

**INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES
D/B/A ONE BRIGHT RAY, INCORPORATED**

**Minutes of a Meeting
Of the Board of Directors
Held January 24, 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 January 24, 2018. The following Board members were present at the meeting, constituting a quorum: Joseph H. G. Proietta, M.Ed., President and Founder; Anna Duvivier; Alberta P. O'Brien, Ph.D.; Aykema Mabery; Yolanda M. Negrón; and Cassandra McLaughlin. 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; Kara Fisher, Director of Curriculum and Instruction; Michael Whisman, accountant with Charter Choices, Inc. ("Charter Choices"); Joseph Martin, financial analyst with Charter Choices; 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 2:15 p.m.

As the first order of business, Mr. Proietta noted, for the record, that the Board meeting originally scheduled for November 29, 2017, at 2:00 p.m., was cancelled due to scheduling issues. Mr. Proietta also noted that, prior to today's Board meeting, an executive session was held for approximately 25 minutes to discuss personnel issues.

As the second order of business, Mr. Proietta called for a review of the minutes from the meeting of the Board held on October 25, 2017. 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 October 25, 2017 were unanimously approved. The Board ordered that the minutes be placed in OBR's minute book.

Third, Mr. Proietta asked Mr. Whisman to present the attached Financial Statements as of December 31, 2017. Mr. Whisman first reviewed with the Board the budget-to-actual summaries for the six (6) months ended December 31, 2017. Mr. Whisman reviewed the budget performance of OBR Non-Profit, noting that OBR Non-Profit's actual net income from June 30, 2017 was \$39,484, as compared to the budgeted net income of \$46,423 for the same period, resulting in an unfavorable variance of \$6,939. Mr. Whisman noted that the unfavorable variance resulted from higher than budgeted depreciation expenses related to the modular expansion in fiscal year 2017, partially offset by lower than budgeted interest expense.

Mr. Whisman next reviewed with the Board the budget performance of OBR CHS. Mr. Whisman noted that OBR CHS' actual net loss for the six (6) month period was \$328,219, as compared to its budgeted net loss of \$629,279 for the same period, resulting in a favorable variance of \$301,060. Mr. Whisman 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). In response to a question from the Board, Mr. Whisman explained that OBR CHS'

deficit is expected to continue to decrease as payments are received through the end of the current fiscal year.

Mr. Whisman next reviewed with the Board the budget performance of the Harcum Program, noting that the net loss for the six (6) month period ended December 31, 2017 was \$90,683, as compared to the budgeted net loss of \$92,244 for the same period, resulting in a favorable variance of \$1,561. Ms. Nelson explained that the budgeted deficit is a result of the timing of tuition payments, which are expected to be paid in March and September, and that only cohort funds had been received by the Harcum Program through December 31, 2017. The Board discussed the timing of such payments, potential flexibility or options with respect to the timing of such payments and the latest discussions with Harcum College regarding the Harcum Program.

Mr. Whisman reported that OBR's overall net loss, across all programs, was \$379,418, as compared to the budgeted net loss of \$675,100, which resulted in an overall favorable variance of \$295,682.

Mr. Whisman 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 \$1,328,426 at December 31, 2017), 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 \$1,102,064 at December 31, 2017). Mr. Whisman also reported that OBR's current ratio, a measure of its ability to meet current payment obligations, decreased from 13.0 at June 30, 2017 to 4.0 at December 31, 2017 and that days of cash on hand increased from 36 to 69 over the same period. Mr. Whisman explained that the high number of days of cash on hand is a result of the seasonal increase in cash reserves being built up for debt service payments in June 2018 and that the lower current ratio was a result of deferred revenues.

Mr. Whisman also reminded the Board that, under OBR's financial arrangements with its bank, the bank has a put option that allows for the acceleration of all sums due and payable on October 1, 2018 upon 90 days' advance notice. Mr. Proietta asked if the bank had given any indication as to whether it was planning to exercise its put option. Mr. Whisman responded that the bank had not given any indication. Mr. Whisman then discussed with the Board the various efforts being taken to be prepared in the event the bank exercises its put option, including preparing a five (5) year budget and having discussions with other banks regarding financing options.

Fourth, Ms. Velazquez reviewed with the Board the attached Addendum to the Business Services Agreement between OBR and Charter Choices, Inc. (the "Addendum"), which was requested at the last Board meeting. Mr. Proietta commented that the original agreement with Charter Choices, Inc. was characterized as a Management Agreement, but that such characterization is misleading because the actual agreement between the parties did not relate to the management of OBR, but related solely to financial and accounting professional services. Mr. Whisman concurred. The Board reviewed and discussed the proposed Addendum then, upon a motion duly made and seconded, the Board unanimously approved the Addendum.

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

Sixth, Mr. Delgado provided an update in his capacity as Chief Executive Officer of OBR. First, he reported that OBR was approved for a storm water management grant that should save OBR approximately \$60,000 in infrastructure work. Mr. Delgado noted that OBR has begun to work with Infrastructure Solution Services, Inc. to work through timing and logistics. The Board discussed the grant and what the storm water management project would entail for OBR, as well as CAP. Mr. Delgado next discussed OBR's summer graduation and potential locations for the graduation ceremony in lieu of CAP, given that CAP's storm water management project would be underway over the summer. Board members provided suggestions and insights regarding several potential local venues for OBR's summer graduation.

Next, Mr. Delgado reported that OBR employees participated in a harassment training led by Mike Cohen of Duane Morris LLP. Mr. Delgado commented that the training was very insightful and informative, as well as interactive, and led to eye-opening discussions among employees showing how wide ranging perceptions can be of any given workplace interaction. The Board briefly discussed the training, feedback from employees regarding the training and the current environment of heightened awareness with respect to harassment.

Mr. Delgado next reported to the Board that the School District informally advised OBR that the School District expects to give OBR 250 additional student slots for the 2018-2019 school year and that there may be a potential building for OBR. Mr. Delgado advised the Board that he should have more information by the end of the month. The Board briefly discussed the implications of additional student slots and the potential for a building for OBR.

Finally, Mr. Delgado reported that the School District asked OBR to send two (2) employees to attend the 2018 At-Risk National Forum February 18-21, 2018. Mr. Delgado noted that he and two (2) others were hoping to attend, but that he wanted to get the Board's approval given that the School District would only pay for the registration, hotel and flights for two (2) OBR employees. Mr. Delgado explained that the forum would cover various topics, including family engagement, homeless youth and at-risk youths, which were relevant to OBR's student population. After a brief discussion regarding the forum, upon a motion duly made and seconded, the Board unanimously approved Mr. Delgado and two (2) others attending the forum.

Seventh, Ms. Fisher provided campus updates for the Board. Ms. Fisher first reported to the Board regarding recent operational visits to each campus by the School District and the scores received by each campus (Simpson - 36/37; Elmwood 33/37; Fairhill 37/37). She reviewed with the Board the scoring metrics and the areas for improvement for the Simpson and Elmwood campuses and the Board discussed making the results available to the public on OBR's website. Next, Ms. Fisher reported that OBR's winter graduation was held on January 19, 2018 with 117 graduates. Ms. Fisher then updated the Board regarding various changes, updates and initiatives at each of the Simpson, Fairhill and Elmwood campuses, including administration and teacher changes, new clubs and extracurricular activities and student achievements.

Eighth, Ms. Nelson provided the Board with an update on the Harcum Program. Ms. Nelson reported that eight (8) students graduated from the Harcum Program in December and that current enrollment for the Spring semester is 115 students. Ms. Nelson noted that 23 of the 115 students enrolled for the Spring semester are brand new students, which represents the biggest new-student increase in the history of the Harcum Program. Ms. Nelson next discussed various growth opportunities, including the possibility of a program with Saint Joseph's University and Gwynedd Mercy University and the possibility of an adult literacy/ESL program. Ms. Nelson reported that there is virtually no funding for adult literacy/ESL programs and so OBR would have to seek its own grants or do its own fundraising. Marcus commented that Ms. Nelson, with his permission, would be taking a grant writing class, which could be useful if OBR chooses to pursue such a program. The Board discussed the various opportunities OBR could pursue in educating adults and agreed that it would be a great service to OBR's community. Ms. McLaughlin offered to put Ms. Nelson in touch with some of her contacts that may have insight or further connections in the adult education space.

Ninth, Mr. Proietta opened the meeting to any new business to come before the Board. Mr. Proietta noted that he would like OBR's administration to organize a half-day meeting during which the Board would have the opportunity to go see each OBR campus. The other Board members agreed that visiting the different OBR campuses would provide helpful context and knowledge for purposes of serving on the Board. Mr. Delgado agreed to organize such a meeting after the Board determined a date that would work with the Board members' schedules. Mr. Proietta asked if there was any other new business to come before the Board. Hearing none, Mr. Proietta reminded the Board that the next meeting of the Board was scheduled for March 21, 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 3:17 p.m.