

**INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES
D/B/A ONE BRIGHT RAY, INCORPORATED
Minutes of a Meeting
Of the Board of Directors
Held February 19, 2020**

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 on February 19, 2020. 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; Cassandra McLaughlin, MS; and Lauren Nelson, MA. Also present at the meeting were Marcus A. Delgado, Chief Executive Officer and Secretary; Joycet Velasquez, Chief Academic Officer; Frances Velazquez, Director of Financial Services; Meagan Klinger, English Teacher and Senior Skills Teacher; Michael Whisman, accountant with Charter Choices, Inc.; Joseph Martin, financial analyst with Charter Choices, Inc.; and Maria Granholm, Esq., of Duane Morris LLP. Board member Aykema Mabery-Austin, MBA was absent from the meeting.

Prior to the general session of the Board meeting, the Board met in executive session to discuss legal matters.

Mr. Proietta served as Chair of the meeting and, having met a quorum, called the meeting to order at 4:03 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 20, 2019. 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 20, 2019 were unanimously approved by the Board. Ms. McLaughlin joined the meeting immediately following the approval of the minutes and, thus, did not participate in such approval. The Board ordered that the minutes be placed in OBR’s minute book.

Second, Mr. Proietta requested a financial update. Mr. Martin reviewed with the Board the **attached** Financial Statements for the seven (7)-month period ended January 31, 2020. Mr. Martin first reviewed with the Board OBR’s budget-to-actual performance for such period. Mr. Martin noted that Mr. Martin reviewed with the Board the budget performance of OBR Non-Profit, noting that OBR Non-Profit had a net loss of \$278,257 for the period and an adjusted end-of-year projection of a net loss of \$473,900 (as compared to a budgeted net loss for the year of \$467,643). Mr. Martin explained that the unfavorable variance, as between the end-of-year projection and the budget, resulted from, among other things, higher than budgeted professional fees, including legal and bank fees related to the bond issuance and the establishment of a line of credit. Mr. Martin next reviewed the budget-to-actual performance of OBR CHS, noting that OBR CHS had a net loss of \$506,535 for the seven (7)-month period and projected an end-of-year net income of \$218,048 (\$43,041 less than budgeted). Mr. Martin explained that the negative variance (projection versus budget) related to lower than budgeted revenues due to reduced enrollment and graduation dues collected, partially offset by lower than lower than budgeted expenditures. Mr. Martin also noted that the Harcum Program was projecting a net loss of \$257,304 for the fiscal year, as compared to a budgeted net loss of \$205,308 (a negative

variance of \$51,996). Mr. Martin further noted that OBR projected a net loss of \$247,304 for the fiscal year, compared to a budgeted net loss of \$205,308 for the fiscal year (a \$51,996 negative variance).

Next, Mr. Martin reviewed with the Board OBR's Balance Sheet at January 31, 2020, compared to June 30, 2019 (the end of the OBR's prior fiscal year). Mr. Martin reported that OBR's cash decreased from \$1,165,005 at June 30, 2019 to \$716,218 at January 31, 2020 and that OBR's receivables increased from \$1,221,629 at June 30, 2019 to \$1,796,902 at January 31, 2020. Mr. Martin explained that the primary reasons 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, but noted that OBR has been able to maintain a stable cash position, despite delays in receipt of School District payments, by utilizing OBR's line of credit. Mr. Delgado provided the Board with details regarding implementation by the School District of a new, online invoicing platform for the next school year, and noted that OBR expects additional delays in payment by the School District in connection with such implementation. The Board discussed at length the estimated and historical timing of payment by the School District, enrollment at the different OBR campuses (including opportunities to increase enrollment), key variances from the budget, the impact of depreciation expenses on OBR's financial statements and OBR's overall financial outlook for the fiscal year.

Third, Mr. Martin directed the Board's attention to the **attached** final copy of the Financial Statements and Independent Auditor's Report for the Fiscal Year ended June 30, 2019 (the "Auditor's Report"), which was approved by the Board at the last Board meeting. Ms. Velazquez reported that the Auditor's Report was submitted to the School District, and would be posted to OBR's website.

Fourth, Ms. Velazquez reported to the Board that OBR utilized \$250,000 of its line of credit with PNC Bank, half of which was repaid upon receipt of OBR's December payment from the School District and the other half of which would be repaid once OBR receives its January payment from the School District. Ms. Velazquez explained that the line of credit permits OBR to make interest-only payments (interest and principal), but that, to the extent practicable, OBR prefers to make full payments to minimize interest incurred. The Board discussed the preference to maintain a \$0 balance to avoid interest and agreed that OBR should pay off any balances if/when practicable and simply draw on the line of credit further in the future, as needed. The Board also discussed whether a larger line of credit would be beneficial to have available, and the costs associated with increasing such line of credit, and agreed to revisit such topic in the future if the current line of credit of \$500,000 is heavily utilized.

Fifth, Ms. Velazquez reviewed with the Board OBR's Conflict of Interest Policy and asked each Board member to sign the **attached** Consent Form for Annual Conflict of Interest Disclosure for Board Members.

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 delegation of responsibility in the policy and that OBR has a group of individuals (including Deans, food servers, student mentors, teachers, etc.) who have volunteered to serve on a committee handling

the food program and School Wellness Policy. The Board discussed the policy, compliance with the policy, receptiveness by OBR students, parents and employees to the policy, exemptions under the policy, the individualization of the policies by campus and various other matters related thereto. Following such discussion, upon a motion duly made and seconded, the School Wellness Policy was unanimously approved by the Board and the Board authorized and directed OBR's President to sign the policy on behalf of OBR.

Seventh, Mr. Delgado reviewed the **attached** letter from the School District, dated January 21, 2020 regarding compliance with the School District's requirements to maintain student grades in the student information system utilized by the School District. The Board discussed at length various concerns and issues with the School District's student information system, including accessibility and control of student data, loss of administrative functions, implementation issues and timing. Mr. Delgado noted that the letter requires compliance by February 21, 2020, but that such date is not feasible and, accordingly, per the **attached** letter, dated February 11, 2020, OBR requested an extension to August 31, 2020. Mr. Delgado reported that he received verbal approval of the requested extension and would follow-up for written confirmation of such extension. The Board also discussed the length of the current term of OBR's contract with the School District, which extends until 2022, followed by an optional 2-year renewal term.

Eighth, Mr. Delgado provided an update regarding OBR's recently revamped human resources department, noting various changes including new leadership and separation from OBR's business office. Mr. Delgado reported that midyear evaluations of all employees were recently completed and that, out of approximately 125 employees, there were only a few employees with whom OBR had concerns (which concerns were communicated to such individuals). The Board briefly discussed additional personnel matters, including nurse coverage/availability for the campuses and special education resources.

Ninth, Mrs. Velasquez provided an update on the various OBR campuses. Mrs. Velasquez first reported that OBR has not yet received outcomes/feedback from the operational walkthroughs of the various campuses. Mrs. Velasquez also provided the Board with updates regarding to-be-scheduled instructional visits to the campuses by the School District, winter and summer graduations, the start of OBR's co-ed basketball season and the success of OBR's Middle States midterm review. Next, Mrs. Velasquez asked Ms. Klingler to provide an overview of the internship program she oversees. Ms. Klingler discussed with the Board her background with OBR and current roles, then reviewed with the Board the **attached** presentation regarding OBR's internship program. Ms. Klingler responded to a number of questions and comments from the Board throughout her presentation.

Tenth, Mr. Delgado, in Ms. Johnson's absence, provided the Board with an update regarding the Harcum Program. Mr. Delgado reported that the Harcum Program's spring graduation is scheduled for May 9, 2020 and that OBR expects the Harcum Program to have 25 graduates this year. Mr. Delgado further reported that the Harcum Program's new enrollment goal is to have 48 new students enrolled after the add/drop period ends. Mr. Delgado also noted that the Harcum Program has begun holding placement tests on Wednesdays after dismissal in order to make such tests more accessible to OBR CHS students.

Eleventh, Mr. Proietta asked if there was any new business to come before the Board. The Board briefly discussed the addition of Board members and the type of background/experience that would be most beneficial to OBR.

There being no additional new business to come before the Board, Mr. Proietta noted that the next Board meeting is scheduled for Wednesday, April 23 (not 22, as noted in the **attached** 2019-2020 Board Meeting Tentative Schedule), 2020 at 4:00 p.m.

Thereafter, upon a motion duly made, seconded and unanimously approved, the meeting was adjourned at 5:26 p.m.