SUMMARY PLAN DESCRIPTION FOR

DEPENDENT CARE REIMBURSEMENT ACCOUNT PLAN FOR EMPLOYEES OF

VANHORN EDUCATIONAL SERVICES, LLC

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Vanhorn Educational Services, LLC is proud to present this description explaining the Dependent Care Reimbursement Account Plan for Employees of Vanhorn Educational Services, LLC (the “plan”) to you. An important plan feature enables employees to use before tax dollars to pay for certain tax deductible expenses which would otherwise be paid with after tax dollars. This also will result in significant savings for many employees. This description is designed to explain the program in understandable terms so you can make informed decisions. Please read it carefully and keep it in a safe place for reference. This plan is for you. There are values available for every employee and the employer encourages you to make the most of them.

The election form you will receive prior to each enrollment period provides specific numbers as to certain information which may vary from year to year, such as the amount of any allowance the employer may provide to help you purchase benefits under the plan. Thus, you should regard that form as part of this description, as well as the form on which you may make benefit elections for the plan year.

ELIGIBILITY REQUIREMENTS

Any Employee of the Employer who has one or more Qualifying Individuals shall be eligible to participate in the Plan commencing the first day of the month of any Plan Year.

In order to participate in the Plan, an Employee must, during the annual enrollment period of each preceding Plan Year or at such other time as determined by the Committee, designate the coverage amount he desires under the Plan on a form supplied by the Committee. The Employee may designate from $100 to $5,000 ($2,500 where the participant is married and files a separate return) of coverage provided, however, that each Participant's coverage under this Plan shall be limited to the lesser of (1) the Participant's Earned Income for the Plan Year, and (2) the Participant's spouse's Earned Income for the Plan Year. The Employee's Compensation for that Plan Year shall be reduced by the amount of his elected coverage in equal amounts each payroll period which shall be credited each payroll period to the Participant's Reimbursement Account. However, individuals who are 2 percent shareholders in an S corporation, or are owners of the employer, if the employer is unincorporated are not eligible to participate.

Participation will actually begin on the effective date of the plan if the employee is eligible to participate on that date in accordance with the preceding paragraph (if employed on that date). A former participant will become a participant again if and when he or she meets the eligibility requirements above. Notwithstanding the foregoing, if an employee stops participating in the plan and then, during the same plan year, again becomes eligible to participate, that person may not reenter the plan in the same plan year in which his or her participation terminated.

PAYING FOR YOUR BENEFIT PROGRAM

One of the most exciting concepts of a cafeteria benefit program is the unique and favorable way it allows you to acquire benefits. Benefits may be acquired by Pay Conversion Dollars.

The payment concept, called “pay conversion”, allows employees to set aside a part of their pay rather than taking it in cash, and to use these Pay Conversion Dollars to buy benefits.

Pay Conversion Dollars are not subject to withholding for federal income or FICA taxes. Consequently, the amount withheld for taxes is reduced and employees who participate will, in most instances, see their take home pay increase. Let's look at an example of how this works.

When your pay is calculated now, the first step is to determine the amount of your federal income and FICA tax withholding. This amount is deducted from your gross pay.

Your benefit costs and other voluntary withholding amounts are then deducted. The remainder is your take home pay. Under the pay redirection concept the money you spend for benefits is set aside as Pay Conversion Dollars first, before tax withholding is determined. This means less tax will be withheld because the calculation will be based on a smaller gross amount. A larger take home paycheck will result.

For example: Assume your gross pay for pay period is $1,000 and you are having $100 withheld to pay benefit costs. Currently, your withholding taxes are calculated based on $1,000. Under the “salary redirection” approach, your benefit costs are deducted first so that your taxes are computed on only $900. Less tax is withheld and the savings are all yours!

All you need to do to accomplish this is to tell the employer how many Flexible Benefit Dollars you want to spend for benefits. This is explained in the section of this description titled Enrolling In The Program.

The benefits which may be purchased with Flexible Benefit Dollars are described in the section of this description title Available Benefits. Since you will be buying many of them with before tax dollars, you will be paying a lot less than you would be otherwise.

Setting money aside as Pay Conversion Dollars reduces the FICA taxes you pay as well as the income taxes. This may mean a reduction in your Social Security benefits upon retirement or disability. The reduction would most likely be small, however.

AVAILABLE BENEFITS

The plan provides a Dependent Care Reimbursement Account. This benefit enables employees to use Pay Conversion Dollars to pay certain expenses incurred for the care of an eligible dependent. A “Reimbursement Account” is set up for each employee choosing this benefit and eligible expenses are reimbursed as incurred. For some employees, a substantial reduction in the cost of the care being provided can be accomplished by buying it with before tax dollars.

ENROLLING IN THE PROGRAM

The entry date for the plan is upon a new employee’s date of employment. A special enrollment period will be announced by the employer for employees who are employed as of the date of the adoption of this plan.

Every eligible employee must enroll in the program each plan year. Enrollment will take place during the 30 day period prior to the beginning of the plan year. New employees will be given the opportunity to enroll when they are employed and they must enroll not later than two calendar weeks after the date they satisfy the eligibility requirement. Benefits will not begin until enrollment has taken place.

You will be given an Enrollment Form displaying the benefits and Flexible Benefit Allowance available to you. All you must do is indicate your choices, date, sign and return the form. Once you do this you are committed to those benefits for the entire plan year.

By signing the form, you are authorizing the employer to change your pay by the amount necessary to provide the Pay Conversion Dollars required to implement your benefit selections.

Once a plan year has begun, benefit elections may be changed only for a change in family status or other event specified in governmental regulations. A change in family status includes getting married, getting divorced, having a child, adopting a child, death, losing a dependent, a change in the employment of your spouse, and a change in the work status of you or your spouse (e.g. full time to part time or the reverse). Any change in elections must be consistent with the change in the status of your family. Forms are available for reporting changes in family status.

Special rules apply to family status changes for some benefits. These are described in the section of this description titled Special Rules for Reimbursement Accounts. Should the cost of any benefit change during the plan year, the Plan Administrator has the authority to change an employee's Salary Redirection Dollar amount to the amount required to pay the new cost.

DEPENDENT CARE EXPENSE REIMBURSEMENT ACCOUNT

If you must pay for the care of dependents--children, for example, or parents--to allow you to have your job, then you will be interested in a Dependent Care Expense Reimbursement Account. This benefit allows “eligible employees” with “eligible dependents” to pay “eligible expenses” with before tax dollars.

To be an “eligible employee”, you must satisfy at least one of the following requirements:

1. Both you and your spouse are employed;

2. Your spouse is disabled;

3. Your spouse is a full time student;

4. You are single.

An “eligible dependent” must live in your home and be one or more of the following:

1. A child under age 13 who is your legal dependent;

2. A dependent parent or other dependent who is disabled and lives in your home 8 hours a day or more. (A person you cannot claim as a dependent because that person has more than $1,900 of income can be an eligible dependent for this purpose);

3. Your disabled spouse.

To be an “eligible expense”, the money may be paid to any individual or organization other than:

1. Your spouse;

2. Your child under age 19 at calendar year end;

3. Your dependent for income tax purposes;

4. A child care facility caring for more than 6 persons but not complying with all state or local requirements.

The law places limits on how many Flexible Benefit Dollars can be put into a Dependent Care Reimbursement Account. The limits are:

1. If you are married and file a single tax return, the limit is $2,500;

2. For all others, the limit is $5,000;

3. Your contribution may not exceed the income of the lower paid spouse and special rules apply when the spouse is a student or is disabled;

4. If you use the tax credit, as explained later, these limits are reduced by the amount of expense claimed for the credit.

The money must be spent for the well being and protection of an eligible person and can include household and care services. The cost of a babysitter or dependent care center are the best examples but a housekeeper or cook could qualify if their service is performed for the benefit of an eligible person.

The Dependent Care Reimbursement Account is funded with Flexible Benefit Dollars. To open an account, indicate on the enrollment form the amount you wish to put into the account for the plan year. If any of the Flexible Benefit Dollars are Pay Conversion Dollars, they will be deducted from your paycheck and added to the amount of Flexible Benefits Allowance allocated to this account. Pay Conversion Dollars are, as already explained, pre-tax dollars.

As you incur and pay eligible dependent care expenses, reimbursement is obtained by submitting a claim form to the administrator reporting who was paid and for what purpose. If the expense is eligible, you will receive a check and the amount will be subtracted from your account. If the expense is not eligible, you will be notified why. You must use the company provided claim form to submit claims.

Reimbursement checks, which will be written once a month, are always made payable to the employee. If there is not enough money in the account to pay the full amount, a partial payment will be made and the unpaid amount held until it can be paid.

Only expenses incurred during the plan year are eligible but it is not required that claims be submitted during the plan year. Claims submitted during the two calendar month period after the end of the plan year will be accepted. Claims submitted later than that will not.

It is your responsibility to make certain, to the best of your ability, that all expenses submitted for reimbursement are eligible expenses. This is the same responsibility all taxpayers have in filing their tax return.

Not all employees will be eligible to establish a Dependent Care Expense Reimbursement Account. If you are eligible, you must estimate how much your dependent care is going to cost. A form will be provided to help you determine if you are eligible and to estimate your eligible expenses.

YOU SHOULD BE VERY CAREFUL IN MAKING YOUR ESTIMATE BECAUSE YOU WILL LOSE ANY MONEY LEFT OVER IN THE ACCOUNT AT THE END OF THE PLAN YEAR. This is explained in detail in the section of this description titled Special Rules for Reimbursement Accounts. Be sure you read it carefully.

EXPENSES THAT ARE ELIGIBLE FOR THIS BENEFIT ARE ALSO ELIGIBLE FOR A TAX CREDIT UNDER CURRENT TAX LAWS. THIS IS EXPLAINED IN MORE DETAIL IN THE SECTION OF THIS DESCRIPTION TITLED "DEPENDENT CARE TAX CREDIT". BE CERTAIN YOU READ IT BEFORE MAKING ANY DECISION RELATIVE TO A DEPENDENT CARE ACCOUNT. YOU MAY NOT CLAIM THE TAX CREDIT AND USE A REIMBURSEMENT ACCOUNT FOR THE SAME EXPENSES.

SPECIAL RULES FOR REIMBURSEMENT ACCOUNTS

The special tax status afforded Reimbursement accounts has already been explained. In order to take advantage of these unique advantages, several requirements must be satisfied. Noncompliance with the requirements could result in the loss of some or all of your money allocated to your reimbursement accounts. Understanding the rules reduces the chances of this happening. The requirements are:

1. You must enroll in the account and state the amount you wish to set aside prior to the first day of the plan year or the first day you are eligible.

2. Once the plan year or your participation has begun you cannot change the amount for any reason other than a change in family status or certain other events specified in government regulations. A change in family status is defined in the section of this description entitled Enrolling In The Program. The change for Dependent Care Accounts must be consistent with the type of family status change.

3. Any money placed in a reimbursement account becomes the employer's money. It can be paid to you only to reimburse eligible expenses.

ANY MONEY LEFT IN YOUR ACCOUNT AT THE END OF THE PLAN YEAR AFTER ALL ELIGIBLE CLAIMS HAVE BEEN PROCESSED IS NO LONGER YOURS AND WILL NOT BE RETURNED TO YOU.

In spite of these requirements, the employer encourages you to study the use of the reimbursement accounts carefully. Used wisely, a significant amount of money can be saved.

DEPENDENT CARE TAX CREDIT

Currently, the amount of federal income taxes (but not FICA) you owe may be reduced by a percentage of the money you have spent on eligible dependent care expenses. This is called a tax credit. The percentage varies depending on the combined income of you and your spouse. The total amount of expense eligible for the credit is $2,400 for one child and $4,800 for two or more children.

These expenses are also eligible for payment through a Dependent Care Reimbursement Account. Since you are not permitted to use both the Dependent Care Tax Credit and the Dependent Care Reimbursement Account for the same expenses, you should evaluate both possibilities.

If the combined income of you and your spouse is less than $23,000 ($17,000 for a single person) the tax credit may be to your advantage. If it is more than that, the reimbursement account will most likely be advantageous for you. These are very general rules, however, and should not be relied upon solely when making a final decision.

A form is available to help you estimate how much tax credit you might receive but you should consider obtaining an opinion from a qualified tax advisor before making a decision. A full explanation of the tax laws as they relate to dependent care expenses is beyond the scope of this description.

A publication providing detailed information on the tax deductibility of dependent care expenses is available from the Internal Revenue Service.

TERMINATION OF EMPLOYMENT

If you stop being an eligible employee, your participation in the plan will cease. This could result from termination of employment or a change in the number of hours you work.

In the event this happens, your coverage under the various benefits provided by the plan will be governed by the provisions of the specific plans in which you are a participant. The documents given you explaining those benefits describe their termination provisions. You may be allowed to continue some of your benefits so you are encouraged to read the termination provisions of each document carefully.

The following termination rules will apply:

1. The amount going into your account will stop with your last paycheck. If your last paycheck is for a partial pay period, a pro-rata amount will be put into your account.

2. You may continue to submit claims for reimbursement of eligible Dependent Care expenses incurred at any time during the plan year. Claims will be reimbursed as long as funds remain in the account. Funds left over in the account at the end of the plan year will be forfeited.

ADDITIONAL INFORMATION

NAME OF PLAN:

Dependent Care Reimbursement Account Plan for Employees for VanHorn Educational Services, LLC .

PURPOSE OF PLAN:

The purpose of the plan is to allow eligible employees to pay for dependent care expenses with pre-tax dollars through a reimbursement account which they create by re-directing compensation otherwise payable to them.

EFFECTIVE DATE: January 1, 2013

EMPLOYER AND ADDRESS:

Employer name: VanHorn Educational Services, LLC
Address: 2664 Miller Road
Ann Arbor, Michigan 48103
Telephone: (734) 369-8248

EMPLOYER IDENTIFICATION NUMBER:

PLAN NUMBER: 501

TYPE OF PLAN: Section 125 Cafeteria Benefit plan offering dependent care reimbursement accounts.

PLAN ADMINISTRATOR:

The Employer is the Plan Administrator. The Plan Administrator is the plan agent for service of legal process and is responsible for the administration of the plan, for filing all forms required by the Treasury and Labor Departments and for furnishing the Participants with information concerning the plan. The Plan Administrator determines the eligibility of employees to participate in the plan, interprets the provisions of the plan and establishes rules and regulations for its operation.

This plan is funded solely by participant contributions by means of salary reductions (pay conversion dollars). The employer has no financial responsibility for the cost of financing this plan.

CLAIMS PROCEDURE:

(a) A claim for benefits shall be made by filing a written request with the Claim Administrator, on such forms as the Claim Administrator shall establish. The Claim Administrator may require that the claim be supported by receipts, canceled checks or other evidence substantiating the amount of the expenditure and the character of the claim. The Claim Administrator will review the claim and within a reasonable period of time (not to exceed 90 days after the receipt of the claim) notify the claimant of the disposition of the claim If the claim is honored, then the Claim Administrator will make payment to the Participant for the amount of the claim. If the Claim Administrator denies the claim in whole or in part, it will provide written notice to the claimant of the denial of the claim and such notice will set forth (i) specific reasons for the denial, (ii) specific reference to the pertinent plan provisions on which denial is based, (iii) a description of any material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary, and (iv) appropriate information as to the steps to be taken if the claimant wishes to submit his or her claim for review. A claimant may request that a denied claim be reviewed by the Plan Administrator. A claimant or his duly authorized representative may (i) request a review upon written application to the plan, (ii) review pertinent documents, and (iii) submit issues and comments in writing.

In the case of any benefit provided under the plan by reimbursement, all claims for reimbursement for expenses incurred with respect to a plan year must be submitted to the Claim Administrator no later than the end of the second calendar month following the end of the plan year. Claims submitted after that date will not be paid.

Any request for a review of a denied claim must be made in writing within 60 days (or 180 days in the case of a medical or disability claim) following the receipt by the claimant of written notification of denial of his claim. The Plan Administrator shall review any denied claim upon timely filed request of the claimant within 60 days after receipt of a written request for review, unless special circumstances require an extension of time for processing, in which case the decision shall be rendered as soon as possible but not later than 120 days after receipt of the written request for review. If such an extension of time for review is required because of special circumstances, written notice of the extension shall be furnished to the claimant prior to the commencement of the extension. The decision on review will be in writing, will include specific reasons for the decision and will be furnished to the claimant within the time indicated above. If the decision on review is not furnished within such time, the claim shall be deemed denied on review. In any cases in which a Participant establishes that he will incur fixed periodic expenses with respect to which the Participant elected to be reimbursed under the plan, the Plan Administrator may, upon receipt of such assurances and substantiation of those expenses as the Plan Administrator deems appropriate, make periodic reimbursements to the claimant as those expenses are incurred. In such cases, the Plan Administrator may, in its sole discretion, excuse the Participant from making claims for reimbursement for some or all of those expenses.

Each plan year the Plan Administrator will establish a reimbursement account for each reimbursement-type benefit elected by each Participant for that plan year. Each reimbursement account will be credited each pay period with an amount equal to the compensation reduction amount elected by the Participant with respect to that benefit for that pay period, and the account will be decreased by the amount of the reimbursements made by the Claim Administrator for that particular benefit. No interest or earnings will be credited to the balance of any such account. In no case will any amount be paid from a Dependent Care Reimbursement Account that would reduce the balance in the account to less than zero. If any such account has a positive balance at the end of the plan year, that amount shall be forfeited by the Participant. Under federal tax laws, excess credits to any reimbursement account at the end of the plan year may not be (i) credited towards claims of the participant for other benefits provided under the plan, (ii) credited against benefits for the Participant for the Participant the following year or (iii) refunded to the Participant.

PLAN YEAR:

The plan year is the period from the first day of January through the last day of December.

BENEFITS UNFUNDED; NONASSIGNABLE:

In no event shall the Employer be obligated under this plan to create a fund or segregate any assets for the purpose of paying benefits available under this plan, including benefits provided by the Employer through reimbursements. The establishment of a Spending Reimbursement Account shall not create any right on behalf of any Participant to any specific assets of the Employer or in any way be construed to represent that the obligation to pay amounts under this plan, whether by reimbursements or otherwise, is secured or funded. All benefits payable under this plan, whether through reimbursements or otherwise, are nontransferable and nonassignable, and any effort by a Participant to assign these benefits to any person, including any provider of services with respect to whose fees, charges or costs may be reimbursed under this plan, shall be void.

FUTURE OF THE PLAN:

The Employer intends to continue this plan indefinitely; however, in order to afford protection against unforeseen circumstances, the Employer reserves the right to change, modify, suspend temporarily or discontinue the plan.

EMPLOYEES' RIGHTS, EXCLUSIVE BENEFIT:

Employee's rights to benefits under this plan are intended to be legally enforceable, but neither the establishment of this plan nor any amendment thereof will be construed as granting to any other person (including any provider of services) any legal or equitable right against the Employer or the Plan Administrator. This plan shall be maintained for the exclusive benefit of employees.

AMENDMENT OR TERMINATION:

The plan may be amended or may be terminated by the Employer at its discretion at any time.

EMPLOYER'S DEPENDENT CARE SERVICES:

Dependent care services may be rendered at the Employer's place of business pursuant to rules and for costs established by the Employer at its sole discretion. The current charge for dependent care services is $0.50 per hour for each child. **The availability of such services may be terminated at any time by Employer at its sole discretion. The per-hour per-child charge for dependent care services offered by Employer may be modified at any time by Employer at its sole discretion.**

SCOPE OF DESCRIPTION:

This description is the Summary Plan Description. It summarizes the principal terms of the plan and does not purport to be the complete plan. A copy of the plan itself and other documents which have been incorporated by reference are available in the office of the Employer for your inspection, and you are encouraged to review them and to direct any questions you have to the Plan Administrator, Employer or Employer's legal counsel. In case of any conflict between the contents of the plan and this Summary Plan Description, the provisions of the plan shall be controlling.

STATEMENT OF RIGHTS:

As a participant in the Dependent Care Reimbursement Account Plan for Employees of Vanhorn Educational Services, LLC ,you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled to:

Examine, without charge, at the plan administrator's office and at other specified locations, such as worksites and union halls, all plan documents including insurance contracts, collective bargaining agreements and copies of all documents filed by the plan with the U.S. Department of Labor, such as detailed annual reports and plan descriptions.

Obtain copies of all plan documents and other plan information upon written request to the plan administrator. The administrator may make a reasonable charge for the copies.

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called "fiduciaries" of the plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer, your union or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA. If your claim for a welfare benefit is denied in whole or in part you must receive a written explanation of the reason for the denial. You have the right to have the plan administrator review and reconsider your claim.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the plan administrator to provide the materials and pay you up to $100 a day until you receive the materials, unless materials were not sent because of reasons beyond the control of the administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. If it should happen that fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, if, for example, it finds your claim is frivolous.

If you have any questions about your plan, you should contact the plan administrator. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest Area Office of the Pension and Welfare Benefits Administration, U.S. Department of Labor.

THIS DESCRIPTION DESCRIBES THE PROVISIONS, TERMS AND CONDITIONS OF THE BENEFITS OFFERED BY THIS PLAN IN GENERAL, EASY TO READ LANGUAGE. IT IS INTENDED TO DESCRIBE THE PROGRAM AS ACCURATELY AS POSSIBLE IN A READILY UNDERSTANDABLE MANNER.

THE PLAN IS DESCRIBED IN GREAT DETAIL IN A PLAN DOCUMENT OR INSURANCE CONTRACT. SHOULD THERE BE ANY DISCREPANCY BETWEEN THE DESCRIPTIONS IN ANY OF THE PLAN DOCUMENTS OR INSURANCE CONTRACTS AND THOSE IN THIS DESCRIPTION, THE TERMS OF THOSE DOCUMENTS AND CONTRACTS WILL GOVERN IN ALL INSTANCES. THEY ARE AVAILABLE AT THE EMPLOYER'S OFFICES FOR YOUR REVIEW AT ANY TIME.

EMPLOYEES SHOULD NOT ACCEPT ANY STATEMENT IN THIS DESCRIPTION AS TAX ADVICE NOR SHOULD THE DESCRIPTION BE CONSTRUED AS GIVING TAX ADVICE. IN ALL MATTERS CONCERNING TAXATION, THE PROVISIONS OF THE LAW GOVERNING TAXATION, OR AN EMPLOYEE'S PERSONAL TAX RETURN, THE ADVICE OF AN ATTORNEY OR QUALIFIED TAX ADVISOR SHOULD BE OBTAINED.

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