (from Funding Commitment Decision Letter)	(9) Bill Frequency	(10) Customer Billed Date (mm/yyyy)	(11) Shipping Date to Customer or Last Day of Work Performed (mm/dd/yyyy)	(12) Total (Undiscounted) Amount for Service	(13) Discount Rate	(14) Amount Billed to USAC (Column 12 multiplied by Column 13)
			DO NOT WRITE IN THIS COLUMN.	For each FRN, complete either Column (10) or Column (11), but not both Columns				
1	873898	2385378		6/30/2013		$27,600.00	90.00	$24,840.00
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								

TOTAL REIMBURSEMENT AMOUNT TO BE ENTERED INTO ITEM (6) $24,840.00

EXHIBIT C

Ira H. Hayes M.A.L.C.
Profit & Loss Prev Year Comparison
July 2013 through February 2014

	Jul '13 - Feb 14	Jul '12 - Feb 13	$ Change	% Change
Ordinary Income/Expense				
Income				
1000 · Revenue Local Sources	80,983.94	83,377.85	-2,393.91	-2.9%
3000 · Revenue State Sources	273,711.10	300,058.79	-26,347.69	-8.8%
4000 · Revenue Federal Sources	436,600.60	351,497.02	85,103.58	24.2%
Total Income	791,295.64	734,933.66	56,361.98	7.7%
Gross Profit	791,295.64	734,933.66	56,361.98	7.7%
Expense				
6100 · Salaries	242,685.97	256,376.16	-13,690.19	-5.3%
6200 · Employee Benefits	44,740.16	48,182.40	-3,442.24	-7.1%
6300 · Purchased Services	125,168.56	108,373.68	16,794.88	15.5%
6400 · Purchased Property Services	21,811.71	20,195.44	1,616.27	8.0%
6500 · Other Purchased Services	53,638.08	41,761.05	11,877.03	28.4%
6600 · Supplies	72,247.06	92,958.86	-20,711.80	-22.3%
6800 · Other Expenses	62,469.32	73,640.56	-11,171.24	-15.2%
Total Expense	622,760.86	641,488.15	-18,727.29	-2.9%
Net Ordinary Income	168,534.78	93,445.51	75,089.27	80.4%
Other Income/Expense				
Other Expense				
Depreciation Expense	93,541.76	93,541.76	0.00	0.0%
Amortization Expense	2,048.76	0.00	2,048.76	100.0%
Total Other Expense	95,590.52	93,541.76	2,048.76	2.2%
Net Other Income	-95,590.52	-93,541.76	-2,048.76	-2.2%
Net Income	**72,944.26**	**-96.25**	**73,040.51**	**75,886.2%**

EXHIBIT CHAR

Arizona Department Of Education
Basic Calculations For Equalization Assistance For Charter Schools

11-87-02 Ira H. Hayes Memorial Applied Learning Center, Inc.

FY 2009-10

Non-AOI Student Counts	K-8	9-12	Total
FY 2008-09 Average Daily Membership (100th Day)	0.000	0.000	0.000
FY 2009-10 Estimated Student Count	0.000	0.000	0.000
40th Day Actual	0.000	0.000	0.000
* 100th Day Actual	0.000	78.204	78.204
Enrollment Cap			400

** Student count used to calculate equalization assistance*

Weighted Student Counts	Student Count		Support Level Weight		Weighted Student Count
K-8	0.000	X	0.000	=	0.000
9-12	78.204	X	1.559	=	121.920
SubTotal	**78.204**				**121.920**

Add-Ons	Estimated 40th Day FY 2009-10 ADM	40th Day FY 2009-10 ADM	*	*100th Day FY 2009-10 ADM		Support Level Weight		Estimated Student Count	40th Day Student Count	100th Day Student Count		Total Student Count Add-On
K	0.000	0.000	*	0.000	X	1.352	=	0.000	0.000	0.000	=	0.000
K-3	0.000	0.000	*	0.000	X	0.060	=	0.000	0.000	0.000	=	0.000
ELL	0.000	0.000	*	0.000	X	0.115	=	0.000	0.000	0.000	=	0.000
HI	0.000	0.000		0.000	X	4.771	=	0.000	0.000	0.000	=	0.000
MD-R,A-R,SMR-R	0.000	0.000		0.000	X	6.024	=	0.000	0.000	0.000	=	0.000
MD-SC,A-SC,SMR-SC	0.000	0.000		0.000	X	5.833	=	0.000	0.000	0.000	=	0.000
MDSSI	0.000	0.000		0.000	X	7.947	=	0.000	0.000	0.000	=	0.000
OI R	0.000	0.000		0.000	X	3.158	=	0.000	0.000	0.000	=	0.000
OI SC	0.000	0.000		0.580	X	6.773	=	0.000	0.000	3.928	=	3.928
DD,ED,MIMR,SLD,SLI,OHI	15.000	19.025		20.710	X	0.003	=	0.045	0.057	0.062	=	0.062
EDP	0.000	0.000		0.000	X	4.822	=	0.000	0.000	0.000	=	0.000
MOMR	0.000	0.000		0.000	X	4.421	=	0.000	0.000	0.000	=	0.000
VI	0.000	0.000		0.000	X	4.806	=	0.000	0.000	0.000	=	0.000
Total Weighted Add-On Count												**3.990**

EXHIBIT CHAR

Arizona Department Of Education
Basic Calculations For Equalization Assistance For Charter Schools
FY 2010-11

11-87-02 Ira H. Hayes Memorial Applied Learning Center, Inc.

Non-AOI Student Counts	K-8	9-12	Total
FY 2009-10 Average Daily Membership (100th Day)	0.000	78.204	78.204
FY 2010-11 Estimated Student Count	0.000	64.000	64.000
40th Day Actual	0.000	49.170	49.170
* 100th Day Actual	0.000	46.533	46.533
Enrollment Cap			400

**** Student count used to calculate equalization assistance***

Weighted Student Counts	Student Count		Support Level Weight		Weighted Student Count
K-8	0.000	X	0.000	=	0.000
9-12	46.533	X	1.559	=	72.545
SubTotal	46.533				72.545

Add-Ons	Estimated 40th Day FY 2010-11 ADM	40th Day FY 2010-11 ADM	*	*100th Day FY 2010-11 ADM		Support Level Weight		Estimated Student Count	40th Day Student Count	100th Day Student Count		Total Student Count Add-On
K-3	0.000	0.000	*	0.000	X	0.060	=	0.000	0.000	0.000	=	0.000
ELL	0.000	0.000	*	0.000	X	0.115	=	0.000	0.000	0.000	=	0.000
HI	0.000	0.000		0.000	X	4.771	=	0.000	0.000	0.000	=	0.000
MD-R,A-R,SMR-R	0.000	0.000		0.000	X	6.024	=	0.000	0.000	0.000	=	0.000
MD-SC,A-SC,SMR-SC	0.000	0.000		0.000	X	5.833	=	0.000	0.000	0.000	=	0.000
MDSSI	0.000	0.000		0.000	X	7.947	=	0.000	0.000	0.000	=	0.000
OI R	0.000	0.000		0.000	X	3.158	=	0.000	0.000	0.000	=	0.000
OI SC	0.000	0.000		0.000	X	6.773	=	0.000	0.000	0.000	=	0.000
DD,ED,MIMR,SLD,SLI,OHI	20.000	11.325		10.750	X	0.003	=	0.060	0.034	0.032	=	0.032
EDP	0.000	0.000		0.000	X	4.822	=	0.000	0.000	0.000	=	0.000
MOMR	0.000	0.000		0.000	X	4.421	=	0.000	0.000	0.000	=	0.000
VI	0.000	0.000		0.000	X	4.806	=	0.000	0.000	0.000	=	0.000
Total Weighted Add-On Count												0.032

EXHIBIT CHAR

Arizona Department Of Education
Basic Calculations For Equalization Assistance For Charter Schools
FY 2011-12

11-87-02 Ira H. Hayes Memorial Applied Learning Center, Inc.

Non-AOI Student Counts	K-8	9-12	Total
FY 2010-11 Average Daily Membership (100th Day)	0.000	46.533	46.533
FY 2011-12 Estimated Student Count	0.000	64.000	64.000
40th Day Actual	0.000	62.550	62.550
* 100th Day Actual	0.000	60.117	60.117
Enrollment Cap			400

* Student count used to calculate equalization assistance

Weighted Student Counts	Student Count		Support Level Weight		Weighted Student Count
K-8	0.000	X	0.000	=	0.000
9-12	60.117	X	1.559	=	93.722
SubTotal	60.117				93.722

Add-Ons	Estimated 40th Day FY 2011-12 ADM	40th Day FY 2011-12 ADM	*	*100th Day FY 2011-12 ADM		Support Level Weight		Estimated Student Count	40th Day Student Count	100th Day Student Count		Total Student Count Add-On
K-3	0.000	0.000	*	0.000	X	0.060	=	0.000	0.000	0.000	=	0.000
ELL	0.000	0.000	*	0.000	X	0.115	=	0.000	0.000	0.000	=	0.000
HI	0.000	0.000		0.000	X	4.771	=	0.000	0.000	0.000	=	0.000
MD-R,A-R,SMR-R	0.000	0.000		0.000	X	6.024	=	0.000	0.000	0.000	=	0.000
MD-SC,A-SC,SMR-SC	0.000	0.000		0.000	X	5.833	=	0.000	0.000	0.000	=	0.000
MDSSI	0.000	0.000		0.000	X	7.947	=	0.000	0.000	0.000	=	0.000
OI R	0.000	0.000		0.000	X	3.158	=	0.000	0.000	0.000	=	0.000
OI SC	0.000	0.000		0.000	X	6.773	=	0.000	0.000	0.000	=	0.000
DD,ED,MIMR,SLD,SLI,OHI	19.000	16.271		14.582	X	0.003	=	0.057	0.049	0.044	=	0.044
EDP	0.000	0.000		0.000	X	4.822	=	0.000	0.000	0.000	=	0.000
MOMR	0.000	0.000		0.000	X	4.421	=	0.000	0.000	0.000	=	0.000
VI	0.000	0.000		0.000	X	4.806	=	0.000	0.000	0.000	=	0.000
Total Weighted Add-On Count												0.044

EXHIBIT CHAR

Arizona Department Of Education
Basic Calculations For Equalization Assistance For Charter Schools
FY 2012-13

11-87-02 Ira H. Hayes Memorial Applied Learning Center, Inc.

Non-AOI Student Counts	K-8	9-12	Total
FY 2011-12 Average Daily Membership (100th Day)	0.000	60.117	60.117
FY 2012-13 Estimated Student Count	0.000	50.000	50.000
40th Day Actual	0.000	68.263	68.263
* 100th Day Actual	0.000	71.215	71.215
Enrollment Cap			400

* Student count used to calculate equalization assistance

Weighted Student Counts	Student Count		Support Level Weight		Weighted Student Count
K-8	0.000	X	0.000	=	0.000
9-12	71.215	X	1.559	=	111.024
SubTotal	71.215				111.024

Add-Ons	Estimated 40th Day FY 2012-13 ADM	40th Day FY 2012-13 ADM	*	*100th Day FY 2012-13 ADM		Support Level Weight		Estimated Student Count	40th Day Student Count	100th Day Student Count		Total Student Count Add-On
K-3 Reading	0.000	0.000		0.000	X	0.040	=	0.000	0.000	0.000	=	0.000
K-3	0.000	0.000	*	0.000	X	0.060	=	0.000	0.000	0.000	=	0.000
ELL	0.000	0.000	*	0.000	X	0.115	=	0.000	0.000	0.000	=	0.000
HI	0.000	0.000		0.000	X	4.771	=	0.000	0.000	0.000	=	0.000
MD-R,A-R,SMR-R	0.000	0.000		0.000	X	6.024	=	0.000	0.000	0.000	=	0.000
MD-SC,A-SC,SMR-SC	0.000	0.000		0.000	X	5.833	=	0.000	0.000	0.000	=	0.000
MDSSI	0.000	0.000		0.000	X	7.947	=	0.000	0.000	0.000	=	0.000
OI R	0.000	0.000		0.000	X	3.158	=	0.000	0.000	0.000	=	0.000
OI SC	0.000	0.000		0.000	X	6.773	=	0.000	0.000	0.000	=	0.000
DD,ED,MIMR,SLD,SLI,OHI	5.000	13.675		13.330	X	0.003	=	0.015	0.041	0.040	=	0.040
EDP	0.000	0.000		0.000	X	4.822	=	0.000	0.000	0.000	=	0.000
MOMR	0.000	0.000		0.000	X	4.421	=	0.000	0.000	0.000	=	0.000
VI	0.000	0.000		0.000	X	4.806	=	0.000	0.000	0.000	=	0.000
Total Weighted Add-On Count												0.040

EXHIBIT D

Ira H. Hayes M.A.L.C.
Projected Close
July 2013 through June 2014

	Actual	Budgeted	TOTAL
	Jul'13 - Feb'14	Mar'14 - Jun'14	Jul '13 - Jun 14
Ordinary Income/Expense			
Income			
1000 · Revenue Local Sources	80,983.94	66.68	81,050.62
3000 · Revenue State Sources	273,711.10	214,166.67	487,877.77
4000 · Revenue Federal Sources	436,600.60	111,500.00	548,100.60
Total Income	791,295.64	325,733.35	1,117,028.99
Gross Profit	791,295.64	325,733.35	1,117,028.99
Expense			
6100 · Salaries	242,685.97	153,150.06	395,836.03
6200 · Employee Benefits	44,740.16	14,741.29	59,481.45
6300 · Purchased Services	125,168.56	34,319.32	159,487.88
6400 · Purchased Property Services	21,811.71	9,200.04	31,011.75
6500 · Other Purchased Services	53,638.08	22,233.32	75,871.40
6600 · Supplies	72,247.06	41,900.04	114,147.10
6800 · Other Expenses	62,469.32	36,417.32	98,886.64
Total Expense	622,760.86	311,961.39	934,722.25
Net Ordinary Income	168,534.78	13,771.96	182,306.74
Other Income/Expense			
Other Expense			
Depreciation Expense	93,541.76	46,772.00	140,313.76
Amortization Expense	2,048.76	2,052.00	4,100.76
Total Other Expense	95,590.52	48,824.00	144,414.52
Net Other Income	-95,590.52	-48,824.00	-144,414.52
Net Income	**72,944.26**	**-35,052.04**	**37,892.22**

EXHIBIT E

Ira H. Hayes M.A.L.C.
Statement of Cash Flows

	Jul '13 - Feb 14
OPERATING ACTIVITIES	
Net Income	84,636.98
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	9,403.93
Prepaid Expenses	-386.38
Accounts Payable	-33,203.81
Bank of America Credit Card	1,331.96
Current Portion of Note Payable	55,499.97
Payroll Liabilities:AZ SUI Payable	-88.09
Accrued Payroll and Liabilities	-17,969.42
Net cash provided by Operating Activities	99,225.14
INVESTING ACTIVITIES	
Accumulated Depreciation	81,849.04
Loan Issuance Costs (net)	-79,901.86
Net cash provided by Investing Activities	1,947.18
FINANCING ACTIVITIES	
Bank of America Loans:Bank of America Loan #1	-908,418.24
Bank of America Loans:Bank of America Loan #2	-1,225,838.10
Pima Leasing Commercial Loan	2,120,637.00
GRIC Short Term Loan	-40,000.00
Net cash provided by Financing Activities	-53,619.34
Net cash increase for period	47,552.98
Cash at beginning of period	619,665.17
Cash at end of period	**667,218.15**

EXHIBIT F

Ira H. Hayes M.A.L.C.
Fixed Charge Coverage Ratio Comparison
FY 2013 and FY 2014

	Jul '13 - Jan 14	Jul '12 - Jan 13
Ordinary Income/Expense		
Adjusted Earnings		
Change in Net Assets	37,000.00	-31,792.00
Deprecitaion & Amortization	144,414.52	140,144.00
Interest Expense	78,189.97	98,910.00
Lease Expense	1,255.00	2,510.00
Total Adjusted Earnings	260,859.49	209,772.00
Fixed Costs		
Interest Expense*	78,189.97	98,910.00
Lease Expense	1,255.00	2,510.00
Current Portion	145,475.38	153,533.00
Total Fixed Costs	224,920.35	254,953.00
Fixed Charge Coverage Ratio	**1.16**	**0.82**

In Decemebr of 2013 IHHMALC refinanced the existing note on the school building, resulting in a reduced interest rate.

EXHIBIT G

PROMISSORY NOTE

January 1, 2014
(Commencement Date)

I. FOR VALUE RECEIVED, **Ira H. Hayes Memorial Applied Learning Center, Inc. and its School Board and Principal**, (collectively, the "Maker") the undersigned, of P.O. Box 10899, Bapchule, AZ 85221, promises to pay to the **Gila River Indian Community**, a federally recognized Indian tribe ("Payee"), c/o Office of the Treasurer, P.O. Box 2160, Sacaton, Arizona 85147, the principal sum of Three Hundred Thousand Dollars ($300,000), without interest unless the Maker defaults as provided in Section II below and interest shall then apply as provided in Section II below.

Periodic Installment payments shall be paid as follows: Five thousand dollars ($5,000) per month commencing on January 1, 2014 and continuing on the first day of each month thereafter until December 31, 2018 for a total of sixty (60) equal monthly installments.

II. If any installment or any other sum due under this Promissory Note is not received within ten (10) days after the due date, an interest rate of three percent (3%) per annum will be assessed on the outstanding debt, as well as on all future draw down amounts. The subsequent Periodic Installment amount will be recalculated to include the interest and the Maker will be officially notified by mail.

III. The acceptance by Payee of any payment which is less than payment in full of all due and owing at such time shall not constitute a waiver of Payee's right to receive payment in full at such time or any prior or subsequent time.

IV. The anticipated draw down schedule for this loan is as follows:

1st Draw	9/26/2011	$120,000
2nd Draw	6/15/2012	$100,000
3rd Draw	9/15/2012	$ 80,000
Total		$300,000

V. Prior to the draw down of funds, the Maker shall provide the latest financial projections and related documents as requested by the Office of the Treasurer to monitor the expense, net income and cash reserves, and the ability to repay the loan.

VI. The Maker may prepay in full, or in part, its indebtedness hereunder, without penalty. It is the intention of the parties hereto to comply with the applicable usury laws; accordingly, it is agreed that in no event shall this Note require the payment or permit the collection of interest in excess of the maximum amount permitted by applicable law.

EXHIBIT G

VII. If an action is filed to collect sums due under this Note which are in default, the Maker shall pay to the Community reasonable attorney's fees and all collection costs. Performance under this Promissory Note shall be in accordance with and pursuant to the laws of the Gila River Indian Community or other applicable law, and that any special proceeding or other proceeding that may arise from, in connection with, or by reason of this Promissory Note shall be resolved pursuant to the laws of the Gila River Indian Community and its courts or other court of competent jurisdiction. The right of the Gila River Indian Community to bring an action on this Promissory Note does not constitute, in any way, a waiver of its sovereign immunity.

VIII. This Promissory Note constitutes the entire agreement of the Maker and Payee with respect to the subject matter hereof and supersedes all prior understandings, agreements and representations, express or implied.

IX. No variation or modification of this Promissory Note, or any waiver of any of its provisions or conditions, shall be valid unless in writing and signed by an authorized representative of Maker and Payee. Any such waiver, consent, modification or change shall be effective only in the specific instance and for the specific purpose given.

X. Any provision in this Promissory Note which is in conflict with any ordinance, law or applicable rule shall be deemed omitted, modified or altered to confirm thereto, at the option of the Payee.

EXHIBIT G

IN WITNESS WHEREOF, the parties have executed this Promissory Note on the day first written above.

FOR THE DEBTOR/MAKER:
Ira H. Hayes Memorial Applied Learning Center, Inc.

Date: 9/23/11 _____
Fred Ringlero, Board President,

Date: 9-23-11 _____
Cathy Ahmsaty, Board Vice President

Date: 9-23-'11 _____
Janet Haskie, Secretary

FOR THE GILA RIVER INDIAN COMMUNITY:

Date: 9-29-11 _____
William R. Rhodes, Governor

Date: 9-29-11 _____
Robert G. Keller, Treasurer

APPROVED AS TO FORM:

Date: 9/28/11 _____
Linus Everling, General Counsel

EXHIBIT H

Ira H. Hayes M.A.L.C.
Statement of Cash Flows - Projection
July 1, 2013 through June 30, 2014

	Jul '13 - Jun '14
OPERATING ACTIVITIES	
Net Income	37,892.22
Adjustments to reconcile Net Income	
to net cash provided by operations:	
Accounts Receivable	0.00
Prepaid Expenses	0.00
Accounts Payable	-28,000.00
Bank of America Credit Card	-3,500.00
Current Portion of Note Payable	30,000.00
Payroll Liabilities	0.00
Payroll Liabilities:AZ Withholding Payable	0.00
Payroll Liabilities:AZ SUI Payable	-2,700.00
Payroll Liabilities:Direct Deposit Liabilities	0.00
Accrued Payroll and Liabilities	8,800.00
Net cash provided by Operating Activities	42,492.22
INVESTING ACTIVITIES	
Accumulated Depreciation	140,312.64
Loan Issuance Costs (net)	-77,813.10
Net cash provided by Investing Activities	62,499.54
FINANCING ACTIVITIES	
Bank of America Loans:Bank of America Loan #1	-908,418.24
Bank of America Loans:Bank of America Loan #2	-1,225,838.10
Pima Leasing Commercial Loan	2,119,135.47
GRIC Short Term Loan	-30,000.00
Net cash provided by Financing Activities	-45,120.87
Net cash increase for period	59,870.89
Cash at beginning of period	619,665.17
Cash at end of period	**679,536.06**

LOAN AND SECURITY AGREEMENT

DATE: April 30, 2013

PARTIES: Borrower: IRA H. HAYES MEMORIAL APPLIED LEARNING CENTER, INC., an Arizona non-profit corporation

Address: P.O. Box 10899
Bapchule, Arizona 85221

Lender: PIMA LEASING & FINANCING CORPORATION, a tribally chartered corporation wholly owned by the Gila River Indian Community

Address: 5350 N. 48th Street, Suite 245
Chandler, Arizona 85226

WITNESSETH

WHEREAS, the Gila River Indian Community Council (the "Community Council") is empowered by Article XV of the Gila River Indian Community Constitution and Bylaws (March 1960) to adopt policies and procedures designed to assure the prudent and sound fiscal management and administration of the assets and properties of the Gila River Indian Community (the "Community"); and

WHEREAS, pursuant to Resolution GR-75-06, Lender is a tribal corporation wholly owned by the Community and organized for the purpose of assisting businesses to start and succeed in the Community; and

WHEREAS, Borrower is a public, non-profit, charter school organized as an Arizona Non-Profit Corporation located in District Five of the Community; and

WHEREAS, Borrower desires to borrow funds from Lender to pay off Borrower's existing loan with Bank of America dated December 4, 2000 (the "Bank of America Loan"); and

WHEREAS, pursuant to Resolution GR-149-11, the Community Council authorized the Community to serve as a guarantor for the loan agreement between Lender and Borrower to pay-off the balance remaining on the Bank of America Loan; and

WHEREAS, Borrower and Lender now desire to enter into a loan agreement to enable Borrower to pay-off the balance remaining on the Bank of America Loan.

1. AGREEMENT. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lender agrees to advance the Loan to Borrower, and Borrower agrees to accept and repay the Loan, in accordance with the terms and conditions set forth in this Agreement and the other Loan Documents. Borrower hereby grants to Lender a first-priority

lien and security interest in the real and personal property described in Paragraph 9 below (hereinafter collectively called "Collateral"), to secure the payment of the principal and interest on any and all obligations under the Loan Documents.

2. DEFINITIONS. In addition to other terms defined elsewhere in this Agreement, the following terms shall have the meanings respectively specified, and all capitalized financial terms used and not defined in this Agreement shall have the meanings determined in accordance with rules, policies and pronouncements of GASB as well as FASB, unless FASB pronouncements conflict with or contradict GASB.

"Advance" shall mean a single disbursement of the proceeds of the Loan.

"Agreement" means this Loan and Security Agreement as it may be amended, modified, extended, renewed, restated, or supplemented from time to time.

"Assignment" means that certain Assignment of Sublease made by Borrower, as assignor (and approved by BIA), to Lender and Guarantor, as assignees, with respect to an assignment of the Sublease, as it may be amended, modified, extended, renewed, restated, or supplemented from time to time.

"Authorized Representatives of Borrower" shall mean the person or persons designated by Borrower, pursuant to a signature authorization on Lender's form, to submit the request for the Advance on behalf of Borrower, and to take any and all actions on the part of Borrower under any of the Loan Documents.

"BIA" means the United States of America Department of the Interior acting through the Bureau of Indian Affairs, Pima Agency.

"Commitment" means the agreement of Lender in Section 3.1 to make the Loan pursuant to the terms and conditions of this Agreement.

"Community" means the Gila River Indian Community.

"Community Law" means all statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of governmental entities of the Community.

"Consent to Encumbrance" means that certain Consent to Encumbrance made by Sublessor (and approved by BIA) in favor of Lender and Guarantor, as it may be amended, modified, extended, renewed, restated, or supplemented from time to time.

"Event of Default" has the meaning specified in Section 10.1 hereof and in the other Loan Documents, including the Note.

"FASB" means the Financial Accounting Standards Board.

"GASB" means the Governmental Accounting Standards Board.

"Governmental Authority" means any government, any court, and any agency, authority, body, bureau, department, or instrumentality of any government, including, without limitation, the Community.

"Ground Lease" means that certain United States Department of the Interior Bureau of Indian Affairs Pima Agency Lease No. B-GR-230 between Ground Lessor and Sublessor, as tenant, dated August 20, 1998, as amended by that certain First Lease Amendment dated January 7, 2000, a copy of the Ground Lease was recorded in the BIA Land Titles and Records Office in Albuquerque, New Mexico on November 16, 1998, as file no. 614-255-98, and a copy of the First Lease Amendment was recorded in the BIA Land Titles and Records Office in Albuquerque, New Mexico on January 14, 2000, as file no. 614-110-00, as amended.

"Ground Lessor" means the heirs of GRAL Allotment Nos. 3172 and 4557, and their heirs, successors and assigns.

"Guarantee" means the Guarantee of Borrower Obligations between the Community, as Guarantor, and Pima Leasing & Financing Corporation, as Lender, which references this Agreement.

"Guarantor" means the Community.

"Leasehold Deed of Trust" means that certain Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing made by Borrower, as trustor (and approved by BIA), to the trustee under the Leasehold Deed of Trust, for the benefit of Lender, as beneficiary, as it may be amended, modified, extended, renewed, restated, or supplemented from time to time.

"Lien or Encumbrance" and "Liens and Encumbrances" mean, respectively, each and all of the following: any assignment as security, conditional sale, grant in trust, lien, mortgage, pledge, security interest, title retention arrangement, other encumbrance, or other interest or right securing the payment of money or the performance of any other liability or obligation, whether voluntarily or involuntarily created and whether arising by agreement, document, or instrument, under any law, ordinance, regulation, or rule (federal, state, local, or foreign), under any judgment, order, or decree of any court, arbitrator, other private adjudicator, or other Governmental Authority, or otherwise.

"Loan" shall mean the loan from Lender to Borrower described in this Agreement in the Loan Amount.

"Loan Amount" means a principal amount not to exceed Two Million Three Hundred Thousand and No/100 Dollars ($2,300,000.00).

"Loan Documents" means this Agreement, the Note, the Guarantee, the Leasehold Deed of Trust, the Assignment, the Consent to Encumbrance, the Recognition and Non-Disturbance Agreement, the UCC Financing Statement, and any other agreements, documents, or instruments from time to time evidencing, guarantying, securing, or otherwise relating to the Agreement or the Note, as they may be amended, modified, extended, renewed, or supplemented from time to time.

"Material Adverse Effect or Material Adverse Change" means any negative affect or change in the assets, business, financial condition, operations, prospects, or results of operations of Borrower, or any other event or condition, that (i) materially and adversely affects the likelihood of performance by Borrower of any of the Obligations, (ii) materially and adversely affects the ability of Borrower to perform any of the Obligations, (iii) materially and adversely affects the legality, validity, or binding nature of any of the Obligations or any Lien or Encumbrance securing any of the Obligations, or (iv) materially and adversely affects the priority of any Lien or Encumbrance securing any of the Obligations.

"Note" means that certain Promissory Note of even date herewith in the Loan Amount made by Borrower and payable to the order of Lender, as it may be amended, modified, extended, renewed, restated, or supplemented from time to time.

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Loan, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations of Borrower to Lender or any indemnified party arising under the Loan Documents, in each case whether matured or unmatured, liquidated or unliquidated, direct or indirect, absolute or contingent, joint or several, due or to become due, now existing or hereafter arising.

"Person" means a natural person, a partnership, a joint venture, an unincorporated association, a limited liability company, a corporation, a trust, any other legal entity, or any Governmental Authority.

"Recognition and Non-Disturbance Agreement" means that certain Recognition and Non-Disturbance Agreement made by Ground Lessor (and approved by BIA) for the benefit of Lender and Guarantor, as it may be amended, modified, extended, renewed, restated, or supplemented from time to time.

"Sublessor" means Casa Blanca Middle School, Inc., an Arizona non-profit corporation, and its successor and assigns.

"Sublease" means that certain Sublease of Lease No. B-GR-230 between Sublessor and Borrower, as subtenant, dated January 7, 2000, a memorandum of which was recorded on December 14, 2000, as Instrument No. 2000-051554, Official Records of Pinal County, Arizona, and a copy of which was recorded in the BIA Land Titles and Records Office in Albuquerque, New Mexico on January 14, 2000, as file no. 614-109-00, as amended.

"UCC Financing Statement" means one or more UCC Financing Statements in form and content acceptable to Lender, in which Borrower is listed as debtor, and Lender, as secured party, filed in the State of Arizona.

"Unmatured Event of Default" means any condition that with notice, passage of time, or both would be an Event of Default.

3. LOAN.

3.1 Loan. Subject to the terms and conditions of this Agreement, Lender agrees to make the Loan to Borrower as follows:

3.1.1 The obligation of Borrower to repay the Loan is evidenced by the Note and the principal and interest with respect to the Loan shall be paid in accordance with the terms and conditions of the Note.

3.1.2 Amounts borrowed and paid or prepaid shall not be available to be re-borrowed.

4. CONDITIONS PRECEDENT.

4.1 Conditions Precedent to Effectiveness of this Agreement. This Agreement and Lender's obligation to close and fund the Loan pursuant to this Agreement shall become effective only upon the satisfaction of the following conditions precedent, unless waived in writing by Lender:

4.1.1 Representations and Warranties Accurate. The representations and warranties by Borrower in the Loan Documents are correct on and as of the date of this Agreement and on the date the Loan proceeds are disbursed to Bank of America.

4.1.2 Documents. Lender shall have received the following agreements, documents, and instruments each duly executed by the parties thereto:

(i) Loan Documents. The Loan Documents which shall include all documents, agreements, and instruments specified by Lender, including the Guarantee.

(ii) Borrower Documents. Copies of the following, certified as to authenticity by an officer of Borrower:

(1) Certificate as to the incumbency and proper signature of the person or persons authorized to execute and deliver the Loan Documents and any other certificates or documents to be delivered by Borrower in connection therewith.

(2) Resolutions of Borrower authorizing the execution, delivery and performance of the Loan Documents to which Borrower is a party.

4.1.3 Recognition and Non-Disturbance Agreement. Ground Lessor shall have executed and delivered to Lender, with a copy to Guarantor (and BIA shall have approved), the Recognition and Non-Disturbance Agreement.

4.1.4 Consent to Encumbrance. Sublessor shall have executed and delivered to Lender, with a copy to Guarantor (and BIA shall have approved), the Consent to Encumbrance.

4.1.5 Recordation of Documents. The Leasehold Deed of Trust, the Consent to Encumbrance, the Recognition and Non-Disturbance Agreement, and all other documents requested by Lender shall have been recorded in the Official Records of Pinal County, Arizona, and in the BIA Land Titles and Records Office in Albuquerque, New Mexico.

4.1.6 Perfection of First Priority Security Interest. The applicable UCC Financing Statements shall have been filed in such public records office of the State of Arizona and Lender shall have perfected a first priority security interest in the Collateral.

4.1.7 Searches. Lender shall have reviewed and approved the results of such searches, including lien searches, as Lender shall reasonably request.

4.1.8 Opinion of Legal Counsel. Borrower acknowledges that Borrower has had an opportunity to review and consider this Agreement with an attorney, and that Borrower has had sufficient time to consider it. After such careful consideration, Borrower knowingly and voluntarily enters into this Agreement with full understanding of its meaning and effect.

4.1.9 Approval by BIA. Borrower shall provide adequate proof that BIA has issued all approvals necessary to ensure the validity and enforceability of the Loan Documents and security in the Collateral.

4.1.10 Satisfaction of Bank of American Loan. Lender shall have received sufficient assurances that the Bank of America Loan shall be fully paid upon transfer of Loan funds to Bank of America and that all outstanding obligations of Borrower to Bank of America and all Liens in favor of Bank of America shall be fully satisfied and released, and any collateral, including cash or other assets or accounts, in the possession of Bank of America shall be turned over and paid to Borrower for the purpose of operating the school on the premises that is subject to the Sublease.

4.1.11 Other Items. Such other agreements, documents, and instruments as Lender may reasonably require.

4.2 Waiver of Conditions. Delay or failure by Lender to insist on satisfaction of any condition of closing the Loan shall not be a waiver of such condition precedent or any other condition precedent. If Borrower is unable to satisfy any condition precedent of closing the Loan, the making of the Loan shall not preclude Lender from thereafter declaring the condition or event causing such inability to be an Event of Default.

5. LOAN.

5.1 The Bank of America Loan. Loan funds shall be used solely to pay-off the remaining balance of the Bank of America Loan. Borrower recognizes, acknowledges, and agrees that this Agreement is for repayment of the Loan under the terms of the Note.

5.2 General. Borrower agrees to pay all costs, expenses, charges, premiums, and fees in connection with the transaction contemplated by the Loan Documents, including reimbursement of Lender's costs and expenses in connection with the Loan and the Loan Documents. Lender shall have no obligation to pay or other obligation whatsoever in connection

with the Loan and the Loan Documents, and Borrower shall remain obligated to pay all such costs, expenses, and fees now or hereafter arising.

5.3 Prepayment of Principal. Borrower may prepay all or any portion of the principal amount of the Loan at any time without premium or penalty.

5.4 Disbursements. Lender shall disburse the Loan Amount to Bank of America no later than five (5) calendar days after execution of the Loan Documents by all of the parties and the satisfaction of the conditions precedent (the "Loan Closing").

6. BORROWER REPRESENTATIONS AND WARRANTIES.

6.1 Representations and Warranties. Borrower represents and warrants to Lender, as of the date of this Agreement, and as of the date of the Advance of the Loan Amount:

6.1.1 Purpose of the Loan. Borrower will use the Loan solely for the purpose of paying off the remaining balance of the Bank of America Loan.

6.1.2 Accurate Information. All information in any loan application, financial statement, certificate, or other document and all other information delivered by or on behalf of Borrower to Lender in obtaining the Loan and Commitment is correct and complete. There are no omissions therefrom that result in any such information being incomplete, incorrect, or misleading as of the date thereof. There has been no Material Adverse Change as to Borrower, the Collateral, the Ground Lease or the Sublease since the date of such information. All financial statements heretofore delivered to Lender by Borrower accurately present the financial condition of Borrower as at the dates thereof and for the periods covered thereby. The fiscal year of Borrower is a calendar year.

6.1.3 Legal Proceedings; Hearings, Inquiries, and Investigations. There are no pending actions, suits or proceedings from any Person against Borrower or the Collateral, or, to Borrower's knowledge, the Ground Lease or the Sublease, except actions, suits and proceedings which, if adversely determined would not have a Material Adverse Effect; and Borrower is not in default with respect to any order, writ, injunction, decree or demand of any court or any Government Authority.

6.1.4 Taxes. Borrower has filed or caused to be filed all applicable tax returns (federal, state, local, the Community, and foreign) required to be filed by Borrower and has paid all taxes and other amounts shown thereon to be due (including, without limitation, any interest and penalties).

6.1.5 Right to Grant Security Interest in Collateral. Borrower is the full owner of the Collateral and has complete authority to grant the liens and security interests in the Loan Documents, and no other party has a security interest in the Collateral, which can be construed to be superior to the interest Borrower is granting to Lender, except for the security interest in favor of Bank of America in connection with the Bank of America Loan.

6.1.6 No Event of Default or Unmatured Event of Default. No Event of Default and no Unmatured Event of Default has occurred and is continuing.

6.1.7 No Approvals. No approval, authorization, bond, consent, certificate, franchise, license, permit, registration, qualification, or other action or grant by or filing with any Person is required in connection with the execution, delivery, or performance by Borrower of the Loan Documents, or, if required, has already been obtained.

6.1.8 No Conflicts. The execution, delivery, and performance by Borrower of the Loan Documents will not conflict with, or result in a violation of or a default under: any applicable law, ordinance, regulation, or rule (federal, state, local, the Community or foreign); any judgment, order, or decree of any arbitrator, other private adjudicator, or Governmental Authority to which Borrower is a party or by which Borrower or any of the assets or property of Borrower is bound; or any agreement, document, or instrument to which Borrower is a party or by which Borrower or any of the assets or property of Borrower is bound.

6.1.9 Execution and Delivery and Binding Nature of the Loan Documents. The Loan Documents have been duly executed and delivered by or on behalf of Borrower. The Loan Documents are legal, valid, and binding obligations of Borrower, enforceable in accordance with their terms against Borrower, except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization, or similar laws and by equitable principles of general application.

6.1.10 Existence and Authorization. Borrower has the requisite power and authority to execute, deliver and perform this Agreement and the other Loan Documents. The execution, delivery, and performance by Borrower of this Agreement and the other Loan Documents have been duly authorized by and all requisite action by or on behalf of Borrower and will not conflict with, or result in a violation of or a default under, the articles of organization or charter of Borrower or any other agreement or obligation of Borrower. Borrower represents that there are no provisions of Borrower's governing documents or any other agreement or understanding that would affect the validity or enforceability of any of the Loan Documents or related agreements.

6.1.11 Priority of Security Interest. The execution and delivery of this Agreement and the other Loan Documents are effective to create in favor of Lender, as security for the Loan, a valid first-priority Lien or Encumbrance, as the case may be, on the Collateral.

6.1.12 Absence of Third Party Security Interests. No effective Lien or Encumbrance covering all or any part of the Collateral is on file in any filing or recording office or otherwise exists.

6.1.13 Ground Lease. The Ground Lease is in full force and effect and has not been terminated or amended in any manner, and neither Ground Lessor, nor Sublessor, is in breach or default under the Ground Lease.

6.1.14 Sublease. The Sublease is in full force and effect and has not been terminated or amended in any manner, and neither Sublessor, nor Borrower, is in breach or default under the Sublease.

6.1.15 Express Third-Party Beneficiary. The Community is intended to be an express third-party beneficiary of this Agreement and the other Loan Documents, including all of

Borrower's representations, warranties and covenants contained in the Loan Documents (including Borrower's duty to defend and obligation to indemnify), and all financial statements delivered to Lender, and Borrower agrees that the Community may enforce any of the rights and remedies of Lender under any of the Loan Documents in the event Lender fails to do so, or in the event that Borrower is in default under any of the Loan Documents, or in the event that the Community makes any payment under the Guarantee. Any right granted to Lender under any of the Loan Documents may be exercised by the Community.

6.2 Representations and Warranties Upon Delivery of Financial Statements, Documents, and Other Information. Each delivery by Borrower to Lender of financial statements, other documents, or information after the date of this Agreement shall be a representation and warranty that such financial statements, other documents, or information is correct and complete as of the dates thereof, that there are no omissions therefrom that result in such financial statements, other documents, or information being incomplete, incorrect, or misleading as of the dates thereof, and that such financial statements accurately present the financial condition and results of operations of Borrower as of the dates thereof and for the periods covered thereby.

7. BORROWER AFFIRMATIVE COVENANTS. Until the Loan is repaid in full and until the Obligations are paid and performed in full, Borrower agrees that:

7.1 Further Assurances, Costs and Expenses of Borrower's Performance of Covenants and Satisfaction of Conditions. Borrower shall promptly execute, acknowledge, and deliver and, as appropriate, cause to be duly filed and recorded such additional agreements, documents, and instruments and do or cause to be done such other acts as Lender may reasonably request from time to time to better assure, perfect, preserve, and protect the rights and remedies of Lender under the Loan Documents. Borrower shall perform all of its obligations and satisfy all conditions under the Loan Documents at its sole cost and expense.

7.2 Books and Records; Information; Access By Lender.

7.2.1 Records. Borrower shall maintain accurate accounts and records of use of Loan proceeds. During business hours Borrower shall give representatives of Lender reasonable access to all books and financial records of Borrower and shall permit Lender representatives to inspect, audit, copy, examine, and make excerpts from the books, and financial records and documents. Borrower shall, and shall cause the personnel of Borrower to, cooperate and assist Lender and Lender's representatives. In addition, Lender shall have the right to verify any information provided by Borrower to Lender by inquiry to any appropriate third Persons.

7.2.2 Confidentiality. Neither Borrower nor any of its agents or representatives shall communicate, whether in writing or verbally, any information in connection with this Agreement except in strict compliance with the terms and conditions of an express authorization provided by Lender; provided, however, that Borrower may report to Governmental Authorities any such information solely to the extent required in compliance with applicable law.

7.3 Taxes and Other Indebtedness. Borrower shall promptly pay and discharge or cause to be paid and discharged promptly all taxes, assessments, and governmental charges or

levies imposed upon it or upon its income and profits before the same shall become in default, provided, however, that Borrower shall not be required to pay and discharge or cause to be paid and discharged any such tax, assessment, charge, levy or claim so long as (i) the validity thereof shall be contested in good faith by appropriate proceedings and Borrower shall have set aside on its books adequate reserves with respect to any such tax, assessment, charge, claim or levy to the extent required by its auditors in order to comply with GASB and FASB, or (ii) the non-payment or non-discharge of such tax, assessment charge, levy or claim cannot result in a Lien or Encumbrance being imposed against all or any portion of the Collateral.

7.4 Notice of Litigation. Borrower shall give prompt written notice to Lender of the commencement of any action, suit or proceeding before any court or arbitrator or any governmental department, board, agency or other instrumentality: (a) relating to the Collateral, the Ground Lease or the Sublease, and (b) to which Borrower is a party in which an adverse determination or result could have a Material Adverse Effect, stating the nature and status of such action, suit or proceeding. Borrower agrees to immediately provide Lender and Guarantor with a copy of any notice of default or notice of termination sent by Borrower to Ground Lessor or Sublessor, or received by Borrower from Ground Lessor or Sublessor, under the Ground Lease and the Sublease.

7.5 Conduct of Business. Borrower shall preserve all of the rights, privileges, and franchises necessary or desirable in the normal conduct of its business as it is currently conducted; conduct business in an orderly, efficient and regular manner; not assign this Agreement or any interest herein or all or any part of any Loan to be made hereunder without the prior written consent of Lender, except as may be otherwise permitted herein.

7.6 Location of Collateral. Borrower shall keep, store or regularly garage all Collateral at Borrower's chief place of business which is located in Bapchule, Arizona 85221.

7.7 Change of Address. Borrower shall not change address without Lender's prior written approval.

7.8 Preservation of Collateral. Borrower agrees to perform in a timely manner all of the duties and obligations of Borrower under the Sublease and the Ground Lease, and to maintain the premises subject to the Sublease in good working order, condition and repair, and Borrower shall maintain all Collateral in good condition, pay promptly all taxes, judgments, or changes of any kind levied or assessed thereon, and keep current all rent due on premises where Collateral is located.

7.9 Turnover of School Operations. Upon the occurrence of any Unmatured Event of Default or any Event of Default, Borrower agrees to immediately vacate (and turnover the operations of) the school and school facilities at the premises subject to the Sublease to an operator selected by Lender (the "Operator"). Any and all agreements entered into between Borrower and any Operator shall be in form and content acceptable to Lender.

7.10 Payoff of the Loan by Guarantor. In the event the Loan is paid off by Guarantor, regardless of whether an Event of Default or Unmatured Event of Default shall have occurred, Borrower shall, immediately upon written demand, vacate the premises subject to the Sublease,

deliver possession of the premises subject to the Sublease to Lender (or its designee), in good working order and condition, and absolutely and irrevocably assign to Lender (or its designee)(by way of an assignment agreement, in form and substance acceptable to Lender), all of Borrower's right, title and interest in and to the Sublease and the Ground Lease, if any.

7.11 Operation of School. At all times Borrower shall operate a school without material interruption on the premises that is subject to the Sublease in District Five of the Community in accordance with Community Law and other laws applicable to Borrower's business. Borrower shall maintain all educational accreditations and permits in good standing, and Borrower shall maintain its status, in good standing, as a charter school, and shall diligently pursue any funding that may be available to Borrower, as a charter school in the State of Arizona.

7.12. Compliance with Laws. Borrower shall comply in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted; or (b) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

7.13 Eviction Proceedings. Without limiting any rights and remedies, in the event Borrower refuses to immediately vacate the premises that is subject to the Sublease pursuant to the terms of this Agreement, Borrower agrees that Lender (or Guarantor, as the case may be) may proceed with eviction proceedings under the laws of the Community, including Chapter 3 Evictions in Section 19.301, et. seq., of the Community Law, and Borrower agrees to reimburse Lender (or Guarantor, as the case may be) for all costs, expenses, charges, fees, and attorneys' fees incurred or paid by Lender (or Guarantor, as the case may be) in pursuing such eviction.

8. BORROWER NEGATIVE COVENANTS. Until the Loan is repaid in full and until the Obligations are paid and performed in full, Borrower agrees:

8.1 Name, Fiscal Year, Accounting Method, and Lines of Business. Borrower shall not change its name, fiscal year, or method of accounting.

8.2 Lender Approval of Other Debt. Borrower shall not incur or permit to exist subordinated debt without the prior written consent of Lender, other than unsecured indebtedness incurred in the ordinary course of business.

8.3 Change of Address. Borrower shall not change address without Lender's prior written approval.

8.4 Transfer Interest in Collateral. Borrower shall not transfer, sell or assign the Collateral or any of Borrower's interests therein, or any of Borrower's interests in the Ground Lease or the Sublease, nor permit any lien or security interest to be created thereon without Lender's prior written approval, except that Borrower may sell items of the personal property listed in Paragraph 9 hereof in the ordinary course of business in order to replace worn out, damaged or lost items of personal property (so long as there no Material Adverse Effect or Material Adverse Change occurs as a result thereof), until advised otherwise by Lender.

Borrower shall not agree to any amendment, modification or termination of the Ground Lease or the Sublease without the prior written consent of Lender.

9. RIGHTS OF BORROWER IN COLLATERAL.

9.1 Grant of Secuirty Interest. Borrower hereby grants to Lender a first priority lien and security interest (the "Security Interest") in all of Borrower's right, title and interest (including claims) in and to the property or assets described below (the "Collateral"):

9.1.1 All goods, equipment, machinery, and vehicles, including power-driven machinery and equipment, furniture and fixtures now owned or hereafter acquired, together with all replacements thereof, all attachments, accessories, parts and tools belonging thereto of for used in connection therewith.

9.1.2 All inventory, raw materials, work in process and supplies now owned or hereinafter acquired by Borrower.

9.1.3 All accounts receivable now outstanding or hereafter arising to Borrower.

9.1.4 All contract rights and general intangibles now in force or hereafter acquired by Borrower.

9.1.5 The Ground Lease and the Sublease.

9.2 Perfection of Security Interests. Borrower agrees that the recordation of the Leasehold Deed of Trust (and any of the other Loan Documents to be recorded as Lender may require) and the filing of the UCC Financing Statement in the State of Arizona will perfect the security interests granted herein and consents to the inclusion of any Guarantor of the Loan on such UCC Financing Statement. In addition, Borrower agrees to execute and/or file any documentation or take other action necessary to prefect the security interests granted herein.

9.3 Borrower's Rights Prior to Default. At any time (whether or not an Event of Default has occurred), without notice or demand and at the expense of Borrower, Lender may, to the extent it may be necessary or desirable to protect the Collateral, but Lender shall not be obligated to: (a) enter upon any premises on which Collateral is situated upon reasonable notice and examine the same, or (b) perform any obligation of Borrower under this Agreement or any of the other Loan Documents or any obligation of any other Person under the Loan Documents. Borrower shall maintain books and records pertaining to the Collateral and its business in such detail, form and scope as is consistent with industry practices. Lender shall be under no duty or obligation whatsoever to take any action to preserve any rights of or against any prior or other parties in connection with the Collateral, whether or not an Event of Default shall have occurred, or to make or give any presentments, demands for performance, notices of non-performance, protests, notices of protests, notices of dishonor or notices of any other nature whatsoever in connection with the Collateral or the Secured Obligations. Lender shall be under no duty or obligation whatsoever to take any action to protect or preserve the Collateral or any rights of Borrower therein, or to make collections or enforce payment thereon, or to participate in any foreclosure or other proceeding in connection therewith.

10. DEFAULT.

10.1 Events of Default. The occurrence of any Event of Default under the Note or the occurrence of any of the following events shall constitute an "Event of Default":

10.1.1 Non-Payment. Borrower fails to make any payment required under the Loan Documents within 30 days of being due; or

10.1.2 Covenants. Borrower fails to perform or observe any other covenant or agreement contained in any Loan Document on its part to be performed or observed and such failure continues for thirty days; or

10.1.3 Representations and Warranties. Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of Borrower herein, in any other Loan Document, or in any document delivered in connection herewith or therewith shall be incorrect or misleading when made or deemed made; or

10.1.4 Dissolution or Liquidation. The dissolution, or liquidation of Borrower; the consolidation or merger of Borrower with any other person; or the taking of any action by Borrower toward a dissolution, liquidation, consolidation, or merger; or

10.1.5 Insolvency Proceedings, Etc. Borrower institutes or consents to the institution of any proceeding under any Bankruptcy or related law, or makes an assignment for the benefit of creditors; or Borrower applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of Borrower and the appointment continues undischarged or unstayed for 60 calendar days; or any proceeding under any Bankruptcy or related law relating to Borrower or to all or any material part of its property is instituted without the consent of Borrower and continues undismissed or unstayed for 60 calendar days, or an order for relief is entered in any such proceeding; or

10.1.6 Inability to Pay Debts; Attachment. (i) Borrower becomes unable or admits in writing its inability or fails generally to pay its debts as they become due, or (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the Collateral and is not released, vacated or fully bonded within 30 days after its issue or levy; or

10.1.7 Judgments. There is entered against Borrower (i) a final judgment or order for the payment of money in an aggregate amount exceeding $10,000 (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage), or (ii) any one or more non-monetary final judgments that have, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Event and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of ten consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

10.1.8 The Occurrence of a Material Adverse Effect. Any event or condition arises or occurs that could reasonably be expected to have a Material Adverse Effect on Borrower or its business activities, including, without limitation, the loss of Borrower's approval to operate as a charter school, or the loss of charter school funding, or loss of Borrower's business license with the Community, or the occurrence of any breach or default by Borrower under the Sublease, or any termination of the Sublease or the Ground Lease; or

10.1.9 Invalidity of Loan Documents. Any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or as a result of the satisfaction in full of the Loan, ceases to be in full force and effect; or Borrower contests in any manner the validity or enforceability of any Loan Document, including any rights of a Guarantor; or Borrower denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any Loan Document.

10.2 Remedies Upon Occurrence of an Event of Default and While Any Event of Default Exists:

10.2.1 All Rights and Remedies Retained. Lender shall have, in addition to all other rights and remedies that Borrower may have under applicable law or in equity or under this Agreement or under any other Loan Document, all rights and remedies of a secured party under the Uniform Commercial Code as adopted by State of Arizona, and, in addition, the following rights and remedies, all of which may be exercised after notice (unless giving prior notice is not reasonably practicable or is prohibited by any Bankruptcy law or other law, in which case no notice shall be required) to Borrower and without affecting the obligations of Borrower hereunder or under any other Loan Document, or the enforceability of the Liens and security interests created hereby: (a) to foreclose the Liens and security interests created hereunder or under any other agreement relating to any Collateral by any available judicial procedure or without judicial process; (b) to enter any premises where any Collateral may be located for the purpose of securing, protecting, inventorying, appraising, inspecting, preserving, storing, preparing, processing, taking possession of or removing the same; (c) to sell, assign, lease or otherwise dispose of any Collateral or any part thereof, either at public or private sale or at any broker's board, in lot or in bulk, for cash, on credit or otherwise, with or without representations or warranties and upon such terms as shall be acceptable to Lender; (d) to notify obligors on the Collateral that the Collateral has been assigned to the Lender and that all payments thereon are to be made directly and exclusively to Lender; (e) to collect by legal proceedings or otherwise all dividends, distributions, interest, principal or other sums now or hereafter payable upon or on account of the Collateral; (f) to enter into any extension, reorganization, deposit, merger or consolidation agreement, or any other agreement relating to or affecting the Collateral, and in connection therewith Lender may deposit or surrender control of the Collateral and/or accept other property in exchange for the Collateral; (g) to settle, compromise or release, on terms acceptable to Lender, in whole or in part, any amounts owing on the Collateral and/or any disputes with respect thereto; (h) to extend the time of payment, make allowances and adjustments and issue credits in connection with the Collateral in the name of Lender or in the name of Borrower; (i) to enforce payment and prosecute any action or proceeding with respect to any or all of the Collateral and take or bring, in the name of the Lender or in the name of Borrower, any and all steps, actions, suits or proceedings deemed by the Lender necessary or desirable to effect collection of or to realize upon the Collateral, including, without limitation,

any judicial or nonjudicial foreclosure thereof or thereon, and Borrower specifically consents to any nonjudicial foreclosure of any or all of the Collateral or any other action taken by the Lender which may release any obligor from personal liability on any of the Collateral, and Borrower waives any right not expressly provided for in this Agreement to receive notice of any public or private judicial or nonjudicial sale or foreclosure of any security or any of the Collateral; and any money or other property received by the Lender in exchange for or on account of the Collateral, whether representing collections or proceeds of Collateral, and whether resulting from voluntary payments or foreclosure proceedings or other legal action taken by the Lender or Borrower may be applied by the Lender, without notice to Borrower, to the outstanding debt amount in such order and manner as the Lender in their sole discretion shall determine; (j) to insure, process and preserve the Collateral; (k) to exercise all rights, remedies, powers or privileges provided under any of the Loan Documents; (1) to remove, from any premises where the same may be located, the Collateral and any and all documents, instruments, files and records, and any receptacles and cabinets containing the same, relating to the Collateral, and the Lender may, at the cost and expense of Borrower, use such of its supplies, equipment, facilities and space at its places of business as may be necessary or appropriate to properly administer, process, store, control, prepare for sale or disposition and/or sell or dispose of the Collateral or to properly administer and control the handling of collections and realizations thereon, and the Lender shall be deemed to have an irrevocable license to use, without cost to the Lender, any premises of Borrower for such purposes and for such periods of time as reasonably required by the Lender; and (m) to exercise all other rights, powers, privileges and remedies of an owner of the Collateral, including appointing a receiver to manage business operations of Borrower at Borrower's expense; all at Lender's sole option and as the Lender in its sole discretion may deem advisable.

10.2.2 Borrower, at Lender's request, shall assemble and make available all Collateral at any place designated by Lender. Lender shall not be liable for any damage to or loss of Collateral in its possession, nor shall such damage or loss diminish the debt due, even if the damage or loss is caused or contributed to by Lender's negligence.

10.2.3 Lender may, at its option and in its absolute sole discretion, but subject to the terms contained in the Guarantee, enforce its rights under the Guarantee.

10.2.4 Certain Conditions Regarding Remedies.

i. Any public or private sale or other disposition of the Collateral may be held at any office of Lender, or at Borrower's place of business, or at any other place permitted by applicable Law, and without the necessity of the Collateral's being within the view of prospective purchasers. Lender may direct the order and manner of sale of the Collateral, or portions thereof, as it in its sole and absolute discretion may determine, and Borrower expressly waives any right to direct the order and manner of sale of any Collateral. Lender or any Person on Lender's behalf may bid and purchase at any such sale or other disposition. The net cash proceeds resulting from the collection, liquidation, sale, lease or other disposition of the Collateral shall be applied, first, to the expenses (including, without limitation, attorneys' fees and disbursements) of retaking, holding, storing, processing and preparing for sale or lease, selling, leasing, collecting, liquidating and the like, and then to the satisfaction of the secured obligations under the Loan in such order as shall be determined by Lender in its sole and absolute discretion. Borrower and

any other Person then obligated therefor shall pay to Lender on demand any deficiency with regard thereto which may remain after such sale, disposition, collection or liquidation of the Collateral.

ii. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender shall send or otherwise make available to Borrower notice of the time and place of any public sale thereof or of the time on or after which any private sale thereof is to be made. The requirement of sending notice conclusively shall be met if such notice is given in the manner contemplated by this Agreement at least five days before the date of the sale. Borrower expressly waives any right to receive notice of any public or private sale of any Collateral or other security for the Loan except as expressly provided for in this paragraph.

iii. Upon consummation of any sale of Collateral hereunder, Lender shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any such sale shall hold the Collateral so sold absolutely free from any claim or right upon the part of Borrower or any other person, and Borrower hereby waives (to the extent permitted by applicable Laws) all rights of redemption, stay and appraisal which it now has or may at any time in the future have under any rule of Law or statute now existing or hereafter enacted. If the sale of all or any part of the Collateral is made on credit or for future delivery, Lender shall not be required to apply any portion of the sale price to the outstanding Loan amount until such amount actually is received by Lender, and any Collateral so sold may be retained by Lender until the sale price is paid in full by the purchaser or purchasers thereof Lender shall not incur any liability in case any such purchaser or purchasers shall fail to pay for the Collateral so sold, and, in case of any such failure, the Collateral may be sold again.

10.2.5 Without limiting any of the foregoing, Borrower shall, immediately upon written demand, vacate the premises subject to the Sublease, deliver possession of the premises subject to the Sublease to Lender, in good working order and condition, and absolutely and irrevocably assign to Lender (by way of an assignment agreement, in form and substance acceptable to Lender), all of Borrower's right, title and interest in and to the Sublease. Borrower agrees to defend (with legal counsel reasonably acceptable to Lender), indemnify, protect, reimburse, and hold harmless Lender and its successors and assigns, including Guarantor, for, from and against all claims, costs, expenses, including reasonable attorneys' fees and court costs, damages, losses, demands, liens, actions, obligations, liabilities, judgments, and suits arising from, relating to or incurred or paid in connection with any enforcement of Lender's rights and remedies under this Section 10, and any Borrower's failure to comply with this Agreement, including this Section 10. Borrower agrees that the provisions of this Section 10 are material to Lender and Lender would not enter into this Agreement or make the Loan without the provisions of this Section 10.

10.3 Upon the occurrence of any Unmatured Event of Default that can reasonably be expected to jeopardize or have a Material Adverse Effect on the Collateral, or on any of Lender's rights or remedies under the Loan Documents, or on the Ground Lease or on the Sublease or on the premises subject to the Sublease, or on Borrower or its business, then Lender may exercise any and all of its rights and remedies under any of the Loan Documents without notice and a cure period.

10.4 Without limiting any rights or remedies of Lender hereunder, the Lender, it its sole discretion, may transfer all of its rights and interests under the Loan Documents to Guarantor.

11. WAIVER; CUMULATIVE REMEDIES; ENFORCEMENT. No failure by Lender to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof. Any effective waiver must be in writing and signed by Lender but shall only apply to the specific instance and the specific purpose for which it is given and shall not be considered an amendment or modification of the Loan Documents. No single or partial exercise of any right, remedy, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and provided under each other Loan Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

12. MODIFICATION; AMENDMENTS. No modification or amendment to this Agreement or any of the Loan Documents shall be effective unless such modification or amendment is contained in a writing that (i) clearly states it is a modification or amendment and (ii) is signed by both parties.

13. COUNTERPART EXECUTION AND FACSIMILE DELIVERY. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document. Delivery of executed copies of this Agreement may be made by facsimile transmission with the same effect as delivery of executed originals of this Agreement.

14. NOTICES AND DEMANDS. All demands or notices under the Loan Documents shall be in writing and mailed or delivered to the respective party hereto (whether by hand delivery or by reputable overnight courier service, such as Federal Express) at the address specified at the end of this paragraph or such other address as shall have been specified in a written notice. Any demand or notice mailed shall be mailed certified mail, postage-prepaid, return-receipt requested and shall be effective three (3) business days after the mailing thereof. Any demand or notice not mailed will be effective upon actual receipt by the addressee.

Address for Notices to Borrower:

Ira H. Hayes Memorial Applied Learning Center, Inc.
P.O. Box 10899
Bapchule, Arizona 85221
Attn: President and Principal

Address for Notices to Guarantor:

Gila River Indian Community
525 West Gu u Ki
P.O. Box 97
Sacaton, AZ 85147
Attn: Governor
Community Treasurer
General Counsel

Address for Notices to Lender:

Pima Leasing and Financing Corporation
5350 N. 48th Street, Suite 245
Chandler, AZ 85226
Attn: Executive Director

15. CHOICE AND ADOPTION OF LAW. The parties agree that the interpretation and enforcement of this Agreement and the Loan Documents shall be governed by and construed in accordance with the laws of the Community. In deciding any matter that is not covered by the laws of the Community, the Community's courts may resort to applicable federal law, if any, in deciding the matter, and if a matter is not covered by federal law, the Community's courts may be guided by, and apply, the laws of the State of Arizona.

16. NO WAIVER OF SOVEREIGN IMMUNITY. As a sovereign government and federally recognized Indian tribe, the Gila River Indian Community enjoys sovereign immunity from suit and the Gila River Indian Community may assert such immunity as a defense against an action brought against the Gila River Indian Community. The Ninth Circuit in *Linneen v. Gila River Indian Community*, 276 F.3d 489 (9th Cir. 2002), discussed the right of the Gila River Indian Community to assert sovereign immunity as a defense in an action brought against the Gila River Indian Community. Pima Leasing & Financing Corporation is a tribal corporation organized under the laws of the Gila River Indian Community and is wholly-owned by the Gila River Indian Community. Pima Leasing & Financing Corporation, as an arm of the Gila River Indian Community, also enjoys sovereign immunity and may assert its immunity as a defense against an action brought against Pima Leasing & Financing Corporation. The Ninth Circuit in *Allen v. Gold Country Casino*, 464 F.3d 1044 (9th Cir. 2006) discussed the applicability of sovereign immunity to tribal entities that function as an arm of the tribe. Nothing in this Agreement or in the other Loan Documents, and no action or omission of the Community or Lender, shall be construed as a waiver of the sovereign immunity of Lender or the Community.

17. DISPUTES. Lender and Borrower agree that all disputes, claims and controversies between them, whether individual, joint, or class in nature, arising from this Agreement, the Loan Documents or otherwise in connection therewith, including, without limitation, contract disputes and tort claims, shall be resolved pursuant to the laws of the Community and in its courts.

18. JURY WAIVER. BORROWER AND LENDER HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) BETWEEN OR AMONG BORROWER AND LENDER ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENTS OR ANY RELATIONSHIP BETWEEN LENDER AND BORROWER. THIS PROVISION IS A MATERIAL INDUCEMENT TO LENDER TO PROVIDE THE FINANCING DESCRIBED HEREIN OR IN THE OTHER LOAN DOCUMENTS.

19. ATTORNEYS FEES. In any action to enforce the terms of this Agreement or the other Loan Documents, the prevailing party shall be entitled to recover from the non-prevailing party all of the costs, fees and expenses, including reasonable attorneys' fees and court costs, incurred or paid by the prevailing party. If Borrower breaches or defaults under any of the Loan Documents, Borrower agrees to reimburse Lender for Lender's reasonable attorneys' fees in connection with Borrower's breach or default, regardless of whether an action is commenced by Lender.

[Signature Pages to Follow]

DATED as of the date first above stated.

BORROWER:

IRA H. HAYES MEMORIAL APPLIED LEARNING CENTER, INC., an Arizona Non-Profit Corporation

By: _____
Fred Ringerlo, Board President

LENDER:

PIMA LEASING & FINANCING CORPORATION, a tribally chartered corporation wholly owned by the Gila River Indian Community

By: _____
Barney Enos, Jr., Board President

ACKNOWLEDGMENT AND APPROVAL

The undersigned hereby confirms and acknowledges that it has reviewed and approved the foregoing Loan and Security Agreement.

Dated: August 13, 2013.

UNITED STATES OF AMERICA, DEPARTMENT OF THE INTERIOR, BUREAU OF INDIAN AFFAIRS

Approved pursuant to authority delegated to the Assistant Secretary – Indian Affairs by 209 DM 8, to the Director of BIA by 230 DM I, to the Western Regional Director by 3 IAM 4, and to the Superintendent by historic Phoenix Area Re-Delegation Document in 10 BIAM.

By: Leah Martinez
Superintendent - Pima Agency
Sacaton, Arizona