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**INTERNATIONAL EDUCATION AND  
COMMUNITY INITIATIVES  
DBA ONE BRIGHT RAY, INC.  
PHILADELPHIA, PENNSYLVANIA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2023**

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INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES  
DBA ONE BRIGHT RAY, INC.

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## INDEPENDENT AUDITOR'S REPORT

December 19, 2023

To the Board of Directors  
International Education and Community Initiatives  
dba One Bright Ray, Inc.  
Philadelphia, Pennsylvania

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of the International Education and Community Initiatives (a not-for-profit Pennsylvania corporation), dba One Bright Ray, Inc. ("the Organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the

To the Board of Directors  
International Education and Community Initiatives  
dba One Bright Ray, Inc.

design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

#### Emphasis of a Matter

As discussed in Note B to the financial statements, the Organization has adopted the requirements of Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Topic 842, "Leases." The statement provides additional guidance regarding the identification of leases for accounting and financial reporting purposes and how the leases should be reported. Our opinion is not modified with respect to this matter.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

To the Board of Directors  
International Education and Community Initiatives  
dba One Bright Ray, Inc.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Barbacane, Thornton & Company LLP*  
BARBACANE, THORNTON & COMPANY LLP

**INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES  
DBA ONE BRIGHT RAY, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2023**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 3,285,872
Accounts receivable from School District of Philadelphia	2,251,986
Other accounts receivable	3,975
Prepaid expenses	27,581
Total Current Assets	<u>5,569,414</u>

NONCURRENT ASSETS:

Rent receivable	588,840
Restricted cash and cash equivalents	1,711,693
Operating right-of-use assets	3,248,616
Property and equipment, net	10,342,005
Total Noncurrent Assets	<u>15,891,154</u>

TOTAL ASSETS	<u>\$ 21,460,568</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$ 218,661
Deferred revenue	15,400
Accrued interest payable	77,624
Current maturities of long-term debt	223,674
Operating lease liability	90,933
Total Current Liabilities	<u>626,292</u>

NONCURRENT LIABILITIES:

Operating lease liability	3,163,976
Long-term debt, net of current maturities	16,756,108
Total Noncurrent Liabilities	<u>19,920,084</u>

TOTAL LIABILITIES	<u>20,546,376</u>
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NET ASSETS:

Without donor restrictions	914,192
TOTAL NET ASSETS	<u>914,192</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 21,460,568</u>
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The accompanying notes are an integral part of these financial statements.

**INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES  
DBA ONE BRIGHT RAY, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

REVENUES WITHOUT DONOR RESTRICTIONS:	
Program revenues	\$ 12,947,340
Rental income	1,201,647
Student activity fees	5,042
Interest income	65,428
Other revenues	<u>132,796</u>
TOTAL REVENUES WITHOUT DONOR RESTRICTIONS	<u>14,352,253</u>
EXPENSES	
Program services	9,473,744
Management and general	<u>4,186,548</u>
TOTAL EXPENSES	<u>13,660,292</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	691,961
NET ASSETS, BEGINNING OF YEAR	<u>222,231</u>
NET ASSETS, END OF YEAR	<u><u>\$ 914,192</u></u>

The accompanying notes are an integral part of these financial statements.

**INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES  
DBA ONE BRIGHT RAY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services	Management and General	Total
EXPENSES:			
Salaries	\$ 5,135,880	\$ 2,645,756	\$ 7,781,636
Payroll taxes	444,441	228,955	673,396
Employee benefits	792,353	408,182	1,200,535
Total Salaries and Related Expenses	6,372,674	3,282,893	9,655,567
Advertising expense	-	50,417	50,417
Bank charges	-	10,733	10,733
Depreciation	549,781	283,220	833,001
Dues and subscriptions	-	14,047	14,047
Equipment rental and maintenance	-	55,844	55,844
Insurance	78,964	40,679	119,643
Interest expense	1,051,230	-	1,051,230
Occupancy	272,872	140,570	413,442
Postage	-	2,432	2,432
Printing and reproduction	-	5,693	5,693
Professional fees	277,535	-	277,535
Program costs and supplies	783,297	-	783,297
School district fee	-	255,000	255,000
Telephone and internet charges	70,734	36,439	107,173
Travel	3,351	1,727	5,078
Vehicle expenses	13,306	6,854	20,160
TOTAL EXPENSES	\$ 9,473,744	\$ 4,186,548	\$ 13,660,292

The accompanying notes are an integral part of these financial statements.

**INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES  
DBA ONE BRIGHT RAY, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 691,961
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	833,001
Amortization (component of interest expense)	31,326
Decrease (Increase) in:	
Accounts receivable from School District of Philadelphia	431,388
Other accounts receivable	23,353
Prepaid expenses	83,624
Increase (Decrease) in:	
Accounts payable and accrued expenses	(2,764)
Accrued interest payable	77,624
Deferred revenue	15,400
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>2,184,913</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisition of furniture and equipment	<u>(39,885)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(39,885)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Repayment of long-term debt	<u>(240,000)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(240,000)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,905,028
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,092,537</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,997,565</u>
CASH AND CASH EQUIVALENTS	\$ 3,285,872
RESTRICTED CASH AND CASH EQUIVALENTS	<u>1,711,693</u>
	<u>\$ 4,997,565</u>
SUPPLEMENTAL DISCLOSURES:	
Interest paid	<u>\$ 1,051,230</u>
Taxes paid	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES  
DBA ONE BRIGHT RAY, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE A PURPOSE OF THE ORGANIZATION

International Education and Community Initiatives (a not-for-profit Pennsylvania corporation), doing business as One Bright Ray, Inc., ("OBR") ("the Organization") leases a facility to a charter school and provides educational support services to four contract schools in the Philadelphia area. The Organization leases its building to the Community Academy of Philadelphia ("CAP"). The Organization contracts with the School District of Philadelphia to operate One Bright Ray Community High School Simpson Campus, One Bright Ray Community High School Fairhill Campus, One Bright Ray Community High School Elmwood Campus, and One Bright Ray Community High School Mansion Campus; these facilities provide high-risk and at-risk youth, between the ages of 16-21, from the inner city of Philadelphia, with a second chance of obtaining a high school diploma.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Financial Statement Presentation

In accordance with the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC"), the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. The Organization currently has no net assets with donor restrictions.

Contributions

In accordance with the FASB ASC section regarding accounting for contributions received and contributions made, contributions received are recorded as support with donor restrictions or support without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Property and equipment

Property and equipment are stated at cost. Expenditures for property and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their cost and related accumulated depreciation and amortization are removed from the accounts, and resulting gains or losses are included in the change in unrestricted net assets. Depreciation and

INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES  
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NOTES TO THE FINANCIAL STATEMENTS

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

amortization are provided by the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

Building improvements	30 years
Vehicles	5 years
Furniture and equipment	5-7 years

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. The Organization has been classified as an organization that is not a private foundation under Sections 509(a)(1) and 170(b)(1)(a)(iv) of the Internal Revenue Code. The Organization did not engage in any unrelated business activities during the fiscal year. Management believes more likely than not that its tax-exempt status and tax positions will be sustained if examined by authorities.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Restricted Cash and Cash Equivalents

In accordance with the bond issuance agreement, the Organization maintains several cash accounts that are restricted for debt service and other purposes.

Debt Issuance Costs

Debt issuance costs consisting of original issue discount, costs of issuance, underwriter's discount, and other related financing costs are presented in the statement of financial position as a direct reduction from the carrying amount of bonds payable, consistent with the presentation of debt discounts. The costs are amortized on a straight-line basis over the life of the related bonds.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES  
DBA ONE BRIGHT RAY, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Recognition of Donor Restrictions

Contributions and grants are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statements of activities as net assets released from restrictions.

Advertising Costs

All costs associated with advertising and promotions are recorded as expenditures in the year incurred.

Right-of-use Asset

The right-of-use asset and the lease liability on the statement of financial position are recognized based on the present value of future cash outflows over the noncancelable lease term, calculated at the commencement of the lease using a risk-free discount rate as determined by management.

Rent Receivable

Rental income is being recognized on a straight-line basis over the life of the lease. The difference between rental income recognized and rents received, as stipulated in the lease, is reflected as "rent receivable" on the statement of financial position.

New Accounting Pronouncement

Effective July 1, 2022, the Organization implemented Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Topic 842, "Leases." The purpose of this statement is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. Though the new standard dramatically changes the presentation of lease assets and lease liabilities on an entity's financial statements, the classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases under the previous lease guidance ("ASC Topic 842").

The Organization has elected the package of practical expedients permitted in ASC Topic 842. Additionally, the Organization has made the following additional elections with regards to the implementation of this new standard:

INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES  
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NOTES TO THE FINANCIAL STATEMENTS

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- The accounting policy election to exclude short-term leases from the scope of ASC Topic 842. A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less and does not contain an option to purchase the underlying asset that the lessee is reasonably certain to exercise. The Organization has elected to apply a simplified method of accounting for short-term leases where lease payments are recognized as income and expense on a straight-line basis over the lease term.
- Implementation retrospectively at the beginning of the period of adoption (July 1, 2022).

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. For expenses not readily traceable to a specific function, an allocation across functions was based on historical averages across functions.

NOTE C PROPERTY AND EQUIPMENT

A summary of property at June 30, 2023 is as follows:

Land	\$ 650,000
Buildings and improvements	18,710,526
Leasehold improvements	1,670,365
Furniture, fixtures, and equipment	1,988,980
	<u>23,019,871</u>
Less accumulated depreciation and amortization	<u>12,677,866</u>
	<u>\$ 10,342,005</u>

Depreciation expense was \$833,001 for the year ended June 30, 2023.

NOTE D CUSTODIAL CREDIT RISK

The Organization maintains its cash in highly rated financial institutions within the Organization's operating area which at times may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The Organization has not

INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES  
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NOTES TO THE FINANCIAL STATEMENTS

NOTE D CUSTODIAL CREDIT RISK (cont'd)

experienced any losses in such accounts. As of June 30, 2023, \$4,694,683 of the Organization's deposits were at risk because they exceeded the FDIC insured limits.

NOTE E RESTRICTED CASH AND CASH EQUIVALENTS

In accordance with the terms of bond agreements, the Organization has established funds that are segregated for specific use and for the security of the bondholders and are maintained by U.S. Bank, an independent trustee ("the Trustee"). (Please see Note F). The funds are maintained in First American Government Obligation Funds, which are cash equivalents. These funds are presented as "restricted cash and cash equivalents" in the accompanying statement of financial position. The following is the composition of those funds as of June 30, 2023:

Project Fund	\$ 71,926
Debt Service Reserve Fund	1,186,950
Repairs and Replacement Fund	250,000
Bond Principal Fund	65,766
Bond Interest Fund	<u>137,051</u>
	<u>\$ 1,711,693</u>

NOTE F LONG-TERM DEBT

On October 1, 2018, the Organization refinanced its existing long-term debt and Series 2002B Bonds totaling \$12,680,000, and also received additional proceeds of \$6,385,000. The refinancing provided for the issuance of Philadelphia Authority for Industrial Development Series 2018A Bonds and Series 2018B Bonds of \$18,785,000 and \$280,000, respectively. The additional proceeds of \$6,385,000 were used to create various required reserve funds (Note E) totaling approximately \$5,600,000, and to pay for financing and accrued interest costs totaling approximately \$785,000. The Series 2018A Bonds are payable to the Trustee over 35 years with interest at 4.5% through June 1, 2029; 5.125% through June 1, 2038; 5.25% through June 1, 2048, and 5.375% through June 1, 2053. The Series 2018B Bonds have been paid off.

The Organization had pledged to provide annual revenues principally, but not limited to, the collections from the Community Academy of Philadelphia ("CAP"), a related party, pursuant to the leases between the two entities. The bond agreements require that the Organization and CAP maintain a debt service coverage ratio of 1.10 to 1.0, lease payment coverage ratio of 1.0 to 1.0, at least 45 days cash on hand, and other financial covenants. However, failure to maintain these covenants would not be deemed defaults but require a management

INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES  
DBA ONE BRIGHT RAY, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE F LONG-TERM DEBT (cont'd)

consultant's report setting forth the reasons for the deficiency, and set forth a plan to correct the deficiency. The Organization and CAP have also pledged all rights, title, and interest to their assets.

At June 30, 2023, the bond payable balance was \$17,930,000.

In the statement of financial position, long-term debt, net consists of the following:

Long-term debt	\$ 17,930,000
Debt issuance costs	<u>(950,218)</u>
Long-term debt	<u>\$ 16,979,782</u>
Current	\$ 223,674
Noncurrent	<u>16,756,108</u>
Long-term debt - net (current)	<u>\$ 16,972,782</u>

Future scheduled maturities of the debt is as follows:

<u>Year Ending June 30,</u>	
2024	\$ 255,000
2025	265,000
2026	275,000
2027	290,000
2028	300,000
2029-2033	<u>16,545,000</u>
	<u>\$ 17,930,000</u>

NOTE G LINE OF CREDIT

The Organization maintains a \$500,000 line of credit ("the Line") from PNC Bank. Interest is payable equal to the sum of the daily Bloomberg Short-Term Bank Yield (BSBY) rate plus 3.00% and expires on July 31, 2023. The line of credit is subject to the same security and financial covenants as the Series 2018A and 2018B bonds. The entire line of credit was available as of June 30, 2023.

INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES  
DBA ONE BRIGHT RAY, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE H LEASING AGREEMENTS

*Lessor*

The Organization leases facilities to CAP, a related party, through a leasing arrangement. The facilities are located at 1100-1140 East Erie Avenue, 1142-1152 East Erie Avenue, and 2816-2822 North Fourth Street, all in Philadelphia, Pennsylvania. The lease period is from October 1, 2018 through June 1, 2053. In addition to the basic rentals, the Organization charges CAP for additional costs including taxes, occupancy, maintenance costs, and other costs incurred by the Organization under the terms of Organization's bond purchase agreement. Payments are due in semi-annual installments.

Minimum annual rental income for the Organization for each year subsequent to June 30, 2023 is as follows:

<u>Year Ending June 30,</u>	
2024	\$ 1,186,481
2025	1,185,006
2026	1,183,081
2027	1,185,706
2028	1,182,656
Thereafter	<u>30,804,488</u>
Totals	<u>\$ 36,727,418</u>

*Lessee*

The Organization subleases a portion of the facilities leased to CAP located at 1142-1152 East Erie Avenue and 2816-2822 North Fourth Street. The sublease is schedule to run through June 1, 2053. In addition, the Organization also has a copier lease which expires in June 2027. The Organization calculated the present value of the rental agreements at the risk-free interest rate as of the incurrence of the leases. As of June 30, 2023, the weighted-average remaining lease term for all operating leases is 28.18 years, and the weighted average rate associated with the leases as of June 30, 2023 is 4.47%.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 90,833	\$ 143,347	\$ 234,180
2025	94,708	139,243	233,951
2026	98,277	135,376	233,653
2027	102,713	131,347	234,060
2028	54,996	128,316	183,312
Thereafter	<u>2,813,382</u>	<u>1,961,254</u>	<u>4,774,636</u>
Totals	<u>\$ 3,254,909</u>	<u>\$ 2,638,883</u>	<u>\$ 5,893,792</u>

INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES  
DBA ONE BRIGHT RAY, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE H LEASING AGREEMENTS (cont'd)

Other Leases

The Organization leases a school facility at 6404 Elmwood Avenue in Philadelphia from the School District of Philadelphia. The lease is renewed annually effective from July 1 to June 30 and is payable at \$7,573 per month with a 3% annual increase. The Organization is charged \$2 per square foot for utilities and is also responsible for all maintenance and occupancy costs. Rent expense was \$95,415 for the year ended June 30, 2023.

The Organization also leases another school facility at 3133 Ridge Avenue in Philadelphia from the School District of Philadelphia. The lease is renewed annually effective from July 1 to June 30 and is payable at \$8,520 per month with a 3% annual increase. The Organization is responsible for all maintenance and occupancy costs. Rent expense was \$122,781 for the year ended June 30, 2023.

NOTE I RELATED-PARTY TRANSACTIONS

In addition to the lease transactions and the debt guarantees disclosed in Notes F and H, respectively, certain board members of the Organization are also employees of CAP.

At June 30, 2023, there was \$121,386 due from the Organization to CAP as a result of various transactions between the two entities.

NOTE J DEFINED CONTRIBUTION PLAN

The Organization sponsors a defined contribution plan ("the Plan") covering all employees with at least one year of service who agree to make contributions to the Plan. The Organization matches participants' contributions to the Plan up to 3% of the individual participant's compensation. Total expense for the year ended June 30, 2022 was \$276,865.

NOTE K FUNDING

The Organization receives funding from the School District of Philadelphia on a monthly basis based on enrollment. The rate of funding per student is determined on an annual basis.

The Organization generally receives federal funding for certain federal breakfast and lunch programs.

INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES  
DBA ONE BRIGHT RAY, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE L LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets consist of unrestricted cash and cash equivalents, accounts receivable from School District of Philadelphia, and other accounts receivable.

The following reflects the Organization's financial assets as of June 30, 2023 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets, at year-end	\$ 5,541,833
Less financial assets held unavailable for general expenditures within one year	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,541,833</u>

The Organization has a goal to maintain financial assets on hand to meet, at a minimum, 90 days of normal operating expenses, which is approximately \$3,368,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As described in Note G, the Organization also has a line of credit available in the amount of \$500,000, which it could draw upon in the event of an unanticipated liquidity need.

NOTE M SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through December 19, 2023, the date the financial statements were available to be issued.