

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

**Minutes of a Meeting
Of the Board of Directors
Held October 25, 2017**

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 October 25, 2017. 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; Aykema Mabery; Yolanda M. Negrón; and Cassandra McLaughlin. Also present at the meeting were Marcus A. Delgado, Chief Executive Officer, Secretary and Interim Principal of the Fairhill and Simpson Campuses; Joycet Velasquez, Chief Academic Officer; Frances Velazquez, Director of Financial Services; Lauren Nelson, Director of College Partnerships; Kianna Acabeo, Executive Assistant to the President; Michael Whisman, accountant with Charter Choices, Inc. ("Charter Choices"); Joseph Martin, financial analyst with Charter Choices, and Maria Granholm, Esq., of Duane Morris LLP. Board member Anna Duvivier was absent from the meeting.

Mr. Proietta served as Chair of the meeting and, having met a quorum, called the meeting to order at 2:07 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 August 30, 2017. The Board reviewed the minutes and briefly discussed Mr. Delgado's role as an Interim Principal of the Fairhill Campus. Following such discussion, upon a motion that was duly made and seconded, the minutes of the Board from the meeting held on August 30, 2017 were unanimously approved. The Board ordered that the minutes be placed in OBR's minute book.

Second, Mr. Proietta asked Mr. Whisman to present the attached Financial Statements as of September 30, 2017. Mr. Whisman first reviewed with the Board the budget-to-actual summaries for the three (3) months ended September 30, 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 \$82,708, as compared to the budgeted net income of \$99,409 for the same period, resulting in an unfavorable variance of \$16,701. Mr. Whisman noted that the unfavorable variance resulted from higher than budgeted depreciation expenses related to the modular expansion in fiscal year 2017. A discussion regarding end of year projections for OBR Non-Profit and the timing of, process for and changes to the depreciation of the modular units ensued.

Mr. Whisman next reviewed with the Board the budget performance of OBR CHS. Mr. Whisman noted that OBR CHS' actual net loss for the three (3) month period was \$913,906, as compared to its budgeted net loss of \$1,027,636 for the same period, resulting in a favorable variance of \$113,730. 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). The Board asked questions regarding, and discussed, the combination of new and experienced teachers hired by OBR and how salaries vary based upon experience level.

Mr. Whisman next reviewed with the Board the budget performance of the Harcum Program, noting that the net loss for the three (3) month period ended September 30, 2017 was \$38,920, as compared to the budgeted net loss of \$61,711 for the same period, resulting in a favorable variance of \$22,791. Thereafter, the Board discussed the recent successes of, and end of year projections for, the Harcum Program and commended Ms. Nelson for the wonderful job she is doing.

Mr. Whisman reported that OBR's overall net loss, across all programs, was \$870,119, as compared to the budgeted net loss of \$989,938, which resulted in an overall favorable variance of \$119,819.

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, 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"). Mr. Proietta pointed out that the numbers listed in the Balance Sheet for June 30, 2016 and June 30, 2017 were identical and should not be. Mr. Whisman agreed and advised the Board that he would correct the numbers as appropriate.

Third, Mr. Whisman directed the Board's attention to a copy of the attached final draft of the Financial Statements and Independent Auditor's Report for the Fiscal Year ended June 30, 2017 (the "Auditor's Report"), which was previously provided to the members of the Board. Mr. Whisman noted that the Auditor's Report included a clean, non-qualified opinion regarding the financial statements and financial position of OBR. Mr. Whisman reviewed the notes to the financial statements included in the Auditor's report, and a discussion ensued regarding (1) note 7 regarding related party leases and (2) whether note 12 was still relevant or necessary. With respect to note 12, the Board concluded that Mr. Delgado should reach out to OBR's legal counsel to discuss whether such note needed to be included in the financial statements. Mr. Whisman asked if there were any further questions or comments regarding the Auditor's Report and there were none.

Fourth, Ms. Velazquez provided several financial and operational updates. First, Ms. Velazquez reported that OBR is adding its Elmwood Campus as an additional site under OBR's food service program/agreement with Lintons. Ms. Velazquez explained that the School District previously provided breakfast and lunch at the Elmwood Campus, but that those meals would now be provided through Lintons. The Board discussed the implementation process, initial expenses and benefits associated with such change in food services. Ms. Velazquez also reported that OBR passed its recent TIAA retirement audit.

Fifth, Mr. Proietta asked Ms. Velazquez for an update on health insurance renewal. Ms. Velazquez discussed OBR's efforts to identify competitive health insurance coverage for OBR and the anticipated increases in the cost of medical and dental insurance, noting that coverage would remain substantially the same.

Sixth, Mr. Delgado provided an update in his capacity as Chief Executive Officer of OBR. First, he discussed OBR's ongoing efforts to identify capital expenditures that may be necessary or desirable in the coming years at OBR's different buildings and campuses in order to

understand what level of funds may be necessary as OBR considers opportunities for refinancing. Next, Mr. Delgado provided leadership updates for each of the Fairhill, Elmwood and Simpson Campuses, including updates regarding recent changes in leadership and a current Principal vacancy at the Simpson Campus. A long discussion regarding the various changes in leadership, strategies for rounding out existing leadership and filling leadership positions ensued. The Board members encouraged an internal promotion to fill the Principal vacancy at the Simpson Campus. Mr. Delgado next discussed OBR's plan to streamline its enrollment process through Powerschool software, to improve OBR's enrollment process, including in terms of efficiency and responsiveness. Mr. Delgado reviewed with the Board the application and enrollment statistics for the 2016 – 2017 school year. The Board members asked several questions regarding the application and enrollment process historically, including the level of information required for enrollment of special education students.

Seventh, Ms. Velasquez provided an update in her capacity as Chief Academic Officer of OBR. Ms. Velasquez reported that module one was finishing up, with a total of 51 graduates across OBR's campuses. Ms. Velasquez noted that OBR provided such great support to, and resources for, students and parents filling out the FAFSA this year that all 51 graduates completed the FAFSA. Ms. Velasquez also provided an update regarding various school-wide enrichment programs, including TABE Academy, OBR's senior seminar class and a new OBR seminar class for incoming students. Mr. Delgado noted that OBR had a 90% student retention rate for module one, which could be attributable to the OBR seminar.

Eighth, Ms. Nelson provided the Board with an update on the Harcum Program. Ms. Nelson reported that the Harcum Program has 108 students enrolled for Fall. She advised the Board that the enrollment goal for Spring is 115-120 students and that recruitment efforts for the Spring would be ongoing in the coming weeks. Ms. Nelson also discussed future funding and the possibility of OBR working directly with Harcum instead of through iLead as an intermediary. Ms. Nelson next discussed various growth opportunities, including the possibility of a bachelors degree program with Chestnut Hill College and looking into an adult literacy program. Finally, Ms. Nelson discussed with the Board continued concerns about the rising Harcum College tuition and what impact that could have on students.

Ninth, Mr. Proietta presented the **attached** 2017-2018 Board Meeting Tentative Schedule to the Board. The Board reviewed the schedule and, upon a motion duly made and seconded, unanimously approved the schedule, subject to any subsequent notice of changes in such schedule. Mr. Proietta also noted that the next meeting of the Board was scheduled for November 29, 2017 at 2:00 p.m.

Tenth, Mr. Proietta asked if there was any new business to come before the Board. Mr. Delgado noted that OBR's agreement with Charter Choices expired and that an updated agreement would be prepared for the Board's review and approval.

There being no further business to come before the Board, upon a motion duly made, seconded and unanimously approved, the meeting was adjourned at 3:21 p.m.