

**INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES
D/B/A ONE BRIGHT RAY, INCORPORATED
Minutes of a Meeting
Of the Board of Directors
Held May 23, 2018**

A meeting of the Board of Directors (the “Board”) of International Education and Community Initiatives, d/b/a One Bright Ray, Incorporated, a Pennsylvania non-profit corporation (“OBR”), was held at the offices of Community Academy of Philadelphia (“CAP”) on May 23, 2018. The following Board members were present at the meeting, constituting a quorum: Anna Duvivier; Alberta P. O’Brien, Ph.D.; Aykema Mabery; and Yolanda M. Negrón. Also present at the meeting were Marcus A. Delgado, Chief Executive Officer and Secretary; Frances Velazquez, Director of Financial Services; Lauren Nelson, Director of College Partnerships; Joycet Velasquez, Chief Academic Officer; and Maria Granholm, Esq., of Duane Morris LLP. Board members Joseph H. G. Proietta, M.Ed., President and Founder, and Cassandra McLaughlin were absent from the meeting.

Dr. O’Brien served as Chair of the meeting and, having met a quorum, called the meeting to order at 2:05 p.m.

As the first order of business, Dr. O’Brien called for a review of the minutes from the meeting of the Board held on January 24, 2018. The Board reviewed the minutes and, upon a motion that was duly made and seconded, the minutes of the Board from the meeting held on January 24, 2018 were unanimously approved. The Board ordered that the minutes be placed in OBR’s minute book.

Second, Dr. O’Brien asked Mr. Delgado to present the attached Financial Statements for the ten (10) month period ended April 30, 2018. Mr. Delgado first reviewed with the Board the budget-to-actual summaries for such period. Mr. Delgado reviewed the budget performance of OBR Non-Profit, noting that OBR Non-Profit’s actual net income from June 30, 2017 was \$108,824, as compared to the budgeted net income of \$202,723 for the same period, resulting in an unfavorable variance of \$93,899. Mr. Delgado noted that the unfavorable variance resulted from higher than budgeted depreciation expenses related to the modular expansion in fiscal year 2017 and higher than budgeted interest payments.

Mr. Delgado next reviewed with the Board the budget performance of OBR CHS. Mr. Delgado noted that OBR CHS’ actual net income for the ten (10) month period was \$127,257, as compared to its budgeted net loss of \$146,456 for the same period, resulting in a favorable variance of \$273,714. Mr. Delgado reported that the variance primarily related to lower than budgeted salaries and employee benefit costs (due to timing of hiring new staff and changes in positions). Dr. O’Brien asked when administration expects salaries and benefits to increase back to budgeted levels. Mr. Delgado indicated that the lower than budgeted salaries and benefits would likely dissipate in the next fiscal year, with some increased salaries expected in June.

Mr. Delgado next reviewed with the Board the budget performance of the Harcum Program, noting that the net loss for the ten (10) month period ended December 31, 2017 was \$61,300, as compared to the budgeted net loss of \$134,196 for the same period, resulting in a

favorable variance of \$72,895. Ms. Nelson explained that the budgeted deficit is a result of the timing of tuition payments, which are expected to be paid in early August. Ms. Nelson also noted that the Harcum Program has approximately \$20,000 in funds to be spent at the Harcum College bookstore.

Mr. Delgado reported that OBR's overall net income, across all programs, was \$174,780, as compared to the budgeted net loss of \$77,929, which resulted in an overall favorable variance of \$252,710. Mr. Delgado noted that the School is evaluating two (2) major projects – replacement of some floors and an HVAC unit – to which a significant portion of the surplus is likely to be devoted. Mr. Delgado also noted that, in anticipation of the School's bond refinancing, a five (5)-year capital expenditure plan is in process to help identify additional capital expenditures that may be necessary in the coming years. The Board discussed the capital expenditure plan and requested to review a copy at the next Board meeting.

Mr. Delgado next reviewed the Balance Sheet with the Board, noting, in particular, (1) the seasonal increase in cash and cash equivalents as cash reserves are built up for debt service payments (from \$695,827 at June 30, 2017 to \$1,769,356 at April 30, 2018), and (2) the decrease of total receivables due to the timing of receipt of tuition payments from the School District of Philadelphia (the "School District") (from \$1,155,973 at June 30, 2017 to \$1,102,780 at April 30, 2018).

Third, Mr. Delgado presented the **attached** 2018-2019 annual budget (the "Budget") to the Board. Mr. Delgado noted that the Budget was significantly larger than in prior years due to an additional \$10.0M in revenues budgeted as a result of expansion to an additional location (Strawberry Mansion). A discussion ensued regarding the expansion and how the expansion impacts the Budget. Mr. Delgado reviewed with the Board the overall budget summary, across all OBR programs, noting that an overall surplus of \$640,439 was budgeted for OBR's 2018-2019 fiscal year, as compared to the \$267,592 surplus that was budgeted for the 2017-2018 year. Mr. Delgado pointed out that the Budget included budgets broken out for each of the OBR programs. Mr. Delgado noted that the budget for OBR Non-Profit is based upon current bond numbers and could be impacted by the ultimate structure of the School's refinancing. Mr. Delgado further noted that, to the extent the Budget needs to be revised to reflect the refinancing, the Board can review and approve a revised budget at the next Board meeting.

Following extensive discussion regarding the Budget, including the individualized budgets for each program, after a motion duly made and seconded, the Board unanimously approved the Budget.

Fourth, Mr. Delgado reviewed with the Board the **attached** 2016 Form 990 for OBR, a copy of which was previously provided to Board members. The Board collectively reviewed and discussed the Form 990. Following the Board's discussion regarding the Form 990, upon a motion duly made and seconded, the Board unanimously approved the Form 990, and the filing of the Form 990, in each case as revised.

Fifth, Mr. Delgado provided an update regarding OBR's financial arrangements with its bank and OBR's ongoing efforts to find and evaluate refinancing options. A brief discussion ensued regarding efforts undertaken and upcoming meetings with potential financing sources.

Sixth, Ms. Velazquez reviewed with the Board the attached School Wellness Policy related to OBR's food program. Ms. Velazquez reported that she updated the policy to comply with applicable standards and to better reflect OBR's operations. The Board discussed the policy and, thereafter, upon a motion duly made and seconded, the School Wellness Policy was unanimously approved by the Board.

Seventh, Ms. Velazquez reviewed with the Board the attached 2018-2019 Rent and Insurance Memorandum (the "Rent and Insurance Memo"). Ms. Velazquez also reviewed with the Board the allocation of rent and additional costs for the coming year (such as property insurance) between OBR and CAP based upon the percentage of total square footage used by OBR and CAP, respectively. Following the Board's review and discussion of the Rent and Insurance Memo, upon a motion duly made and seconded, the Board unanimously approved the Rent and Insurance Memo and asked Ms. Velazquez to deliver a copy of it to Aykema Mabery, in her capacity as Business Manager of CAP, for CAP's review and reference.

Eighth, Mr. Delgado provided an update regarding new developments and changes at OBR. First, Mr. Delgado discussed OBR's expansion to Strawberry Mansion. Mr. Delgado noted that the expansion was approved on by the School Reform Commission of the School District on May 17, 2018 and OBR was approved for up to 250 additional day program students and up to 100 additional night program students. The Board discussed the expansion, including financial, curricula, hiring and culture implications, at length. Mr. Delgado also discussed with the Board a number of internal transfers as well as new positions created at OBR to support the expansion. Finally, Mr. Delgado shared details regarding OBR's recent open house and the success thereof.

Ninth, Mrs. Velasquez provided campus updates for the Board. Mrs. Velasquez reported that Friday would mark the last day of Module 4 and that the summer session would start June 4, 2018. Mrs. Velasquez noted that there was a recent end of Module trip to Baltimore, Maryland, which 58 students attended. Mrs. Velasquez also reported that Prom recently took place at Romanos and was a success with over 260 people attending; however, the venue ended up being a bit tight given the turnout. Mrs. Velasquez next reported that 117 students graduated this past winter, and 191 students would be graduating this summer, for a total of 308 graduates. Finally, Mrs. Velasquez noted that OBR hired a new principal at the Simpson Campus, Ms. Goddfrey.

Tenth, Ms. Nelson provided the Board with an update on the Harcum Program. Ms. Nelson reported that 21 students were slated to graduate from the Harcum Program on May 12, 2018, increasing the total number of Harcum Program graduates to 78. Ms. Nelson noted that the Harcum Program would be hosting a graduation and awards ceremony to celebrate. Ms. Nelson also discussed plans for a summer program focused on English and reading development for new students. Next, Ms. Nelson discussed funding under the program's contract with Harcum College and various opportunities to maximizing such funding. Ms. Nelson next discussed staffing updates and noted that her last day working for OBR would be June 21, 2018, but that she would remain available as a consultant. The Board extended their gratitude to Ms. Nelson for all of her work over the years, especially with respect to the Harcum Program, and wished her well.

Eleventh, the Board reviewed the attached tentative Board schedule for the 2018-2019 school year. Following a motion duly made and seconded, the schedule was unanimously approved.

Twelfth, Dr. O'Brien opened the meeting to any new business to come before the Board. Ms. Duvivier reported that she was resigning from the Board, effective today, and that she would be accepting a position with OBR. The Board thanked her for her service and wished her well. The Board then discussed the need to bring in additional Board members and agreed to discuss further at the next Board meeting. Dr. O'Brien asked if there was any additional new business. Dr. O'Brien reminded the Board that the next meeting of the Board was scheduled for October 24, 2018 at 2:00 p.m.

There being no further business to come before the Board, upon a motion duly made, seconded and unanimously approved, the meeting was adjourned at 3:14 p.m.