

Future of School Files Counterclaims Against Stride, Inc. for Breaching Agreement to Donate \$2.3 Million



Suit alleges Stride reneged on donations despite publicizing support in public filings and ESG reports

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Future of School, Inc., a national nonprofit that seeks to advance innovative K-12 and blended learning programs, **recently filed counterclaims** in a lawsuit filed against it by Stride, Inc. (NYSE: LRN). The counterclaims allege that Stride, a publicly traded education company, reneged on its agreement to donate \$2.3 million to Future of School after it repeatedly and publicly announced its financial support of the charity. Stride publicized the pledged donations in multiple public filings, including its Environmental, Social, and Governance (ESG) report, as well as in filings with the SEC and IRS.

Future of School was founded in 2015. Before it transitioned to a public charity, it was a private foundation originally formed by Stride itself. From 2016 to 2021, Future of School awarded more than \$2.3 million in higher education scholarships and provided more than \$430,000 in grants to individual educators to support and recognize educators for their innovative blended and online programs. Future of School also created a remote learning relief fund during the pandemic to assist educators. Through robust outreach, creative grant-making programs, a national Podcast series, and rewarding students who forge new learning pathways with scholarships, Future of School has impacted thousands of students and teachers across America.

In June of 2021, Stride's CEO James Rhyu agreed to donate \$3.5 million in unrestricted funds over a five-year period. At Stride's request, Future of School and Stride executed a signed agreement formalizing the commitment to donate the funds. And in 2021, Stride donated the first \$1.2 million. According to the counterclaims, in mid-2022, as Stride's stock price experienced significant volatility, the company unilaterally informed Future of School that it would no longer be honoring its obligation. The counterclaims further allege that Stride failed to follow through on \$2.3 million in promised donations, causing considerable harm to the nonprofit, as the funds were intended by Stride to allow Future of School to complete its transition from private foundation to public charity. After Future of School identified Stride's breach of the agreement and demanded that it honor its commitment to donate the funds, Stride ceased communicating and instead filed a lawsuit. Since Stride failed to provide the money it promised, Future of School has been forced to cut its staff and vital programs that have served students, educators, and parents across the country since 2016. On the other hand, Stride has continued to reap the benefits of its former

partnership with Future of School through ongoing publicity, even after renegeing on its charitable pledge.

The counterclaims state that “Stride made significant efforts to portray itself as an ESG-focused corporation and consistently reported on its donation commitment to Future of School, bringing the company significant positive publicity, both in the eyes of the general public and institutional investors.” Nevertheless, Stride sued Future of School to try to get a court to declare that the agreement to donate the funds is not enforceable.

Future of School is a national public charity mobilizing change in American K-12 education from a one-size-fits-all system to one that ensures all students reach their unbounded potential no matter where their learning takes place. More information is available at www.futureof.school.

A copy of the counterclaims and other documents related to the lawsuit can be **downloaded here** and at LawsuitPressRelease.com.

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