

INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES
D/B/A ONE BRIGHT RAY, INCORPORATED
Minutes of a Meeting
Of the Board of Directors
Held June 15, 2022

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 by videoconference on Wednesday, June 15, 2022. The following Board members were present at the meeting: Joseph H. Proietta, M.Ed., President and Founder; Alberta P. O’Brien, EdD; Aykema Mabery, MBA; and Érica Méndez, BS. Board members Lauren Nelson, MA; Ludmiladia Pitter, BA; and Cassandra McLaughlin, MS were absent from the meeting. Also present at the meeting were Marcus A. Delgado, Chief Executive Officer and Secretary; Frances Velazquez, Director of Financial Services; Michael Whisman, accountant with Charter Choices, Inc.; Kelly Wojitan, Account Manager with Charter Choices, Inc.; and Maria Granholm, Esq., of Duane Morris LLP, legal counsel.

Mr. Proietta served as Chair of the meeting and, having met a quorum, called the meeting to order at 3:04 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 April 27, 2022. The Board reviewed the minutes. Thereafter, upon a motion that was duly made and seconded, the minutes of the Board from the meeting held on April 27, 2022 were unanimously approved by the Board members present at the meeting.

Second, Mr. Proietta requested a financial update. Mr. Whisman reviewed with the Board the attached unaudited financial statements for the ten (10)-month period ended April 30, 2022 (the “Financial Statements”). Mr. Whisman reviewed with the Board the Summary and Management Report included with the Financial Statements, beginning with a review of the actual and projected financial performance of OBR, as compared to budget, for the ten (10)-month period. Mr. Whisman reviewed actual and projected revenue and expenses for each OBR program and key variances related thereto. Mr. Whisman pointed out that OBR is currently projected to have an overall increase in net assets of \$42,588 at the end of the fiscal year, as compared to a budgeted decrease in net assets of \$326,513 (a positive variance of \$369,101). Mr. Whisman noted that, even in spite of the cessation of the Harcum College at OBR program (“Harcum Program”), an increase in net assets of \$13,080 is projected for such program (which is factored into the overall increase in net assets across all OBR programs). Mr. Whisman further noted that OBR Non-Profit is projected to end the year with a decrease in net assets of \$506,691 (which is also factored into the overall increase in net assets across all OBR programs). Mr. Whisman explained that the projected decrease in net assets with respect to OBR Non-Profit is largely driven by non-cash expenses (e.g., depreciation), which are added back for purposes of OBR’s debt covenant calculation. Mr. Whisman confirmed that OBR’s debt service coverage ratio (“DSCR”) of 1.5 well exceeds the 1.10 DSCR required pursuant to OBR’s debt covenants.

Mr. Whisman next reviewed OBR’s summary balance sheet with the Board, noting that OBR’s cash position decreased from \$1,958,878 at June 30, 2021 to \$1,560,053 at April 30, 2022 and OBR’s receivables increased from \$1,869,057 at June 30, 2021 to \$2,567,106 at April

30, 2022, in each case due to the timing of payments by the School District of Philadelphia (the “School District”). Mr. Whisman noted that the School District receivable balance on April 30, 2022 includes the School’s monthly invoices for March and April. The Board discussed the impact of the timing of School District payments and to what extent payments are expected to be received prior to the end of OBR’s fiscal year. Mr. Whisman directed the Board to the budget-to-actual report for the ten (10) months ended April 30, 2022 for additional detail regarding variances to budget for such period.

Mr. Whisman then raised the fact that OBR continues to track the Harcum Program on its financials. The Board discussed the Harcum Program, its financial status (including the approximately \$55,000 such program accumulated and continued to hold) and the appropriate process for transferring such accumulated cash balance to another OBR program and closing out such program’s separate balance sheet. Following such discussions, upon a motion duly made and seconded, the Board members present at the meeting unanimously approved the closing out of the balance sheet for the Harcum Program and the transfer of any existing cash balances from the Harcum Program to OBR Inc. The Board directed OBR’s management to take, or cause to be taken, all such actions as are reasonably necessary to accomplish the foregoing.

Third, Mr. Delgado presented the attached updated draft 2022–2023 budget (the “Draft Budget”) to the Board for review and discussion. Mr. Delgado reported that he met with Dr. O’Brien and Ms. Mabery and discussed in detail the changes in salaries, new positions and other adjustments to the Draft Budget as compared to the draft 2022–2023 budget reviewed and discussed at the last Board meeting and as compared to OBR’s 2021–2022 budget. Mr. Delgado noted various items that are expected to fluctuate, including food program revenues and expenditures, and pointed out that the Draft Budget reflects an increase in net assets of \$1,661,908 for OBR CHS and a decrease in net assets of \$488,857 for OBR Non-Profit. The Board reviewed and discussed the various differences in the Draft Budget as compared to the 2021–2022 budget and projections.

Mr. Delgado also reviewed with the Board a proposed salary scale for OBR’s professional educators for the 2022–2023 school year, reflecting increases in salaries at each step, as presented to and discussed with the Board at the last Board meeting (the “Proposed Salary Scale”) and a new proposed salary range for OBR’s administrators for the 2022–2023 school year, as requested by the Board, reflecting ranges in salaries based upon position and experience (the “Proposed Salary Ranges”). The Board noted that salary scales for those with over 12 years of experience are not expressly set forth in the table in the Proposed Salary Scale. Management explained that professional educators with more than 12 years of experience would receive a cost-of-living adjustment, as permitted by a footnote in the materials provided. Following a discussion regarding the Proposed Salary Scale, the Board asked management to modify the Proposed Salary Scale to (1) specify a five percent (5%) cost-of-living adjustment (increase) for purposes of the 2022–2023 school year with respect to professional educators who have over 12 years of experience (which percentage shall be reassessed annually) and (2) provide that any amounts budgeted, but not used for, salaries may be used for bonuses in the discretion of management. Upon a motion duly made and seconded, the Board members present at the meeting unanimously approved the Proposed Salary Scale, subject to the foregoing modifications.

The Board next discussed the Proposed Salary Ranges. Mr. Proietta referenced the Board's discussions with respect to salaries of OBR's CEO, COO and CAO at the last Board meeting and recommended that the Board approve specific salaries with respect to such positions, which such salaries can be set forth in to-be-drafted employment agreements with OBR. Mr. Delgado proposed for the 2022–2023 fiscal year a five percent (5%) increase in salary for himself, in his capacity as CEO, a five percent (5%) increase in salary for Ms. Duvivier, in her capacity as COO, and approximately a nine percent (9%) increase in salary for Mrs. Velasquez, in her capacity as CAO. In response to a question from the Board, Mr. Delgado confirmed that such salaries do not include any benefits and that benefits are offered to such executives in the same manner in which they are offered to other OBR employees. Following a brief discussion of the proposed salaries for OBR's CEO, COO and CAO, the Board members present at the meeting unanimously approved such salaries for the 2022–2023 school year. The Board requested that employment agreements between such executives and OBR, reflecting such salaries, be prepared for the Board to review.

The Board next revisited the discussion of the Draft Budget and discussed, among other things, the projected end-of-year fund balance, School District revenues under OBR's contract with the School District (including the financial pressures that may exist following the initial three (3) years under such contract), and OBR's ability to meet the DSCR required pursuant to OBR's debt covenants under the Draft Budget. Following such discussions, upon a motion duly made and seconded, the Board members present at the meeting unanimously approved the Draft Budget.

Fourth, Mr. Delgado provided the Board with various updates with respect to OBR. Mr. Delgado discussed the expansion of OBR's evening program to its Simpson campus (approved for 150 slots), the discussions as to the location of such evening program, various program plan adjustments being made to accommodate such expansion, and the ongoing process of interviewing and onboarding students and teachers for such program as well as recruitment of a certified principal for such program. Mr. Delgado noted that the evening program at the Simpson campus will be held four (4) nights per week. Mr. Delgado also provided several OBR CHS updates. Mr. Delgado reported that Prom took place on June 9, 2022 for both day and evening students, with a good showing of students from both programs. Mr. Delgado reported that summer programming options begin July 11, 2022 and OBR is working with its students on credit recovery, with teachers in person to assist and students having the option to participate from home or school. Mr. Delgado noted that graduation is scheduled for August 5, 2022. The Board discussed the anticipated number of graduates as well as plans for the graduation ceremony. Next, Mr. Delgado provided an update as to enrollment and an opportunity to absorb approximately 200 accelerated students from another accelerated program into OBR's programs, which the Board discussed.

Fifth, Mr. Proietta asked if there was any new business to come before the Board. Mr. Delgado raised the topic of an OBR financial committee for the Board's consideration, noting that it was very helpful to have a meeting, in advance of this Board meeting, to discuss in detail OBR's Draft Budget and financial position generally. The Board discussed the possibility of creating ad-hoc financial committee to serve at the pleasure of the Board.

Next, the Board acknowledged that this meeting would be Ms. Mabery's last meeting as a Board member and the Board thanked Ms. Mabery for input, guidance and service over the years.

Finally, there being no further new business to come before the Board, Mr. Proietta noted that the next Board meeting was scheduled to be held by videoconference on Wednesday, September 28, 2022, at 3:00 p.m. and that the remainder of the regularly scheduled Board meetings for the 2022–2023 school year would be scheduled at such meeting. Then, upon a motion duly made, seconded and unanimously approved, the meeting was adjourned at 3:48 p.m.