

**INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES  
D/B/A ONE BRIGHT RAY, INCORPORATED  
Minutes of a Meeting  
of the Board of Directors  
Held March 22, 2023**

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 via videoconference on Wednesday, March 22, 2023. The following Board members were present at the meeting: Joseph H. Proietta, M.Ed., President and Founder; Alberta P. O’Brien, EdD; Cassandra McLaughlin, MS; Lauren Nelson, MA; and Ludmiladia Gomez, BA. Board member Érica De Jesus, BS was absent from the meeting. 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; Monica Hawk, Director of Curriculum and Instruction; Sue Hunt, Director of Accounting Operations with Charter Choices, Inc. (“Charter Choices”); Kelly Wojtan, Account Manager with Charter Choices; 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 3:00 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 30, 2022, which were circulated to the Board in advance of the meeting. 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 November 30, 2022 were unanimously approved by the Board members in attendance at the meeting.

Second, Mr. Proietta requested a financial update. Ms. Hunt reviewed with the Board the **attached** unaudited financial statements for the seven-month period ended January 31, 2023 (the “Financial Statements”). Ms. Hunt first reviewed with the Board the summary and management report, beginning with budget-to-actual performance for such seven-month period. Ms. Hunt noted that OBR Non-Profit is projected to end the year with a deficit of \$432,107, as compared to a budgeted deficit of \$488,858 (a favorable variance of \$56,750), primarily due to higher than projected interest income resulting from higher than projected interest rates. Next, Ms. Hunt noted that OBR Community High School (“OBR CHS”) has a deficit of \$132,337 for the seven-month period, but is projected to end the year with a surplus of \$1,076,080, as compared to a budgeted surplus of \$1,656,908 (an unfavorable variance of \$580,828), due to lower than projected revenues resulting from lower than projected enrollment. Mr. Proietta asked whether the projected year-end surplus takes into account the commitment of the School District of Philadelphia (the “School District”) to pay OBR based upon at least 90% enrollment, regardless of whether actual enrollment is less than 90%. Mr. Delgado confirmed that the Financial Statements take into account such commitment, which was first implemented for the month of January. Ms. Hunt next reviewed the calculation of OBR’s debt service coverage ratio (“DSCR”) and confirmed that OBR’s DSCR of 2.01 is above the DSCR of 1.10 required pursuant to OBR’s debt covenants.

Next, Ms. Hunt reviewed with the Board the balance sheet analysis included in the summary and management report, pointing out that OBR's cash position increased from \$1,446,272 at June 30, 2022 to \$2,500,815 at January 31, 2023, and OBR's receivables decreased from \$2,733,864 at June 30, 2022 to \$2,032,856 at January 31, 2023, in each case, primarily due to the timing of the collection of School District receivables. Ms. Hunt directed the Board to pages 4-6 of the Financial Statements for more detailed OBR program financial reports. The Board and OBR's administration discussed trends related to the timing of receipt of receivables from the School District, and the lower than projected enrollment. Mr. Delgado reminded the Board that, during the past three years (during the COVID-19 pandemic), the School District did not permit OBR to drop students; however, in December 2022 the School Districts required OBR to conduct an attendance audit and drop students who were not actively attending OBR. Mr. Delgado noted that OBR's Strawberry Mansion campus was impacted significantly with enrollment at such campus reduced from approximately 150 to approximately 60-70 students after dropping non-attending students. Per prior Board discussions, Mr. Delgado confirmed that the School District committed to pay for at least 90% enrollment from January 2023 through June 2023; however, OBR will need to reevaluate and discuss with the School District what should happen with such campus after June 2023.

Third, Ms. Velazquez provided an update regarding OBR's deposit accounts and line of credit. Ms. Velazquez reported that OBR opened a new interest bearing deposit account with PNC Bank and transferred cash deposits to such account in order to benefit from higher interest rates. Ms. Velazquez also reported that, given that OBR's operational expenses (including payroll) are approximately \$800,000 per month, OBR's administration would like to increase OBR's current line of credit from \$500,000 to \$1,000,000. A Board member asked whether OBR has ever drawn upon its line of credit and Ms. Velazquez confirmed that OBR has not yet needed to draw upon its line of credit. The Board discussed the costs associated with increasing the line of credit, including a fee of .35% per annum on the unused portion of the line of credit. The Board requested that OBR administration confirm whether such costs and non-use fees are consistent with market terms offered to other schools before proceeding with increasing such line of credit.

Fourth, Ms. Velazquez provided an update regarding several tax matters. First, Ms. Velazquez advised that OBR received a notice about potentially being eligible for a federal tax credit in connection with unemployment taxes paid by OBR during 2020-2022. Ms. Velazquez confirmed that OBR reached out to its legal counsel and is looking into OBR's eligibility for such federal tax credit. Next, Ms. Velazquez confirmed that OBR submitted its IRS Form 990 (as previously approved by the Board) to the IRS and that an executed version would be circulated for the Board's reference. Finally, Ms. Velazquez reported that OBR will need to select and engage a new independent auditor given that the School's prior independent auditor will no longer perform audit services for accelerated schools. Mr. Proietta requested that, at the next Board meeting, OBR administration provide a report regarding OBR's process for identifying and evaluating potential new independent auditors, and provide a recommendation as to who OBR would like to engage as its independent auditor.

Fifth, Mr. Delgado and Ms. Hawk presented the **attached** initial draft budget for 2023-2024 (the "**Draft Budget**") to the Board for review and discussion. Mr. Delgado explained that the Draft Budget assumes 90% enrollment and includes separate budgets for each of OBR CHS

and OBR Non-Profit. Mr. Delgado reviewed with the Board key differences between OBR's 2022-2023 budget and the Draft Budget, and pointed out that the Draft Budget projects a combined surplus at the end of the year of \$1,923,077. Mr. Delgado noted that the Draft Budget reflects a five percent cost of living increase, as well as five percent retention bonuses for teachers (similar to retention bonuses included in the 2022-2023 budget). The Board reviewed and discussed several differences in the Draft Budget as compared to the 2022-2023 budget. Mr. Delgado reminded the Board of a number of items that remain in flux in the budget, including in connection with hiring a new CEO and potential changes in School District funding based upon enrollment, and noted that management would continue to review and refine the Draft Budget for further review at the next Board meeting.

Sixth, Mr. Proietta noted, for the record, that the Board received Mr. Delgado's letter of resignation, dated February 27, 2023, pursuant to which Mr. Delgado is resigning as CEO of OBR, effective April 21, 2023. The Board acknowledged and accepted such resignation and thanked and commended Mr. Delgado for his years of service to OBR and congratulated Mr. Delgado on his new position. Mr. Delgado thanked the Board for the experience and guidance he received in his years with OBR and applauded the mission of OBR and the way in which OBR, including the Board, prioritizes OBR's students. The Board members present at the meeting unanimously approved the appointment of Ms. Hawk as Interim CEO and discussed, at length, the plan for transitioning the CEO role to Ms. Hawk as Interim CEO, and the plan for transitioning the CAO role from Mrs. Velasquez in light of Mrs. Velasquez's previously announced retirement at the end of the school year. Management summarized the transition-related planning and activities already taking place and discussed with the Board the plan for reviewing applications/resumes for the permanent CEO role and the CAO role, for which OBR had already placed advertisements. The Board requested that any applications/resumes for individuals being considered for the permanent OBR CEO or CAO role – whether internal or external applicants – be shared with the Board for review. Mr. Delgado confirmed that Ms. Hawk is applying for the permanent CEO position. Ms. Hawk expressed her appreciation for being given the opportunity to act as Interim CEO of OBR and shared her passion for the mission of OBR and her excitement for OBR's future, despite the loss of Mr. Delgado.

Seventh, Mrs. Velasquez provided several OBR CHS updates. First, Mrs. Velasquez provided an update regarding instructional walkthroughs, which will continue throughout the remainder of the month. Mrs. Velasquez reported that prom is scheduled for May 4 at the same location, but in different rooms, for both day and evening programs. Mrs. Velasquez then provided updated numbers of students graduating from module 1 and module 2 (for both day and evening programs), noting that all graduating students have met the applicable Keystone Pathways requirements under Act 158. Ms. Hawk provided additional detail regarding the various pathways for satisfaction of such requirements and what OBR students have been doing to satisfy such requirements. In response to a question from the Board, Mrs. Velasquez confirmed that the day programs and night programs will have different graduation ceremonies.

Eighth, Mr. Proietta reminded the Board that the next meeting is scheduled to be held by videoconference on Wednesday, April 26, 2023, at 3:00 p.m., which will be after Mr. Delgado's last day with OBR.

Ninth, Mr. Proietta asked whether there was any new business to come before the Board. There being none, upon a motion duly made, seconded and unanimously approved by the Board members in attendance, the meeting was adjourned at 3:47 p.m.