

**INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES
D/B/A ONE BRIGHT RAY, INCORPORATED
Minutes of a Meeting
Of the Board of Directors
Held December 12, 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 Wednesday, December 12, 2018. The following Board members were present at the meeting, constituting a quorum: Joseph H. G. Proietta, M.Ed., President and Founder; Alberta P. O’Brien, EdD; Aykema Mabery-Austin; Yolanda M. Negrón; and Cassandra McLaughlin (who joined the meeting after it was called to order). Also present at the meeting were Marcus A. Delgado, Chief Executive Officer and Secretary; Joycet Velasquez, Chief Academic Officer; Anna Duvivier, Chief Operating Officer; Velecia Johnson, Director of College Partnership; Michael Whisman, accountant with Charter Choices, Inc.; and Maria Granholm, Esq., of Duane Morris LLP.

Mr. Proietta served as Chair of the meeting and, having met a quorum, called the meeting to order at 2:01 p.m.

As the first order of business, Mr. Proietta called for a review of the minutes from the meeting of the Board held on November 7, 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 November 7, 2018 were unanimously approved. The Board ordered that the minutes be placed in OBR’s minute book.

Ms. McLaughlin joined the meeting at 2:06 p.m.

Second, Mr. Proietta requested a financial update. Mr. Whisman first reviewed the **attached** Realty Transfer Tax Breakdown with the Board. Mr. Whisman explained that the breakdown reflects how the bond financing project funds, amounts in the existing Citizens Bank interest account, transfer taxes owed and expenses incurred in connection with the bond financing are allocated between OBR and CAP based upon square footage used by each of OBR and CAP. Mr. Whisman explained that the amount in the Citizens Bank interest account is reflected as being applied toward transfer taxes and that the remaining transfer tax balance allocable to OBR (the “Transfer Tax Delta”) would need to be paid by OBR. A discussion ensued regarding how the Transfer Tax Delta should be paid, whether out of bond project funds or directly by OBR. The Board agreed that OBR should obtain clarity from legal counsel from the bond financing on how the Transfer Tax Delta should be paid. Mr. Whisman further explained that the bottom row of the realty transfer tax breakdown reflects the net amount of project funds that will be available to OBR after subtracting the Transfer Tax Delta and the expenses incurred in connection with the bond financing. A discussion regarding the remaining project funds and the process for requesting/accessing such funds ensued. Following such discussion, upon a motion duly made and seconded, the Board unanimously approved the use of the balance of the Citizens Bank interest account allocable to OBR to pay transfer taxes, as reflected in the realty transfer tax breakdown reviewed and discussed by the Board.

Next, Mr. Whisman reviewed with the Board the **attached** Financial Statements for the five (5) month period ended November 30, 2018. First, Mr. Whisman reviewed with the Board OBR's Balance Sheet at November 30, 2018, compared to June 30, 2018 (the end of the OBR's fiscal year). Mr. Whisman noted that the Balance Sheet now includes the 2018 bonds. Mr. Whisman reported that OBR's cash decreased from \$1,165,005 at June 30, 2018 to \$911,321 at November 30, 2018 and that OBR's receivables increased from \$1,221,629 at June 30, 2018 to \$1,714,950 at November 30, 2018. Mr. Whisman noted that the primary reason for the decrease in cash and increase in receivables was an increase in payables by the School District of Philadelphia (the "School District"), which related to delayed payment by the School District. Mr. Whisman noted that the School District's payment for October was received December 5, 2018, and thus was not included in the November 30, 2018 Financial Statements. Mr. Delgado explained that the School District recently started manually checking student enrollment and requesting evidence of enrollment, which has caused a delay in receiving payment from the School District, particularly for October 2018 because that was the first month in which such additional enrollment information was required. The Board discussed the Balance Sheet at length, including the new section in the Balance Sheet entitled "Assets Related to 2018 Financing" (which reflects the 2018 bond financing) and the decrease in OBR's days of cash on hand and current ratio since June 30, 2018. Mr. Whisman noted that OBR's days of cash on hand and current ratio were negatively impacted by the delay in the School District payment, but are expected to increase again with such payments.

Mr. Whisman next reviewed with the Board OBR's budget-to-actual performance for the five (5) month period ended November 30, 2018. Mr. Whisman first reviewed with the Board the budget performance of OBR Non-Profit. Mr. Whisman noted that OBR Non-Profit had a net loss of \$326,215 for the five (5) month period, as compared to the budgeted net income of \$208,754 for the same period, resulting in an unfavorable variance of \$534,969. Mr. Whisman explained that the negative variance resulted from, among other things, year-to-date rental income being less than budgeted due to timing of payments under a new rent schedule, and amortization and interest expenses being higher than budgeted. The Board discussed the key variances from the budget, including rental income and how the bond financing and resulting increase in debt service affected OBR Non-Profit's budget-to-actual performance. The Board also discussed how rent payments would be paid as among OBR, CAP and the bond trustee.

Mr. Whisman next reviewed with the Board the budget-to-actual performance of OBR CHS, which had a net loss of \$692,149 for the five (5) month period, as compared to the budgeted net income of \$144,735 for such period, and the Harcum Program, which had a net loss of \$57,713 for the five (5) month period, as compared to the budgeted net loss of \$72,424. Mr. Whisman explained the key variances from the budget and answered questions from Board members regarding several of the line items from the budget-to-actual reports.

Third, Mr. Delgado provided an update regarding the Strawberry Mansion campus. Mr. Delgado reported that over the last four (4) months the campus increased enrollment up to 150 day students and 100 night students, but that he does not expect to reach the enrollment goal of 250 day students (350 students total) during the current school year. Mr. Delgado explained that, for a number of reasons, including geographic location, enrollment for the campus is challenging. Mr. Delgado reported that, due to enrollment being significantly lower than budgeted, the campus is losing money. Mr. Delgado explained that the surplus of \$347,000

originally projected (which assumed full enrollment) is now projected to be only \$30,000 if the status quo continues, even with payroll and benefit savings factored into the projections. Mr. Delgado reviewed with the Board the **attached** Funding Analysis, which sets forth the lost revenue, current savings and potential additional savings that would result from reducing the Strawberry Mansion campus day program to 150 day students through the end of the school year, rather than seeking to increase enrollment to the original goal of 250 day students. The Board discussed, at length, the enrollment challenges at the Strawberry Mansion campus, the funding analysis and challenges, and how such challenges affect OBR's other campuses. Following such discussions, the Board directed Mr. Delgado and the rest of OBR's administration to reduce enrollment for the day program at the Strawberry Mansion campus to 150 students and to make the employee cuts necessary to attain the additional savings projected in the funding analysis that was presented to the Board. The Board agreed to revisit the status of the Strawberry Mansion campus at the next Board meeting to evaluate whether the smaller day program is financially sustainable and what options OBR has with respect to such program.

Fourth, Mrs. Velasquez provided updates regarding the Fairhill, Simpson, Elmwood and Strawberry Mansion campuses. Mrs. Velasquez reported that 88 students across the Fairhill, Simpson and Elmwood campuses would be graduating on January 18, 2019. Mrs. Velasquez also reported that School District operational visits were scheduled for January 2019 for each of the campuses and reported on the work being done in anticipation of such visits. Mrs. Velasquez also informed the Board of a number of events, programs and initiatives occurring at the different campuses, including increased student mentorship, increased home visits, coaching for teachers and other staff on how to be welcoming to students to support attendance and new student incentive programs. Mrs. Velasquez also provided an update regarding the Strawberry Mansion night program and the open dialogue about what night students are looking for, including the potential to graduate faster. Mr. Delgado reported that OBR contracted for educational software that will allow night students to take additional online courses if they can make and maintain honors with their existing workload. Mr. Proietta requested that the contract for such software, and the cost thereof, be shared with the Board and Mr. Delgado agreed to provide the contract and cost information to the Board.

Fifth, Ms. Johnson provided the Board with an update on the Harcum Program. Ms. Johnson reported that the spring session kicks off on January 14, 2019 and that 14 new student have been enrolled for the session. Ms. Johnson noted that the enrollment goal for the Harcum Program's spring session is 115, which will include 81 returning students, 14 recently enrolled new students and, hopefully, 20 additional new students to be enrolled before the spring session begins. Ms. Johnson also provided an update regarding the Harcum Program's new recruitment plan and reported that OBR has the highest overall enrollment of all Harcum sites, so Harcum College has agreed to extend the enrollment deadline for OBR until January 1, 2019. Mr. Delgado also reported that the Harcum Program funds previously provided to be used only at the Harcum College bookstore have been eliminated and replaced with unrestricted funds paid directly to OBR to be used for the Harcum Program as OBR deems appropriate

Sixth, the Board discussed matters regarding Board composition and the possibility of adding additional independent Board members. Mr. Proietta nominated Nilda Ruiz and Lauren Nelson as potential new Board members and the other members of the Board were in agreeance. Mr. Proietta noted that he would invite Ms. Ruiz to the next Board meeting, at which the

members of the Board could vote on her election to the Board. Mr. Proietta suggested that Ms. Nelson be invited to join the Board beginning with the first organizational meeting of the Board in the new fiscal year, which meeting typically occurs in September. The other members of the Board agreed.

Seventh, Mr. Proietta asked if there was any new business to come before the Board.

There being no new business to come before the Board, Mr. Proietta reminded the Board that the next Board meeting is scheduled for Wednesday, February 20, 2019 at 2:00 p.m.

Thereafter, upon a motion duly made, seconded and unanimously approved, the meeting was adjourned at 3:06 p.m.