

IN THE CIRCUIT COURT OF FAIRFAX COUNTY

John T. Frey
CLERK, CIRCUIT COURT
FAIRFAX, VA

STRIDE, INC.)	
)	
Plaintiff/Counter-Defendant,)	
)	Civil Action No. 2022 14587
)	
)	
v.)	
)	
)	
FUTURE OF SCHOOL, INC.)	
)	
Defendant/Counter-Plaintiff.)	

**COUNTER-PLAINTIFF FUTURE OF SCHOOL, INC.’S COUNTERCLAIMS AND
JURY DEMAND AGAINST COUNTER-DEFENDANT STRIDE, INC.**

Counter-Plaintiff Future of School, Inc. (“FoS”) asserts the following claims against Counter-Defendant Stride, Inc. (“Stride”).

1. Stride has filed a complaint against FoS in which it seeks a declaratory judgment stating that Stride is not legally bound to donate the remaining \$2.3 million committed to FoS despite having entered into an agreement to do so. In the alternative, Stride seeks a determination that it is not obligated to donate the \$2.3 million to FoS until the end of fiscal year 2027.

2. Stride, however, made a commitment to donate the \$3.5 million to FoS when it executed the Letter of Intent to Donate (hereinafter, the “Agreement”), which is attached as Exhibit A, and the Parties understood the Agreement to be a binding contract. This is evident not only from the Agreement itself but also from Stride’s subsequent actions, including but not limited to partially performing with the initial donation of \$1.2 million for 2022 and announcing its \$3.5 million commitment to investors via various disclosures. In short, Stride took affirmative steps to broadcast its charitable giving to its investors and to the general public when it suited the company’s interests to do so.

3. Yet, when Stride's financial situation became more precarious and its view of the broader economic climate turned pessimistic, Stride's CEO, James Rhyu, came up with new conditions and dubious reasons for withdrawing funding from FoS. And during the summer of 2022, Stride abruptly announced that it was withdrawing all funding support to FoS.

4. Stride now alleges that it is reneging on its obligations to FoS because its CEO is pessimistic about FoS's ability to secure alternative sources of funding. Stride alleges that it is unsure whether FoS will achieve the relevant benchmarks established by the Internal Revenue Service for non-profit 501(3)(c) organizations.

5. Stride's reliance on the IRS requirement for a charitable institution is grossly misplaced. This is so, as alleged herein, because the IRS regulations expressly state that newly founded charitable organizations are entitled to a grace period of five years to obtain the diverse funding necessary to qualify as a non-profit organization. FoS has five years to achieve the diverse funding necessary, and that period commenced on June 1, 2022, meaning it has until June 30, 2027 to meet that requirement.

6. Stride's reliance on a purported belief about FoS's inability to obtain the needed funding is pretextual and not the real reason Stride does not intend to fulfill its obligations.

7. Stride has repudiated its obligation to donate the remaining \$2.3 million to FoS, as is evident from the communications and meetings in the June-August 2022 time period, described in detail herein. Moreover, Stride's claim and its allegations in this very case are further evidence of repudiation of its obligations.

PARTIES

8. FoS is a national non-profit that seeks to evolve and innovate K-12 education through the advancement and distribution of quality online and blended learning programs. FoS

is incorporated under the laws of the State of Delaware. Its principal place of business is 115 Wilcox St., Suite #244, Castle Rock, CO, 80104.

9. Stride is a for-profit, publicly traded company that provides online and blended education programs for students across the United States. Stride is incorporated under the laws of the State of Delaware. Its principal place of business is 11720 Plaza America Dr., 9th Floor, Reston, VA.

JURISDICTION

10. This Court has personal jurisdiction over Counter-Plaintiff Stride because Stride's principal place of business is in Virginia, and thus Stride is domiciled in Virginia. Additionally, the Court has personal jurisdiction over the Counter-Plaintiff Stride pursuant to Virginia Code §§ 8.01-328.1, because, among other things, Stride has transacted business in Virginia.

11. As the Complaint recognizes, this Court has subject matter jurisdiction over the case pursuant to Virginia Code §§ 17.1-513 and 8.01-184, which authorizes the Court to determine rights related to a controversy "involving the interpretation of . . . instruments of writing."

12. These counterclaims arise out of the same allegations underlying Stride's claims against FoS.

13. Venue is proper here in this Court under Virginia Code § 8.01-262 because Stride, certain fact witnesses, and other evidence is located in Fairfax County.

STATEMENT OF FACTS

14. FoS's mission is focused on promoting the benefits and advantages of blended and online learning, to ultimately demonstrate the importance of personalizing learning for K-12 students. It does this in varying ways, through educational outreach, grants for innovative educators, and with various scholarship programs. From 2016 through 2021, it awarded over \$2

million in higher-ed scholarships. It also provided over \$430,000 in grants to individual educators to support and recognize them for their innovative blended and online programs. In addition, FoS has invested in a remote learning relief fund during the pandemic to assist educators in the transition to remote teaching environments. As FoS's website identifies, the organization is dedicated to "mobilizing change in American K-12 education from a one-size-fits-all system to one that ensures that all students reach their unbounded potential no matter where their learning takes place."

15. FoS was originally established as a private non-operating foundation in 2015, under the name Foundation for Blended and Online Learning ("FBOL"). Stride was intimately involved in FBOL's operations from its very inception, using Stride's resources to file formation papers with the IRS. Stride was intimately involved in FBOL's Board, accounting, marketing, and operations. It played a significant part in the organization's work during the early years and knowingly served as its sole funder.

16. FBOL was founded as a result of a vision by Stride's then CEO, Nate Davis, to launch a charitable foundation to represent and promote the benefits and advantages of blended and online learning. This led Stride, under Mr. Davis's direction, to provide funding to FBOL during their inception, and to continue funding until his departure as CEO in 2021.

17. To date, Stride has donated approximately \$7 million to FoS and its predecessor, FBOL. They have worked together towards numerous goals and projects.

18. In January 2021, Mr. Davis, the longtime CEO of Stride, resigned his CEO position and was replaced by the current CEO, James Rhyu. Mr. Davis maintained his position as Chairman of Stride's board upon his resignation as CEO. On July 29, 2022, Mr. Davis and Stride agreed that Mr. Davis would retire and step down from his Chairman position on September 30, 2022.

Future of School Transitions to Become a Public Charity

19. In 2020, FBOL changed its name to Future of School, and started the efforts to transition from a private charity foundation to a 501(c)(3) public charity under the rules of the Internal Revenue Service (IRS). FoS began this transition for the purpose of becoming self-sustaining with its own donors and grants.

20. Starting June 1, 2022, FoS has a 60-month period to meet the requirements of a public charity per the Internal Revenue Code. Once the requirements are met, FoS will be classified as a public charity starting from June 1, 2022.

21. FoS therefore has until June 30, 2027 to meet the requirements of a public charity, with the primary requirement being the “Publicly Supported” requirement, which, depending on the circumstances of the organization, requires a certain percentage of support received by the public charity to be from government units or the general public. *See* Treas. Reg. § 1.170A-9(f).

Future of School Obtains Additional Funding from Stride in 2021

22. Amy Valentine is the Executive Director of FoS. Ms. Valentine has a distinguished career in education. Among other things, she has managed portfolios of schools and worked with traditional, blended, and online school communities as a teacher, administrator, professional development mentor, and curriculum specialist.

23. As Executive Director, Ms. Valentine leads FoS’s charitable operations and spearheads FoS’s fundraising. Ms. Valentine is, and has been, the sole full-time employee of FoS since its inception in 2015.

24. During the first half of 2021, Ms. Valentine and Stride CEO James Rhyu corresponded regarding Stride’s commitment to continue funding FoS.

25. On April 2, 2021, Ms. Valentine sent Mr. Rhyu an email that outlined FoS's request for funding from Stride for the 2022 fiscal year. The email discussed FoS pursuing its transition from a private non-operating foundation to a public charity and FoS's goal to undertake a development and fundraising campaign that would permit it to achieve the "Publicly Supported" requirement of the IRS.

26. On April 5, 2021, Ms. Valentine sent another email to Mr. Rhyu in which she answered questions he had posed and emphasized FoS's need for additional funds to facilitate its outside fundraising efforts, which were integral to its transition to a public charity.

27. On April 6, 2021, Mr. Rhyu responded to Ms. Valentine by email. While he noted his interest in having FoS eventually diversify its sources of funding, Mr. Rhyu affirmed his financial commitment to FoS, writing, "Don't get me wrong, I'm very supportive and willing to continue to be the largest funder [of FoS] for a number of years."

28. By June 30, 2021, Mr. Rhyu and Ms. Valentine's discussions resulted in Mr. Rhyu outlining Stride's commitment to provide future donations to FoS. As the Complaint acknowledges, Mr. Rhyu wrote an email to Ms. Valentine in which he stated, "I'm comfortable making a multi-year commitment to the FoS's program. That commitment would be for \$3.5 million over a period up to 5 years and would not have any conditions attached to it."

29. As the Complaint acknowledges, on June 30, 2021, Ms. Valentine replied to Mr. Rhyu's email about the donation commitment, accepting it, and stating that FoS "gladly accepts this extremely generous donation from Stride."

30. Michael Johnson, Stride's Assistant Controller, then requested Ms. Valentine "provide a commitment letter stating your [Ms. Valentine's] acknowledgement and consent to this additional contribution."

31. The Parties' agreement thereafter was memorialized in the executed July 13, 2021 Letter of Intent to Donate, which was signed and dated by Ms. Valentine on behalf of FoS and by Michael Johnson on behalf of Stride Inc.

32. As described herein, the Agreement contains no conditions whatsoever making Stride's obligation contingent on any factor, let alone Mr. Rhyu's proffered reasons for renegeing on Stride's commitment.

33. In Paragraph III of the Agreement, which is titled "The Donation," Mr. Johnson checked the "Other" box, and added Stride's donation amount, writing, "\$3.5 million over next five years (2022-2027); Terms of the donation is based upon a July 1-June 30 fiscal year; Funds currently committed for the 2022FY: \$1.2 million; Remaining funds would be allocated at the discretion of Stride Learning Inc."

34. In recognition of this Agreement, Stride did donate \$1.2 million in 2022. However, as noted in this Counterclaim, this was only partial performance under the Agreement.

35. Notably, under Paragraph IV, titled "Donation Designation," Stride noted that the donation was for "unrestricted funds," with no conditions or purpose with how the donation could be spent by FoS. There is no condition that FoS satisfy the "Publicly Supported" requirement and certainly no condition that FoS satisfy that requirement ahead of the timetable under the relevant Treasury regulation. Moreover, as indicated under Paragraph VII, FoS was and is a 501(c)(3) non-profit organization.

36. While the Agreement states, "This donation letter of intent represents the basic terms for an agreement that shall be considered [empty checked box] binding [empty checked box] non-binding," neither party checked either the "binding" box or the "non-binding" box.

37. Paragraph XI, however, is titled “Acceptance.” The text for that provision states, “If you are agreeable to the aforementioned terms, please sign and return a duplicate copy of this Letter of Intent....” Stride did so, thereby executing the Agreement.

38. The parties clearly understood the Agreement to be binding, as is reflected by their signatures thereupon, and Stride’s partial performance in 2022.

Future of School’s Reliance on Stride’s Promise

39. In reliance on Stride’s Agreement, FoS incurred expenses, including ongoing expenses like staff hirings, and undertook to provide programming given Stride’s promised donation.

40. FoS’s expanded programming in reliance on FoS’s commitment includes:

a. The Evergreen Education Proof Points Project: The Proof Points Project is a collaboration program between FoS and The Digital Learning Collaborative, which identifies, compiles, and disseminates robust examples of success in online, hybrid, and blended schools nationwide. The primary goal is to collect student outcome data from FoS, The Digital Learning Collaborative, and third-party education organizations that demonstrates the benefits and advantages that digital learning can offer students, then present this compelling evidence of student outcome success to reporters, policymakers, and stakeholders in the education field to promote the benefits of digital learning.

b. The Resilient District Prize: The Resilient District Prize seeks to recognize and support various innovative programs implemented in schools nationwide and offers funding to districts, schools, and educators to assist in the implementation of such programs. One such innovative program that FoS supplied

funds to provided hands-on, digital biotechnology curricula to drive student engagement, experiential learning, and academic progress in high school science classes. Another program emphasized a tech-based, student-centered learning environment to increase engagement and academic performance of English Language Learners (ELLs) in English language arts (ELA) classes.

c. The Student Ambassador Program: The FoS Student Ambassador program seeks to support and elevate the voices of students to become leaders, influencers, and changemakers in education. Through the program, FoS prepares and promotes a select group of FoS Student Scholarship winners as leaders who share their compelling personal stories as advocates for blended and online learning. These stories and the ambassadors serve to galvanize all stakeholders in education, including students, parents, teachers, administrators, and policymakers, and promote the implementation of the blending and online programs that were so beneficial to the ambassadors themselves.

41. Eventually, however, following Stride's reneging on its funding commitment, these projects were either suspended or terminated.

42. FoS also expanded its budget based on the funding Stride committed. Transitioning to a public charity requires extensive efforts. FoS engaged the following consultants below to help FoS transition to a public charity. FoS therefore engaged or retained the following vendors due to Stride's commitment:

- a. A fundraising vendor to assist with FoS's fundraising efforts.
- b. A communications firm to provide marketing, technical writing, public relations, and social media services.

c. A website vendor and a media firm to assist with the user-journey experience, website redesign, UX analysis, technical support, and donation platform management.

43. Because of Stride’s breach, FoS has either suspended or been forced to terminate these vendors.

44. In June 2022, FoS was in the process of finalizing a commercial that it planned to air starting in October 2022. Mr. Rhyu was made aware of FoS’s commercial project during the June 28, 2022 meeting between Mr. Rhyu and Ms. Valentine.

Stride Publicly Announces Its Pledge to Future of School

45. Immediately, Stride began reaping some of the benefits of its commitment to FoS.

46. Stride announced its commitment to FoS in its 2021 Annual Report, dated August 11, 2021. In the Annual Report, Stride highlighted its commitment to FoS, stating that “in fiscal year 2021, the Company [Stride] accrued \$3.5 million for contributions to be made over the next five years with \$1.2 million committed to be paid in fiscal year 2022.” *See* Stride Annual Report 2021, at 107.

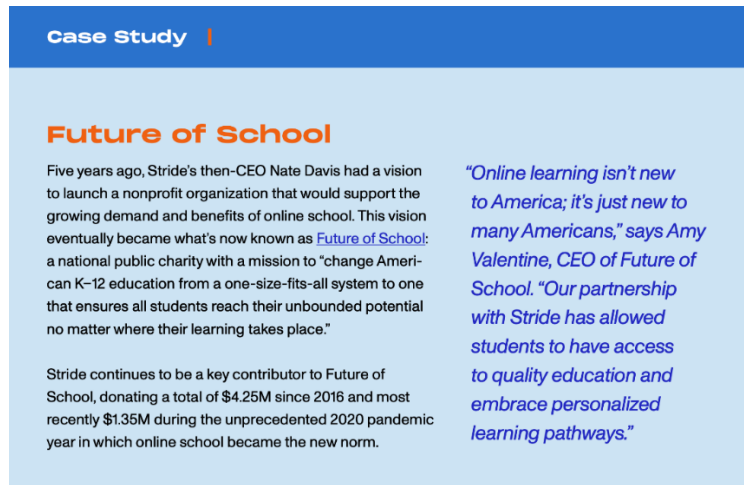
47. This same statement was made in Stride’s Form 10-K filing with the Securities and Exchange Commission in 2021, where Stride noted under “Related Party Transactions”:

14. Related Party Transactions

The Company contributed to Future of School, a charity focused on access to quality education. Future of School is a related party as an executive officer of the Company serves on its Board of Directors. During the years ended June 30, 2021, 2020 and 2019, contributions made by the Company to Future of School were \$1.3 million, \$1.2 million, and \$1.4 million, respectively. In fiscal year 2019, the Company accrued \$2.5 million for contributions to be made in subsequent years. The amounts shown for fiscal year 2021 reduced that obligation to zero as of June 30, 2021. In fiscal year 2021, the Company accrued \$3.5 million for contributions to be

made over the next five years with \$1.2 million committed to be paid in fiscal year 2022.

48. In Stride's publicly released 2021 Environmental, Social, and Governance (ESG) Report, Stride devoted a page to Stride's association with FoS.



49. Stride made significant efforts to portray itself as an ESG-focused corporation and consistently reported on its donation commitment to FoS, bringing the company significant positive publicity, both in the eyes of the general public and institutional investors.

50. On September 30, 2022, BlackRock Fund Advisors, the largest institutional investor in the world, with a key focus on ESG, reported that it bought an additional 3.5 million shares of Stride, becoming the largest institutional owner of Stride. BlackRock, along with its CEO Larry Fink, are key adherents to ESG investing, with Larry Fink stating in his 2022 Letter to CEOs, "As stewards of our clients' capital, we ask businesses to demonstrate how they're going to deliver on their responsibility to shareholders, including through sound environmental, social, and governance practices and policies." Steven Fink is Larry Fink's brother. Steven Fink serves on the Board for Stride and is Chairman of the Audit Committee.

51. On information and belief, Stride also received tax benefits from its donation to FoS, with FoS's 501(c)(3) non-profit classification making the donation eligible as tax-deductible.

Stride Repudiates Its Pledge to Future of School

52. Prior to June 2021, Stride always made its donation promises either verbally in a meeting or via e-mail. From 2016 to 2021, Stride always followed through with their donation promises and always disbursed the promised funds within the first two weeks of each fiscal year quarter. This was true of the initial \$1.2 million disbursed under the Agreement.

53. Accordingly, in June 2022, Ms. Valentine contacted Stride to inquire about when FoS would receive Stride's next donation.

54. During this time, in mid-2022, Stride's stock experienced significant volatility, declining nearly 20% in early June from around \$40 per share to a low of \$33 per share. It then rose again to a high of \$44 per share in late July before falling again to the mid-\$30s in early and mid-August.

55. In response to Ms. Valentine's inquiry about additional funds, Stride made an about face, reneging on its commitment to FoS, and criticizing FoS's ability to obtain other sources of funding even though it knew that FoS's five-year period for finding diverse funding to satisfy the IRS's requirements to maintain 501(c)(3) status had only begun on June 1, 2022 and that FoS was not required to reach the "Publicly Supported" funding threshold until June 30, 2027.

56. On June 28, 2022, Ms. Valentine and Mr. Rhyu met with two Stride employees. During the meeting, Mr. Rhyu denied Ms. Valentine's request for further disbursement of the funds laid out by the previously signed and executed Agreement.

57. The first meeting occurred on June 28, 2022, which involved an in-person meeting between Mr. Rhyu and Ms. Valentine. On or around that date, he denied Ms. Valentine's request for additional funding and stated that Stride would not supply FoS any more funding.

58. On August 1, 2022, Mr. Rhyu met with then-FoS board members Dr. Tony Bennett and Stuart Udell for dinner in Washington, D.C. During the dinner, he reiterated his intent to cut off funding to FoS. Mr. Rhyu complained about a lack of “return” on his “investment” in FoS and stated that, as a result, Stride would immediately terminate any future funding. Given that FoS is a charitable organization, Mr. Rhyu’s remark about a “return on investment” was misplaced.

59. The following day, on August 2, 2022, FoS held a board meeting at offices in the District of Columbia. Stuart Udell and others were in attendance. As summarized in the FoS board meeting minutes, attached hereto as Exhibit B, Mr. Udell reported to the group that Mr. Rhyu had “reiterated his full intent to cut Stride funding to FoS immediately.” Mr. Rhyu apparently stated that he intended to end the multi-year funding commitment between Stride and FoS effective immediately.

60. In reaction, Board Members Robyn Bagley, Mary Gifford, Wayne Lewis, Stuart Udell, Dr. Rod Paige, and Linda Lopez approved a formal board resolution that would be shared with Mr. Rhyu and certain Stride executives immediately. The resolution requested that the multi-year donation commitment be honored. At the direction and on behalf of the FoS Board of Directors identified above, Amy Valentine e-mailed the board resolution to James Rhyu, Nate Davis, and Vince Mathis of Stride.

61. Following the receipt of the resolution, on August 9, 2022, Stride’s then-Chairman, Nathaniel Davis, spoke with Ms. Valentine on the phone and told her that Mr. Rhyu was adamant about withholding the promised donation. Mr. Davis explained that Mr. Rhyu had to cut costs because of potential recession fears and the costs of inflation. This same day, Stride, during its fourth fiscal quarter and full fiscal year earnings call, publicly reported record full year revenue and profitability.

62. On September 12, 2022, FoS, via counsel, sent Stride a letter, attached hereto as Exhibit C, demanding that Stride honor the enforceable donation pledge, and demanding the remaining \$2.3 million donation be distributed to FoS by September 30th, 2022, on the principle of anticipatory breach.

63. On September 20, 2022, FoS sent Mr. Rhyu and the Stride Board a letter instructing them to immediately cease and desist all contact with members of FoS's Board of Directors.

64. On October 12, 2022, Stride, through its lawyers, issued a response, arguing that it was not bound to fulfill its commitments to FoS "until [FoS] can demonstrate that it is taking concrete measures towards achieving financial independence, with evidence of adequate progress in realizing that agreed-upon and legally mandated objective [the IRS "publicly supported" requirement for public charities]."

65. On October 19, 2022, FoS, via counsel, sent Stride a reply to their response letter, further emphasizing the enforceability of the Agreement and demanding a response within a week affirming its commitment to honor the Agreement no later than October 26, 2022.

66. On October 26, 2022, Stride filed the present lawsuit seeking a declaratory judgment that (a) it is not legally bound by the Agreement to donate the additional \$2.3 million to FoS, or in the alternative, (b) if the Agreement does legally bind it to donate the remaining \$2.3 million, declare that Stride has the discretion to decide in what periods and what amounts it donates the \$2.3 million to FoS.

COUNT I – DECLARATORY JUDGMENT

67. FoS repeats and realleges paragraphs 1-66 of its Counterclaims as if stated herein.

68. Pursuant to Virginia Code § 8.01-184, the Court is authorized to make binding adjudications of rights in cases of actual controversy. Here, a declaratory judgement is appropriate

because this matter involves a controversy involving the interpretation of a written instrument. *See* Va. Code § 8.01-184.

69. The question of whether the Agreement created a binding contract, and thus whether Stride is bound to donate the remaining \$2.3 million of funding under the terms of the contract, presents an actual and existing controversy.

70. Additionally, if the Agreement were to be found legally binding, the question of whether Stride must pay the remaining \$2.3 million immediately or whether it may pay it out in increments until 2027, also presents an actual and existing controversy.

71. Simply adjudicating Stride's declaratory judgment would not be sufficient to decide the question of whether the Agreement is enforceable.

72. The Agreement is a legally binding contract, and Stride is obligated to donate the remaining \$2.3 million to FoS within the time period prescribed under the Agreement.

COUNT II – BREACH OF CONTRACT

73. FoS repeats and realleges paragraphs 1-66 of its Counterclaims as if stated herein.

74. Stride and FoS demonstrated their intent to be bound by the Agreement through objective manifestations of assent. Both Parties signed the Agreement and intended to be bound thereunder.

75. Stride agreed to donate \$3.5 million to FoS from 2022-2027.

76. FoS relied on Stride's promise to donate.

77. Stride partially performed by dispensing \$1.2 million to FoS pursuant to the Agreement.

78. Stride breached the agreement by repudiating it and taking the position that it will not fulfill the remainder of its \$3.5 million obligation.

79. Stride's actions have damaged FoS by, among other things, forcing it to cut programming and other services.

80. Stride, through Mr. Rhyu and others, made several statements unequivocally indicating that it would not comply with its contractual obligations under the Agreement. Stride stated that it intended to cut all Stride funding to FoS and end the multi-year commitment to FoS.

81. Stride, through Mr. Rhyu and others, also has stated it will not proceed with additional donations unless new conditions are met. These conditions are not part of the Agreement or otherwise part of the Agreement between Stride and FoS. Such inclusion of new terms to performance constitutes repudiation.

82. In addition, FoS accepted the repudiation as final and indicated this to Stride. FoS did so in their September 12, 2022 Demand Letter through counsel, stating "[t]his letter serves both as notice that FoS is anticipating breach based on the explicit comments of Mr. Rhyu, and that it is beginning to remedy that breach should Stride continue to reject their obligations."

83. The filing of these counterclaims further demonstrates FoS's recognition that Stride's repudiation is final.

84. Due to the anticipatory breach, FoS seeks the full amount of the remaining balance owed to be paid immediately.

COUNT III – PROMISSORY ESTOPPEL

85. FoS repeats and realleges paragraphs 1-66 of its Counterclaims as if stated herein.

86. Based on the promised donation amount, it was the reasonable expectation of Stride to induce FoS to continue its operations, expand its fundraising operations and staffing, and forbear from seeking another primary funding source besides Stride.

87. To the extent reasonable reliance is required, FoS reasonably relied on the promised donation from Stride and took actions to its detriment as a result. Specifically, FoS added fundraising operations and staff to be able to meet the IRS public charity requirements. Additionally, FoS withheld attempting to find an alternative primary funding source, as it reasonably relied on the promise that Stride would continue to be its primary funding source.

88. Because FoS will lack the necessary funds to pay staff or continue its educational and charitable operations without the promised funding from Stride, injustice can only be avoided by enforcement of the promised donation.

89. Additionally, on the grounds of fairness and justice, it is necessary to enforce the contract based on Stride's unjust enrichment. Stride announced to the public that it had committed to donate \$3.5 million to FoS, giving Stride significant positive publicity, both in the eyes of the general public and institutional investors, while also increasing Stride's overall ESG investment rating.

DEMAND FOR JURY TRIAL

Defendant Future of School, Inc. hereby demands a trial by jury on all issues and claims that are triable by jury.

PRAYER FOR RELIEF

WHEREFORE, for the reasons stated above, Defendant Future of School, Inc. respectfully requests that this Court enter judgment in its favor and against Stride, Inc., as follows:

1. That this Court enter a declaratory judgment pursuant to Virginia Code § 8.01-184 confirming:
 - i. That Stride has a legally binding obligation to donate the remaining \$2.3 million of its \$3.5 million commitment to Future of School; and

- ii. That Stride must pay the remaining \$2.3 million of its pledge immediately.
2. That Stride must pay \$2.3 million as a result of its breach and any other damages caused by Stride's breach.
3. That this Court award Future of School its costs, pursuant to Virginia Code § 8.01-190.
4. That this Court award Future of School any other relief it deems just and proper.

Date: December 7, 2022

Respectfully submitted,

/s/ Lloyd Liu

Lloyd Liu

VA Bar No. 80624

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CERTIFICATE OF SERVICE

I hereby certify that on this 7th day of December, 2022, I caused to be delivered a true and accurate copy of the foregoing via the electronic case filing system to:

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EXHIBIT A

LETTER OF INTENT TO DONATE

Future of School
4833 Front Street
Unit B #503
Castle Rock, CO 80104

Effective Date: July 1, 2021

Stride Learning Inc.
2300 Corporate Park Dr.
Herndon, VA 20171

RE: Donation to Future of School

This donation letter of intent (the "Letter of Intent") represents the basic terms for an agreement that shall be considered ☐ binding ☐ non-binding. After this Letter of Intent has been made, a formal agreement may be constructed to the benefit of the Parties involved.

I. The Donor: Stride Learning Inc. (the "Donor").

II. The Donee: Future of School (FoS) (the "Donee").

III. The Donation: Choose One (1)

☐ One-time Monetary Donation: The Donor wishes to make a one-time monetary donation to the Donee in the amount of \$_____.

☐ Monthly Pledge: The Donor wishes to make a monthly donation of \$_____ to the Donee beginning _____ and ☐ ending _____ for a total donation of \$_____ OR ☐ ongoing until further notice.

☐ Annual Pledge: The Donor wishes to make an annual donation of \$_____ to the Donee each year for _____ years, beginning _____ for a total donation of \$_____.

☒ Other: The Donor wishes to donate the following to the Donee:

\$3.5 million over the next five years (2022-2027)

Terms of the donation is based upon a July 1-June 30 fiscal year

Funds currently committed for the 2022FY: \$1.2 million

Remaining funds would be allocated at the discretion of Stride Learning Inc.

IV. Donation Designation: The above-described donation should be used for the following purpose unrestricted funds

V. Alterations to Donation Designation: The Donee may need to alter the donation designation to ensure that current priorities are met. Should this be required, the Donee will respect the initial intent of this letter as closely as possible.



VI. Donation Recognition: Choose One (1)

☒ The Donor agrees to be recognized for the donation under the following name(s): STRIDE INC.

☐ The Donor wishes to remain anonymous.

VII. Method of Payment: (Monetary Donations Only)

☐ Cash or Check (If paying by check, make check payable to _____).

☐ Credit Card – Card Information: _____.

☒ Electronic ACH/Wire payment Banking Information Creativity on File

VIII. Organization Type: The Donee is an organization that is: Choose One (1)

☒ Classified as a 501(c)(3) non-profit organization by the standards of the Internal Revenue Service (IRS). Therefore, the donation may be tax-deductible to the extent allowed by law.

☐ Not classified as a 501(c)(3) non-profit organization by the standards of the Internal Revenue Service (IRS).

IX. Currency: All mentions of currency or the usage of the "\$" icon shall be known as referring to the US Dollar.

X. Governing Law: This Letter of Intent shall be governed under the laws of the State of Delaware.

XI. Acceptance: If you are agreeable to the aforementioned terms, please sign and return a duplicate copy of this Letter of Intent by no later than Monday, July 12, 2021.

DONOR

Donor's Signature [Signature] Date 7/13/21

Print Name MICHAEL J. JONES on BEHALF OF STRIDE INC.

DONEE

Authorized Signature Amy E. Valentine Date July 13, 2021

Print Name Amy E. Valentine

EXHIBIT B

FoS Board Meeting

Date: August 2, 2022

Time: 9:45 AM ET

Location: Washington D.C.

Board Members in Attendance: Robyn Bagley, Dr. Tony Bennett, Mary Gifford, Dr. Wayne Lewis, Linda Lopez, Dr. Rod Paige (via Zoom), Stuart Udell

Absent Members: Kevin P. Chavous

Other Participants: Amy Valentine, Executive Director

Agenda Review

- Amy Valentine, Executive Director, reviewed the agenda with board members.
 - Consensus was made to modify the agenda out of urgency to address the outcome of a dinner the previous evening with James Rhyu, CEO of Stride Learning Inc., and FoS board members Tony Bennett and Stuart Udell, the only board members invited by James Rhyu to attend. The representative board members attended the dinner in hopes of further addressing a funding discussion that took place in a previous meeting between James Rhyu, Tony Bennett, and Amy Valentine, at which James Rhyu shared his intent to end the multi-year funding commitment made between Stride Learning Inc. and FoS. All board members had been provided a full account of that meeting by Amy Valentine, Executive Director, prior to today's board meeting.
 - Following the dinner, Stuart Udell reported back to the group that James Rhyu reiterated his full intent to cut Stride funding to Future of School immediately. Upon finding out this information, board members Robyn Bagley, Mary Gifford, Wayne Lewis, and Linda Lopez discussed a potential next step of creating a formal Resolution that would be shared on behalf of the FoS Board to James Rhyu and select Stride executives. The Resolution would officially request that the multi-year donation commitment, made in writing through a Letter or Intent to FoS and reported and published publicly in Stride financials, be honored.
 - Modifications to the agenda, with unanimous consensus, included:
 - Morning session focused on crafting a Board Resolution with the goal of sending it out via email to select Stride representatives that day.
 - Lunch Break
 - Afternoon session focused on "No More I Hate School" (NMIHS) campaign and fundraising.

Board Discussion

- After reviewing the agenda, the Board engaged in a general discussion.
 - Discussion took place regarding the ongoing role of Director Kevin P. Chavous, as he was absent from this meeting and had, in fact, not

attended a board meeting for several years. There was consensus that Kevin Chavous should be approached about resigning from the board for not fulfilling his board member roles and responsibilities to the organization. Mary Gifford volunteered to reach out to Kevin Chavous to have a specific conversation about potential resignation.

- A discussion about the impact of Stride cutting their funding commitment to FoS was had, as well as a conversation around conflicts of interest with FoS Board of Directors Tony Bennett and Kevin Chavous, who currently work for Stride and report directly to James Rhyu.
 - Tony Bennett made the decision to voluntarily recuse himself from anything related to the Stride funding matter, noting that he would not be involved in any related discussions or voting items moving forward. He went on to share that he had a meeting at 11am that day, so that would be a convenient time for him to step out of the meeting while the board proceeded with discussions on the matter. The remaining board members agreed they would utilize that time to craft, finalize, and vote on the Resolution.
- Amy Valentine offered to coordinate lunch around 12pm, which provided the Board with a break before discussing programming.
- The Board then noted the time, Tony Bennett stepped out of the meeting, and the Board moved into formal action on the Resolution.

Motion to Write and Distribute a Special Resolution to Stride Learning Inc.

(Tony Bennett was not present for this portion of the meeting, as he had previously recused himself from anything involving the Stride funding matter.)

- On the prior evening of August 1, 2022, during an informal, in-person work session that included board members (Robyn Bagley, Mary Gifford, Wayne Lewis, Linda Lopez) not excused to attend the dinner with James Rhyu, member Mary Gifford suggested developing the beginnings of a formal Resolution to send to Stride. She dictated some initial verbiage, asking Amy Valentine to type a draft to be shared the next day.
- At the August 2, 2022 meeting non-recused Board members received a copy of the draft of the Resolution to review individually.
 - Board members made some small revisions to the draft. Amy Valentine typed up the changes in real time.
 - Once completed and reviewed, board members present unanimously approved the Resolution, making a motion to approve and send it.
 - In Favor: Robyn Bagley, Mary Gifford, Dr. Wayne Lewis, Linda Lopez, Dr. Rod Paige, Stuart Udell
 - Opposed: None
 - Upon approval of the motion, Amy Valentine was directed to send the Resolution to the following Stride representatives: James Rhyu, CEO; Nate Davis, Chairman of the Board; and Vince Mathis, EVP &

General Counsel. The Resolution was sent via email at on August 2, just before NOON ET.

- Stuart Udell inquired of the Board whether or not he should text James Rhyu about the forthcoming Resolution as a professional courtesy. The Board did not support taking that action.
- The Board then ended this portion of the meeting and returned to full board discussion items.

Board Discussion

(Tony Bennett rejoined the meeting)

- Executive Director Report: Amy Valentine reviewed the Executive Director report with the Board.
 - Discussion highlights:
 - “No More I Hate School” (NMIHS) commercial, corresponding campaign, potential for fundraising, and other related opportunities. The following points were discussed:
 - Robyn Bagley shared her opinion about the importance of linking the NMIHS campaign back to the mission of FoS, specifically, blended and online learning. Mary Gifford agreed, and the group discussed their perspectives and opinions on alignment.
 - Wayne Lewis added the importance of including school leaders and educators in this campaign as well. He agreed with Robyn Bagley and Mary Gifford regarding linking the messaging from NMIHS back to the FoS mission.
 - Upon reviewing the FoS website, Robyn Bagley and others pointed out several issues with the website that needed to be coordinated with the campaign for maximum impact and ROI. Areas needing to be fixed/updated included: *Landing page, About Us, Donate pages, Resources/materials to be shared.*
 - Opportunities for future revenue streams, including a pivot toward potential partnerships around a consortium model and services.
- Ongoing Board Business
 - It was proposed that the board meet the following week to discuss follow-up to the Resolution sent to Stride Learning Inc., as well as next steps. All board members were in agreement.
 - Tony Bennett indicated that he would not be attending the meeting, and that Amy Valentine should not even put the meeting invite on his calendar, as he was recused.
 - Amy Valentine was directed by Mary Gifford and Stuart Udell to contact Kevin P. Chavous and provide him with an update on today’s meeting.

- The Board scheduled the next meeting to take place on Thursday, August 11, at 12PM MT via Zoom. Amy Valentine sent out a calendar invitation for the meeting.

Meeting Adjourned: 2:25 PM ET

EXHIBIT C

WERGE LAW GROUP

September 12, 2022

VIA CERTIFIED U.S. MAIL AND E-MAIL

Stride Learning Inc.
c/o James Rhyu, CEO
11720 Plaza America 9th Floor
Reston, VA 20190
jrhyu@k12.com

And Stride Learning Board of Directors (VIA EMAIL ONLY):

Aida Alvarez
aidamalvarez@gmail.com

Craig Barrett
crb@craigbarrett123.com

Robert Cohen
me@robertlcohen.com

Liza McFadden
lizamcfadden@lizapartners.com

Steve Fink
steve@malibuventures.com

Victoria Harker
vharker@tenga.com

Robert Knowling
knowling@eagleslandingpartners.com

Vince Mathis
vmathis@k12.com

Nate Davis
ndavis@k12.com

Joseph Verbrugge
joseph.verbrugge@siriusxm.com

Re: *Demand for Cessation of Breach of Contract*

Dear Mr. Rhyu and the Stride Board,

This office represents Future of School ("FoS") regarding its ongoing relationship with Stride Learning Inc. ("Stride") and its failure to comply with the terms of its obligation to provide the funding it pledged to the organization. We send this letter in effort to notify Stride of the breach of its obligations, demand cessation of said breach, and to request an immediate distribution of the pledged funds.

I. FACTUAL BACKGROUND

FoS is a nation-wide education non-profit organization that exists to advance and improve the availability and quality of digital and blended education opportunities and outcomes, including academic, instructional, and educational technology support and development. Prior to becoming a public charity, FoS started life as the private foundation, Foundation for Blended and Online Learning ("FBOL"). During these early years, Stride was intimately involved in FBOL's

operations. **Ex. 1.** Stride also was the sole funder, donating significant funds on which FBOL relied to serve its charitable mission.

FBOL evolved into FoS to better serve its goals as a charitable organization. The key stage in the evolution from FBOL to FoS was the transition from private to public charity to attempt to reach its goal of becoming self-sustaining with its own donors and grants. Although Stride may have had some level of control over how FBOL's money was being used while it was a private foundation, FoS is now a public charity and Stride can no longer direct its operations as FoS takes its 501(c)(3) obligations very seriously.

Since 2015, Stride provided funding for FBOL and later FoS, even through the major changes to their charity model. During 2019, 2020, and 2021, Stride donated unrestricted funds of \$1.4 million, \$1.2 million, and \$1.3 million, respectively. During this time, the course of dealing between the parties would be that FBOL/FoS would inform Stride that it was low on available funds, and Stride would provide the necessary funding. This was a legacy arrangement set-up by Stride, as it originally managed the organization's finances in their PNC corporate account. During this time, FBOL/FoS was not permitted to carry a balance over \$50,000 in its account, making it nearly impossible to operate FoS with a normal budget with planning and foresight. As FoS became more independent from Stride, FoS's Executive Director Amy Valentine set up a quarterly payment schedule by agreement with Stride to continue with their then current pledge. Soon after, however, things began to change.

In 2021, James Rhyu took over as CEO of Stride and discussed re-pledging future funds. In April 2021, Mr. Rhyu and Ms. Valentine began discussing the request for funding that FoS would be sending to Stride. **Ex. 2.** After sending questions and receiving answers regarding the details of FoS's proposal, Mr. Rhyu expressed some considerations for their upcoming meeting, but reconfirmed, "I'm very supportive and am willing to continue to be the largest funder for a number of years." **Ex. 2.** During that meeting on April 9, 2021, Mr. Rhyu informed FoS of Stride's commitment to a \$2.5 million, multi-year donation and Stride's willingness to "double-down" on FoS by adding more money to the pledge. **Ex. 3.** With never having had a written agreement between the parties, since the inception of FBOL in 2015, FoS was satisfied with this verbal commitment, as there had never been an attempt to take away pledged funds.

And Stride did "double-down" on June 30, 2021. Mr. Rhyu increased the pledged amount from \$2.5 million to \$3.5 million and committed to a time frame of no more than 5 years with *no conditions attached*. **Ex. 4.** These terms were memorialized in the agreement titled Letter of Intent to Donate ("Pledge Agreement") that the parties signed in July 2021. **Ex. 5.** This commitment was met by the usual quarterly payment schedule issued by FoS, which was again followed by Stride, as well as reporting the \$3.5 million pledge to the Financial Accounting Standards Board ("FASB").

[Stride's 2021 10-K filing](#)¹ with the SEC, specifically item thirteen on page 103, discusses Stride's commitment to FoS. continuing partnership with FoS, Stride states that, "In fiscal year 2021, [Stride] accrued \$3.5 million for contributions to be made [to FoS] over the next five years with \$1.2 million committed to be paid in fiscal year 2022." (See [Stride's Annual report, p. 107.](#))² In all respects, throughout the first year of the five-year pledge, Stride never once expressed that they did not intend to be bound by their pledge. As of today, Stride has donated \$1.2 million under the Pledge Agreement with \$2.3 million outstanding.

In June 2022, when FoS requested its second year of funding under the charitable Pledge Agreement, Stride unexpectedly and without explanation denied the request and cut all funding to FoS. More specifically, on June 28, 2022, Ms. Valentine and Mr. Rhyu met to discuss FoS's future plans for fundraising. This was the first time anyone at Stride had even hinted that Stride would consider attempting to renege on its donation obligations. During this meeting, Mr. Rhyu asked Ms. Valentine if FoS had sufficient funding to which Ms. Valentine replied that the organization "had sufficient funding to function through the summer." Mr. Rhyu was made clearly aware that the current financials of FoS were not able to sustain itself into the near future.

Moreover, and perhaps most disturbingly, during the meeting Mr. Rhyu was acting in an unprofessional manner, opting to be personally berating, hostile, and verbally abusive towards the Executive Director of FoS. Following this degrading meeting that Ms. Valentine was forced to endure with Mr. Rhyu, on August 1, 2022 Mr. Rhyu met with members of FoS's Board (Dr. Tony Bennett and Stuart Udell) and reiterated that he would not be funding FoS because of a "lack of ROI" for his "investment." Of course, now that FoS is a public charity with an independent existence, Stride's pledge to donate is not an investment entitling the corporation to a return on investment. It is simply an issue of an enforceable pledge of charitable giving, which cannot be later taken away.

Soon after, FoS's Board sent Stride, specifically Mr. Rhyu, Nate Davis, and Vince Mathis. Esq., a formal request (Board Resolution) to review their next fiscal year plan. Although they were anticipating a rejection, FoS has simply not seen any response whatsoever to date. In fact Mr. Rhyu has communicated to a FoS Board Member that he does not intend to respond. Considering the unprofessional treatment of FoS's Executive Director during the meeting with Mr. Rhyu, and in light of the organization's long positive legacy of working together with Stride, FoS is now questioning whether Mr. Rhyu is acting on behalf of Stride and its Board or not.

Although Stride offered to help bridge FoS's autumn expenses at the June 28, 2022 meeting between Mr. Rhyu and Ms. Valentine, on August 1 2022, Mr. Rhyu informed Dr. Bennett and Mr. Udell that Stride would immediately no longer provide any funds. This refusal comes despite a fourth quarter 2021 earnings report of over \$400 million for Stride.³ FoS has

¹ <https://d18rn0p25nwr6d.cloudfront.net/CIK-0001157408/99bed441-ea63-4159-b655-a88ad262bdbe.pdf>

² <https://d18rn0p25nwr6d.cloudfront.net/CIK-0001157408/99bed441-ea63-4159-b655-a88ad262bdbe.pdf>

³ On September 8, 2022, [Stride Inc. reported](#) that Mr. Rhyu himself acquired 77860 shares of Stride that would vest in the next two years, and 29198 shares of restricted stock rights that would vest based upon performance. Together, these represent nearly \$4 million in equity over the same time period that Stride has decided not to fulfill its \$2.3 million obligation to FoS. Other executives also received awards.

already entered into contracts and made significant plans and purchases based on their expectation to receive additional funding from Stride. Further, the entire year prior was operated under the assumption that there would be continued support from Stride. Ex 2. Ex. 6. Future of School prioritized its longer-term goal of becoming self-sufficient because they had a pledged donation, rather than taking the time last year to figure out how to fund \$2.3 million over the next four years. As such, this sudden and unexpected withdrawal of support for Future of School causes significant setbacks to this charity.

II. BREACH OF CONTRACT

A. Pledge Agreement is Enforceable as a Charitable Subscription Contract.

Despite the relevant agreement being titled a "Letter of Intent," the terms of the agreement are consistent with the nature of what the document actually is – a charitable pledge. Letters of intent typically outline just the parties' intent to enter or continue negotiations. Neither Stride nor FoS had expressed their intent for the Pledge Agreement to only be a preliminary agreement. Besides the title being "Letter of Intent to Donate," the remainder of the agreement resembles a standard, enforceable contract in the form of a charitable pledge. Charitable pledges tend to be unilateral contracts, which means they are one-sided contracts that one party offers promises, and the other party accepts by acting in some manner, either contemplated by the contract or not.

First and foremost, the widely accepted rule is abundantly clear on this type of contract.

"A promise which the promisor should reasonably expect to induce action or forbearance on the part of the promisee or a third person and which does induce such action or forbearance is binding if injustice can be avoided only by enforcement of the promise. The remedy granted for breach may be limited as justice requires."

Restatement (Second) of Contracts § 90(1). When the type of promise is a "charitable subscription or marriage settlement," that promise is "binding under Subsection (1) without proof that the promise induced action or forbearance." Restatement (Second) of Contracts § 90(2). The Pledge Agreement is a charitable subscription, as it is a *subscription contract* that is undoubtably for a charitable purpose. *See* Black's Law Dictionary (11th ed. 2019) (Subscription, "3. An oral or a written agreement to contribute a sum of money or property, gratuitously or with consideration, to a specific person or for a specific purpose – Also termed *Subscription Contract*.") While not addressing this section specifically, the Delaware Supreme Court has cited the Restatement of Contracts as legal authority in *"Indus. Am., Inc. v. Fulton Indus., Inc.,* 285 A.2d 412 (Del. 1971). *Indus. Am.,* 285 A.2d at 415.

FoS only needs to show that Stride should have reasonably expected that this promise would induce action or forbearance by FoS. *See Appalachian Bible Coll. v. Foremost Indus.,* No. 1:17-cv-184, 2018 U.S. Dist. LEXIS 63960 (M.D. Pa. Apr. 17, 2018). This is undeniable because, as was well known in the years leading up to the Pledge Agreement, FoS was going to

submit requests for pledged funds, enter contracts that expect be paid by the pledged funds, and forbear seeking alternative primary funding for at least a few years. By every definition of the word enforceable, the Pledge Agreement is an enforceable charitable subscription contract.

Even though these unilateral contracts consider action or forbearance in reliance on the contract, they are not limited to reliance damages. Once a party acts to their detriment in reliance on a unilateral contract, the act becomes the other party's valuable and sufficient consideration. Because there is consideration, the unilateral contract can enforce benefit of the bargain damages, equaling the cost of performance. In this case, it would be the payment of the \$3.5 million pledged donation, less the already donated rough \$1.2 million in fiscal year 2022.

B. The Pledge Agreement is an Enforceable Letter of Intent.

And even if the agreement were not an enforceable charitable pledge (it is), it would still be upheld as an enforceable letter of intent. The key inquiry for determining whether a letter of intent is binding is whether the parties intended to be bound by its terms. There are two types of preliminary agreements that courts have upheld as enforceable. 6 *Corbin on Contracts* § 26.9 (2022) (citing *Teachers Ins. & Annuity Asso. V. Tribune Co.*, 670 F. Supp. 491, 498 (S.D.N.Y. 1987)). Type 1 is the relevant type of preliminary agreement to this matter. *Id.* Type 1 preliminary agreements are contracts in which the parties have reached agreement (including the agreement to be bound) on all issues perceived to require negotiation. *Id.* Type 1 preliminary agreements are enforceable and binding because they are effectively just a contract that the parties agree to operate by if/until the parties decide to update their agreement.

This Pledge Agreement specifically states that "After this Letter of Intent has been made, a formal agreement *may* be constructed to the benefit of the Parties involved." **Ex. 5**. The key term, *may*, signifies that the creation of any subsequent agreement is permitted, but not required for the Pledge Agreement to hold as enforceable. If this sentence was removed, it is still well within the parties' rights to create a formal contract to memorialize and expand upon these terms. In fact, if the parties did not intend to be bound by the Pledge Agreement, it is expected that the parties would formalize their agreement, or at least discuss it, if they ever intended to enforce its terms. Because the presumption is that letters of intent are not binding, normally constructing a formal agreement to the parties' benefit is required to make them binding. When the parties specifically agree that no formal agreement is required, they are waiving the presumption to not be bound by the terms of the Pledge Agreement, even if it were classified as a letter of intent.

Additionally, the Pledge Agreement was filled out electronically by a representative of FoS and then filled out and signed in pen by a representative of Stride. **Ex. 5.** In the first sentence of the agreement, there are two check boxes that are labeled "binding" and "non-binding" **Ex. 5.** The Donor, Stride, who is filling out this form in pen, is supposed to check one of the two boxes so that there is no ambiguity in the terms of the agreement. Despite the name of the agreement being a letter of intent, the terms are more like a charitable subscription, so FoS drafted this agreement to be free of ambiguity and allow the Donor to determine whether their pledge would be binding or not. Stride did not check either box, so their intent is ambiguous on the face of the contract. However, the extrinsic evidence is easily sufficient to show Stride's intent to be bound by the terms of the contract. In Exhibits A, B, and C, Stride expresses that they desire to grant a five-year, \$3.5 million, *unrestricted*, donation to FoS. Stride even represented to the SEC that it pledged to donate \$3.5 million over five years to FoS. With ample evidence in support of the position that this agreement is binding, and no supporting evidence that either party viewed the Pledge Agreement as non-binding, until Mr. Rhyu's cancellation of Stride's charitable donation.

C. The Pledge Agreement is Supported by Valuable, Sufficient Consideration.

Even if the Pledge Agreement was found to not be a unilateral contract and was not a preliminary agreement, it is still a standard contract supported by valid consideration. It is important to remember that Stride is an incorporation while FoS is a public charity, because where the money goes is the valuable consideration. "As a general rule, a court of law will not inquire into the adequacy or inadequacy of the consideration involved in a transaction. *Am. Univ. v. Todd*, 39 Del. 449, 459 (1938). Further, "consideration can consist of either a benefit to the promisor or a detriment to the promisee." *McAllister v. Kallop*, Civil Action No. 12856, 1995 Del. Ch. LEXIS 99, at *36 (Ch. July 28, 1995).

Stride wants to be able to claim that it is donating money to a 501(c)(3) compliant organization so that it can write off that money as donations to charity. In exchange for the donor's promise to pay money, the charity promises that they have and will maintain as needed (in this case, five years) the necessary requirements to be a 501(c)(3) organization. Because of the infrastructure and paperwork that go into the creation of a 501(c)(3) organization, the fact that FoS has that designation alone means that companies that donate to them are receiving a tax benefit. Considering that benefit scales with the donated value and can be as large or small as the company wants, that consideration could never be insufficient, otherwise they could choose to donate less money. Inherent in the promise to donate to a charitable organization is the counter promise that the organization is compliant with the IRS so you will be allowed to write off the donation. It would be absurd to consider an organization's maintenance of 501(c)(3) status as not sufficient consideration for a deductible donation.

D. FoS Anticipates Stride Will Breach the Pledge Agreement.

The language of the Pledge Agreement suggests that it is not subject to a specific payment schedule (except for the five-year time limit for complete disbursement). Although

there cannot be a default without any payments due prior to the end of the schedule, Stride's indication that it intends to breach this agreement is grounds for this action. Even with ongoing unilateral contracts, communicating with the other party that you do not intend to uphold the contract constitutes a repudiation of the agreement. *W. Willow-Bay Court, LLC v. Robino-Bay Court Plaza, LLC*, No. 2742-VCN, 2009 Del. Ch. LEXIS 23, at *1 (Ch. Feb. 23, 2009).

When Mr. Rhyu told FoS that he and Stride will no longer fund FoS, through the Pledge Agreement or otherwise, Stride repudiated their obligation to pay the remaining \$2.3 million that was promised. Even though there is no payment schedule to default on, the fact that Mr. Rhyu openly withdrew Stride's support creates cause for anticipatory breach. Under Delaware law, when either party "repudiates the contract with respect to a performance not yet due the loss of which will substantially impair the value of the contract to the other, the aggrieved party may ... (b) resort to any remedy for breach." 6 Del. C. § 2-610. This letter serves both as notice that FoS is anticipating breach based on the explicit comments of Mr. Rhyu, and that it is beginning to remedy that breach should Stride continue to reject their obligations.

III. DEMANDS

A. Preservation and Confidentiality of All Relevant Documents

Please note that all individuals and relevant parties that receive this letter must take immediate action to preserve all electronic information and physical documents that may be related to Future of School, FBOL, the related agreements, and any other information which may be deemed relevant to this matter. Moreover, Stride must put into place a company-wide effort to preserve all such materials. This preservation notice extends to all electronically stored information in any form whatsoever, including all emails, text messages, social media posts, or other forms of electronic information. Any failures to immediately preserve all such evidence, documents, and/or electronically stored information may constitute spoliation of evidence and subject the failing party to sanctions or further, independent claims, should this matter rise to litigation. Please immediately ensure that all individuals who may have involvement with this matter preserve their mobile phones, computers, and other devices, and that Stride itself immediately implement a policy of retaining all such documents at the enterprise level, to ensure no communications or data relevant to this dispute is destroyed.

This letter is intended for Stride Inc. and the board members of Stride Inc. and is not to be sent to any other party. Further, as there are board members related to both Stride and FoS, this matter may serve as a conflict of interest for some of the board members. Accordingly, all FoS Board Members who are related to Stride have already recused themselves from this matter. As such, FoS requests that Stride take action to ensure that no communication with any of FoS's board members takes place to further avoid the conflict of interest. For avoidance of doubt, please do not communicate with any of the following FoS board members regarding this matter.

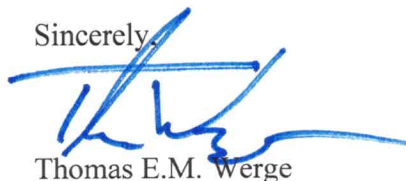
B. Cure and Cease Further Breach of Contract

Future of School recognizes that Mr. Rhyu, and perhaps the rest of the Board of Directors at Stride feel as though there is not enough “return on investment” to continue funding for FoS. It is misguided to expect a return, as donations to a public charity are not an investment. Still, the donations provided by Stride help to secure scholarships, grants, and programs that are key to FoS's charitable missions to advance and improve access that students and teachers have to blended and online learning schools, programs, and courses. Although FoS strongly disagrees with your position and decision to cease support to this charity, it understands that an ongoing relationship might not be in the best interest of the parties. As such, Future of School does not wish to force Stride to continue working with them on payment schedules and requests for funding. FoS merely wishes to obtain the funds that Stride pledged to service the public through FoS so it can continue doing charitable work.

As was made abundantly clear to Mr. Rhyu during the meeting, the transition to a public charity was one that required an influx of cash in order to become self-sufficient. If FoS was able to use this pledged funding during this current and upcoming fiscal years, FoS will be sustainable and self-sufficient. Because of this more immediate need for funds that will create less of a need for future donations, FoS is requesting the pledged funds now so that the severance of this relationship will not ultimately destroy this charitable organization. FoS acknowledges that Stride otherwise would have discretion as to when to apply funds and how much funds per fiscal year, however based on this present issue, it is highly likely that any pledged payment schedule would be breached almost immediately. With this anticipatory breach, FoS is demanding the remaining pledged donation, roughly \$2.3 million, for this current fiscal year, to be distributed to FoS by September 30th, 2022.

Thank you for your prompt attention to this important situation. Although Future of School hopes this Letter brings forth a resolution of the present matter, we will not hesitate to take legal action if the demand is not met. Be advised the FoS is prepared to sue Stride for breach of contract in federal court. Please ensure this is promptly forwarded to your legal counsel and insurance carriers, as appropriate. We request a response no later than Friday, **September 30th, 2022.**

Sincerely,



Thomas E.M. Werge

Enclosures

cc: Gregory C. Corbin, Esq. (of the firm)
Kelsey A. Martin, Esq. (of the firm)
Future of School

**CERTIFICATE OF INCORPORATION
OF
FOUNDATION FOR BLENDED AND ONLINE LEARNING
A DELAWARE NONSTOCK CORPORATION**

THE UNDERSIGNED incorporator, a natural person, in order to form a nonprofit corporation for the purposes hereinafter stated pursuant to the provisions of General Corporation Law of the State of Delaware ("DGCL"), hereby certifies that:

ARTICLE I

The name of the corporation (the "Corporation") is:

FOUNDATION FOR BLENDED AND ONLINE LEARNING

ARTICLE II

The address of the initial registered office of the corporation in the State of Delaware, and the name of the registered agent in the State of Delaware at such address, are as follows:

The Corporation Trust Company
Corporation Trust Center
1209 Orange Street
Wilmington, DE 19801
County of New Castle

ARTICLE III

The Corporation is organized and shall be operated exclusively for charitable educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue code of 1986, as now in effect or as may hereafter be amended (the "Code"). Such educational purposes shall advance and improve the availability and quality of digital and blended education opportunities and outcomes, including academic, instructional and education technology support and development, and in furtherance thereof the Corporation shall provide:

- (i) scholarships for post-secondary education, career readiness and technical training;
- (ii) grants to individuals or non-profit organizations for conducting research to improve and foster digital and blended education;
- (iii) grants to schools and other organizations that foster and advance digital and blended learning education; and
- (iv) other activities consistent with these enumerated purposes.

In furtherance thereof, the Corporation may receive property by gift, devise or bequest, invest and reinvest the same, and apply the income and principal thereof, as the Board of

Directors may from time to time determine, either directly or through contributions to any charitable or educational organization or organizations, exclusively for charitable or educational purposes, and engage in any lawful act or activity for which corporations may be organized under the DGCL that are consistent with Section 501(c)(3) of the Code and the enumerated purposes under this Article III.

ARTICLE IV

The Corporation has no authority to issue capital stock. The Corporation shall have no members and shall be governed solely by its Board of Directors.

ARTICLE V

The Board of Directors of the Corporation shall be nominated and elected by the Incorporator immediately upon the organization of the Corporation. The Directors nominated and elected by the Incorporator shall act as the Directors of the Corporation until the election of their successors as provided in the Bylaws of the Corporation.

ARTICLE VI

The management and control of the property and affairs of the Corporation shall be vested in a Board of Directors. Except as otherwise specifically set forth herein, the qualifications, election, number, tenure, powers, and duties of the members of the Board of Directors shall be as provided in the Bylaws of the Corporation.

ARTICLE VII

The Board of Directors shall have the power to make, adopt, alter, or repeal from time to time, the Bylaws of the Corporation upon the affirmative vote of at least 75% of all members of the Board of Directors; provided however, the Corporation's purpose as set forth in Article III herein and in the Bylaws shall not be expanded nor contracted nor otherwise amended except by the unanimous vote of 100% of the members of the Board of Directors of the Corporation.

ARTICLE VIII

No Director of the Corporation shall be personally liable to the Corporation for monetary damages for breach of fiduciary duty as a director, except for liability (a) for any breach of the Director's duty of loyalty to the Corporation, (b) for acts or omissions not in good faith that involve intentional misconduct or a knowing violation of law, or (c) for any transaction from which the Director derived an improper personal benefit. If the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of the Directors shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended. The elimination and limitation of liability provided herein shall continue after a Director has ceased to occupy such position as to acts or omissions occurring during such Director's term or terms of office. Any amendment, repeal or modification of this Article VIII

shall not adversely affect any right of protection of a Director of the Corporation existing at the time of such repeal or modification.

ARTICLE IX

(a) No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, any Director or officer of the Corporation or any other private person, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered to or for the Corporation and to make payments and distributions in furtherance of the purposes set forth in Article III hereof.

(b) No substantial part of the activities of the Corporation shall be carrying on of propaganda, or otherwise attempting to influence legislation (except as otherwise permitted by Section 501(h) of the Code).

(c) The Corporation shall not participate in or intervene in (including the publishing or distribution of statements concerning) any political campaign on behalf of (or in opposition to) any candidate for public office.

(d) If the Corporation shall be or become a private foundation as such term is defined by Section 509 of the Code, then the Corporation shall be required to distribute its income for each taxable year at such time in such manner as not to subject it to tax under Section 4942 of the Code, and the Corporation shall be prohibited from: (i) engaging in any act of self-dealing (as defined in Section 4941(d) of the Code); (ii) retaining any excess business holdings (as defined in Section 4943(c) of the Code); (iii) making any investments in such manner as to subject the Corporation to tax under Section 4944 of the Code; (iv) making any taxable expenditures (as defined in Section 4945(d) of the Code); and (v) having any such powers as defined in Section 65(1)-(4) of the Code or Section 674(a) of the Code.

(e) Notwithstanding any other provision of the Certificate of Incorporation, the Corporation shall not directly or indirectly (i) carry on any activity that would prevent it from obtaining exemption from federal income taxation under Section 501(c)(3) of the Code or cause it to lose such exempt status, or (ii) carry on any activity not permitted to be carried on by a corporation, contributions to which are deductible under Sections 170(c)(2), 2055(a)(2), and 2522(a)(2) of the Code.

ARTICLE X

Upon the dissolution of the Corporation, assets shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction of the county in which the principal office of the Corporation is located, exclusively for such purposes or to such organization or organizations as said court shall determine which are organized and operated exclusively for such purpose.

ARTICLE XI

The name and mailing address of the incorporator are as follows:

Howard D. Polsky, Esq.
2300 Corporate Park Drive
Herndon, VA 20171


ARTICLE XII

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation upon the affirmative vote of at least 75% of all members of the Board of Directors; provided however, the Corporation's purpose as set forth in Article III herein shall not be expanded nor contracted nor otherwise amended except by the unanimous vote of 100% of the members of the Board of Directors of the Corporation.

[Remainder of Page Intentionally Left Blank]

[Signature Page Follows]

IN WITNESS WHEREOF, I have signed the Certificate of Incorporation and acknowledge that the Certificate of Incorporation is my act.


Howard D. Polsky, Esq.
2300 Corporate Park Drive
Herndon, VA 20171
Date: May 1, 2015

Delaware

PAGE 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "FOUNDATION FOR BLENDED AND ONLINE LEARNING", FILED IN THIS OFFICE ON THE ELEVENTH DAY OF MAY, A.D. 2015, AT 2:06 O'CLOCK P.M.


A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.



5744762 8100

150648495

You may verify this certificate online
at corp.delaware.gov/authver.shtml


Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 2368234

DATE: 05-12-15

EXHIBIT 1

6

From: **Rhyu, James** <jrhyu@k12.com>
Date: Tue, Apr 6, 2021 at 5:39 AM
Subject: Re: FoS-Stride Meeting (04.09.21)
To: Amy Valentine <avalentine@futureof.school>
Cc: Bennett, Tony <tbennett@k12.com>, Medina, Timothy <tmedina@k12.com>, Ha, Sandra <sha@k12.com>

Amy – thanks for this context. I have done a little research on this area myself as part of my foundation. And I think the IRS requirements are not as specific as maybe you interpret and also not a one year target. I also think that just because your board approved a set of programs, that they can't be updated. Said another way, what if Stride went away tomorrow? Would you close the Foundation? Or would you scrap a way to make it work? I would hope that latter and I would like to you think that way. We have supported the Foundation in its various forms for many years and there was always the intent to not be primarily supported by Stride from the beginning. **Don't get me wrong, I'm very supportive and am willing to continue to be the largest funder for a number of years.** But I just think this needs to be a two way street and there needs to be areas of flexibility on both sides.

I'd like you to show me that you are also flexible here.

Thanks

James

From: Amy Valentine <avalentine@futureof.school>
Date: Monday, April 5, 2021 at 7:01 PM
To: Rhyu, James <jrhyu@k12.com>
Cc: Bennett, Tony <tbennett@k12.com>, Medina, Timothy <tmedina@k12.com>, Ha, Sandra <sha@k12.com>
Subject: Re: FoS-Stride Meeting (04.09.21)

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Hi James,

Below you will find follow-up to your questions. You raised some very good points, and I appreciate the opportunity to provide more details and context. I'm happy to continue fleshing this out via e-mail ahead of our meeting on Friday.

Respectfully,
Amy

1. **How much is left for the FY21 contribution prior to the end of June 2021=**
The final FY2021 annual Stride donation (disbursed quarterly) was processed=on April 1 in the amount of \$200k.
2. **What are the programs for the \$680K?**
The \$680k will cover the following programs approved by the FoS Board: *Student Scholarships*
Educator Grants
Research Grants
Blended and online business consortium
3. **Are you certain the public charity status requires the positions you out=ine? That just seems odd they would mandate that? Also seems like a lot of=money for that level of staff.**

In order to successfully transition to a public charity, we are=in need of resources, most notably a qualified staff, to help lead an aggr=ssive fundraising campaign. Part of the application process for reclassification as a public charity required by the IRS is a =omprehensive Development Plan that outlines how we will meet the public ch=arity support test. One of the markers that the IRS uses to judge competenc= and validity as a public charity is having a staff of more than one person to support the organization. The= take this into account when reviewing annual 990s. The IRS does not manda=e that nonprofits hire for specific positions or roles, instead they requi=e that public charities submit a staffing plan that demonstrates capacity to serve and function on behalf=of the general public, which translates into a team of individuals who wor= for the organization. Below is an overview of national average salar=es for the positions that the board has indicated would be the barebones staff needed to fulfill the fiduciary=and operational responsibilities of being a public charity. Included in th= total amount is an estimate of payroll taxes as well.

Nonprofit Staff Average Salaries=

Director of Fundraising Annual Salary	=	\$133,500			
Director of Research	=nbsp;	&nb=p;	=nbsp;	\$113,000	
Ops/Admin	&nb=p;	&=bsp;		\$25,000	
Salaries total	=nbsp;	=		\$271,500	
Payroll taxes (21%)	&n=sp;	=		\$=3,500	
Total	&=bsp;	&nbs=;	&=bsp;	&nbs=;	&=bsp;
\$345,000					

**taken from ZipRecruiter and GlassDoor<=u>*

4. **Seems like you are basically running a \$1.5 million budget and for the n=xt 2 years most of that is still coming from Stride. So your budget is inc=easing but Stride's donations are also increasing. How much do you anticipate raising from other 3rd parties?=I forget what you presented in the previous presentation?**

FY2022 Fundraising Goal: \$500,000
FY2023 Fundraising Goal: \$750,000

These are minimum amounts that we will set as goals for our Director of Development/Fundraising. Our PR firm is also going to help with a capital campaign on social media. Yes, we are asking for slightly more from last year because indeed our budget is increasing as we shift to a public charity. The increase in budget is to provide us with funding to hire a staff, aggressively market, and ensure that the scholarship and grant programs are delivered as previously approved by the FoS Board. Up until this year, we were classified as a foundation, whose primary function is grant-making. Public charities turn projects into initiatives that the general public, private sector, and others can donate to and invest in. This is how we will be able to be autonomous and quickly decrease our dependence on an annual donation from Stride. Prior to this year, these plans were not in place and our mandate was to execute upon the original charter. We are currently working to actively, and aggressively, make this one-time transition to public charity.

Our Year 1 staffing plan is the bare minimum required in order to allow us to raise money immediately. The above money will come from several channels; a capital campaign, shared services model with other nonprofits, fee for service model with for-profit companies, and grants from foundations.

In our very first year in transition to a public charity, we were able to raise \$234,000 in contributions from organizations including Chan-eLight, StrongMind, MGT, Achieve3000, Primavera, Tynker, and individual contributions. Based upon this early success, we believe that our \$500,000 goal for 2021 is highly achievable. That being said, it will take time, planning and an expert in fundraising to help us move down that path. While there are no guarantees, once we have a strategy in place and begin generating donations, we can plan around incoming revenue as a stream of funding for FoS. We did receive \$59,000 in three unsolicited donations last fall, so we know that we are investable. Now, we market our programs as a portfolio of initiatives that will become our fundraising strategy.

5. **I'm inclined to make a smaller 2 year commitment.**

I appreciate your consideration of our request. One new added benefit would be that as a public charity, FoS could engage with Stride employees more directly and collaboratively this year to support your corporate initiatives and efforts in a variety of ways, clearly outlined ahead of time in arenas such as ESG, CSR, IR, national reach, marketing, and business development. I'm looking forward to getting your thoughts on how we can best collaborate to benefit Stride.

FoS is beholden to our current grant-making programs while needing to invest in a small staff to raise money. This is the only year that we will be in this unique circumstance moving over the bridge to public charity status.

Yes, Stuart is VP of our Board. Per your guidance, I've reached out to Stuart to schedule time to talk to gather his perspective. Thank you for your time and ongoing support, James. We have an amazing year ahead of us, individually and collectively, and can partner to expand the name and reputation of blended and online learning

i= ways never done before.

Respectfully,

Amy



ReplyForward

-
On Sun, Apr 4, 2021 at 7:06 AM Rhyu, James <jrhyu@k12.com> wrote:<=>

Thanks for this Amy – I do have a couple que=tions/comments prior to our meeting:

- How much is left for the FY21 contribution prior to the end of June 2021? <=>
- What are the programs for the \$680K?
- Are you certain the public charity status requires the positions you outlin=? That just seems odd they would mandate that? Also seems like a lot of mo=ey for that level of staff.
- Seems like you are basically running a \$1.5 million budget and for the next=2 years most of that is still coming from Stride. So your budget is increa=ing but Stride's donations are also increasing. How much do you an=icipate raising from other 3rd parties? I forget what you presented in the previous presentation?<=>
- I'm inclined to make a smaller 2 year commitment.

I want the charity to succeed but I think we need to=think about ways we can do that with a smaller dependency on Stride. I bel=eve Stu is also on your board and he advocated for that when he was CEO of K12. I'd suggest you speak to him for his =nsights.

Thanks

James

From: Amy Valentine <a=alentine@futureof.school>

Date: Friday, April 2, 2021 at 9:22 PM

To: Rhyu, James <jrhyu@k12.com>

Cc: Bennett, Tony <tbennett@k12.com>

Subject: FoS-Stride Meeting (04.09.21)

CAUTION: This email originated from outside of the=organization. Do not click links or open attachments unless you recognize =he sender and know the content is safe.

James,

One week from today, we have a meeting scheduled to discuss the future of F=ture of School. Tony Bennett, our board chairman, will be in attendance as=well. In advance for our time together, I'm sharing a two-page memo for yo=r review. As you know, we were set-up as a non-corporate foundation. As such, we were legally required to=maintain a dotted line and relationship with K12 Inc. IRS regulations=prohibit non-profit foundations from directly benefiting affiliated for-pr=fit donors (see example from Pearson Foundation attached). We have worked hard over the last two years to chang= our name, grow our brand, shift to public charity status, and to bec=me the

organization that Nate had envisioned-- the leading educational cha=ity that would reshape the reputation and reach of authentic blended and online learning.

As an emerging public charity, our ability to work closer with Stride Learn=ng Inc. will increase greatly. Instead of being a foundation donor, y=u will be a public charity partner. At the same time, we will be pushing a= aggressive development/fundraising campaign to hit the 33% public charity support test mandated by the IRS. I= sum, we are working towards autonomy as a national public charity, w=ich will allow us to collaborate with Stride in new and innovative ways.&n=sp;

The attached document outlines our request for funding for this coming=fiscal year. After 2022, there is a substantial decrease in future request= for charitable contributions year-over-year. In order to get over this br=dge year, we are in need of two main areas for funding- our previously approved 2020-2021 grants and to build o=ganizational infrastructure for actual self-sustainability. If I can answe= any questions in advance of our time together next week, please let me kn=w. Thank you for your ongoing support and collaboration.

Respectfully,

Amy =/u>

-

Future of School Im=act

<https://www.futureof.school/impact>

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Am= E. Valentine

CEO

[click here to schedule a meeting<=a>](#)



Notes from meeting w/ James Rhyu on April 9, 2021.

Main feedback from new CEO, James Rhyu

1. Committed to a long-term partnership (and financial support) of FoS
2. He is not aligned with the approach historically taken (particularly scholarships)
3. He is not compelled by already signed contracts (scholarships)
4. Amy has said things that are very well aligned with our priorities of Stride; this gives him hope for future contribution to FoS

Top Priorities for FoS-- Stride Learning

1. Messaging (national awareness of BOL) in the form of a joint objective (not yet identified)
2. Taking BOL mainstream, heightened awareness
3. FoS raising external money/creating other business partnerships
4. Third party validation for education management companies through the FoS lens

Feedback on Funding Request

1. Stride is committed to a minimum donation of \$2.5 million, multi-year commitment
2. If we demonstrate efficacy, James is willing to "double down" in 6-12 months by giving more \$
3. CEO will not commit to a breakout of the funding or commit to a fixed time period
4. Amy to follow next steps below

Next Steps

1. Amy to revise original ask with buckets of expenses, taking out student scholarships
2. Present funding request Stride finance for review/approval
3. FoS BOD to meet, discuss these changes, and rethink how to operationalize to stride goals
4. Revised funding request due to Stride by Friday, April 30

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Amy E. Valentine
CEO

[click here to schedule a meeting](#) & nbs=;

[img width="200" height="69" src="https://ci3.googleusercontent.com/m=il-sig/AIorK4w31Za9zroo9ogVCQ90M-](https://ci3.googleusercontent.com/m=il-sig/AIorK4w31Za9zroo9ogVCQ90M-)

tuG5e211hJ8B4oqn_gw6RKU3xMozutqvi89H0mnen=TmgX6qwsID4">

From: **Rhyu, James** <jrhyyu@k12.com>

Date: Wednesday, June 30, 2021

Subject: STRIDE CONTRIBUTION

To: Amy Valentine <avalentine@futureof.school>

Cc: "Blackman, Donna" <doblackman@k12.com>, "Ha, Sandra" <sha@k12.com>, "Johnson, Michael" <michajohnson@k12.com>, "Medina, Timothy" <tmedina@k12.com>

Amy - as we have discussed, I'm comfortable making a multi-year commitment to the future of schools program. That commitment would be for \$3.5 million over a period up to 5 years and would not have any conditions attached to it.

We are required to document this for accounting purposes before year end and we can discuss further next time we meet if you wish.

Thank you for your continued partnership.

James

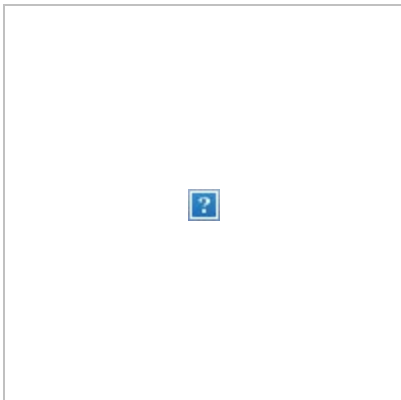
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Amy E. Valentine

CEO

[click here to schedule a meeting](#)



LETTER OF INTENT TO DONATE

Future of School
4833 Front Street
Unit B #503
Castle Rock, CO 80104

Effective Date: July 1, 2021

Stride Learning Inc.
2300 Corporate Park Dr.
Herndon, VA 20171

RE: Donation to Future of School

This donation letter of intent (the "Letter of Intent") represents the basic terms for an agreement that shall be considered ☐ binding ☐ non-binding. After this Letter of Intent has been made, a formal agreement may be constructed to the benefit of the Parties involved.

I. The Donor: Stride Learning Inc. (the "Donor").

II. The Donee: Future of School (FoS) (the "Donee").

III. The Donation: Choose One (1)

☐ One-time Monetary Donation: The Donor wishes to make a one-time monetary donation to the Donee in the amount of \$_____.

☐ Monthly Pledge: The Donor wishes to make a monthly donation of \$_____ to the Donee beginning _____ and ☐ ending _____ for a total donation of \$_____ OR ☐ ongoing until further notice.

☐ Annual Pledge: The Donor wishes to make an annual donation of \$_____ to the Donee each year for _____ years, beginning _____ for a total donation of \$_____.

☒ Other: The Donor wishes to donate the following to the Donee:

\$3.5 million over the next five years (2022-2027)

Terms of the donation is based upon a July 1-June 30 fiscal year

Funds currently committed for the 2022FY: \$1.2 million

Remaining funds would be allocated at the discretion of Stride Learning Inc.

IV. Donation Designation: The above-described donation should be used for the following purpose unrestricted funds

V. Alterations to Donation Designation: The Donee may need to alter the donation designation to ensure that current priorities are met. Should this be required, the Donee will respect the initial intent of this letter as closely as possible.



VI. Donation Recognition: Choose One (1)

☒ The Donor agrees to be recognized for the donation under the following name(s): STRIDE INC.

☐ The Donor wishes to remain anonymous.

VII. Method of Payment: (Monetary Donations Only)

☐ Cash or Check (If paying by check, make check payable to _____).

☐ Credit Card – Card Information: _____

☒ Electronic ACH/Wire payment Banking Information Creativity on File

VIII. Organization Type: The Donee is an organization that is: Choose One (1)

☒ Classified as a 501(c)(3) non-profit organization by the standards of the Internal Revenue Service (IRS). Therefore, the donation may be tax-deductible to the extent allowed by law.

☐ Not classified as a 501(c)(3) non-profit organization by the standards of the Internal Revenue Service (IRS).

IX. Currency: All mentions of currency or the usage of the "\$" icon shall be known as referring to the US Dollar.

X. Governing Law: This Letter of Intent shall be governed under the laws of the State of Delaware.

XI. Acceptance: If you are agreeable to the aforementioned terms, please sign and return a duplicate copy of this Letter of Intent by no later than Monday, July 12, 2021.

DONOR

Donor's Signature [Signature] Date 7/13/21

Print Name MICHAEL J. JONES on BEHALF OF STRIDE INC.

DONEE

Authorized Signature Amy E. Valentine Date July 13, 2021

Print Name Amy E. Valentine



STRIDE DONATION**EXTERNAL REVENUE****estimates, pending input from Fundraiser***Option 1****Direct Support Model****Stride Donation***aggressive support of transition***Business Model****Grants****Public Support****Total External**

FY2022	\$1,400,000	\$250,000	\$200,000	\$50,000	\$500,000
FY2023	\$900,000	\$350,000	\$200,000	\$200,000	\$750,000
FY2024	\$700,000	\$400,000	\$200,000	\$350,000	\$950,000
FY2025	0				
Total	3,000,000				

Option 2**Contingency Model***steady support of transition*

FY2022	1,200,000	\$350,000	\$300,000	\$50,000	\$500,000
FY2023	900,000	\$450,000	\$300,000	\$200,000	\$950,000
FY2024	450,000	\$500,000	\$450,000	\$400,000	\$1,350,000
FY2025	450,000				
Total	3,000,000				

Option 3**Even Model***slower support of transition*

FY2022	1,200,000	\$350,000	\$300,000	\$50,000	\$500,000
FY2023	600,000	\$450,000	\$300,000	\$200,000	\$950,000
FY2024	600,000	\$500,000	\$450,000	\$400,000	\$1,350,000
FY2025	600,000				
Total	3,000,000				