

**INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES
D/B/A ONE BRIGHT RAY, INCORPORATED
Minutes of a Meeting
of the Board of Directors
Held April 26, 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, April 26, 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; Ludmiladia Gomez, BA; and Érica De Jesus, BS. Also present at the meeting were Monica Hawk, Interim Chief Executive Officer; Joycet Velasquez, Chief Academic Officer; Frances Velazquez, Director of Financial Services; Mike Whisman, accountant with Charter Choices, Inc. (“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 3:02 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 March 22, 2023, 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 March 22, 2023 were unanimously approved by the Board.

Second, Mr. Proietta requested a financial update. Mr. Whisman reviewed with the Board the attached unaudited financial statements for the nine-month period ended March 31, 2023 (the “Financial Statements”). Mr. Whisman first reviewed with the Board the summary and management report, beginning with budget-to-actual performance for such nine-month period. Mr. Whisman noted that OBR Non-Profit is projected to end the year with a deficit of \$432,107, as compared to a budgeted deficit of \$428,558 (a favorable variance of \$60,300). Next, Mr. Whisman noted that OBR Community High School (“OBR CHS”) is projected to end the year with a surplus of \$1,359,198, as compared to a budgeted surplus of \$1,656,908 (an unfavorable variance of \$297,710), due to lower than projected revenues resulting from lower than projected enrollment. The Board discussed the continued inclusion of the Harcum Program in the Financial Statements and whether the Harcum Program can be excluded in future financial statements. Mr. Whisman explained that the Harcum Program still has some cash on its books, which will need to be transferred (via intercompany transfer) for financial statement purposes, but clarified that the Harcum Program does not have a separate checking account, so the cash is already sitting in an OBR account. Following such discussion, upon a motion duly made and seconded, the Board unanimously approved the transfer of the remaining cash balance of the Harcum Program to OBR Non-Profit, to be reflected under the “Cash and Cash Equivalents” line item of OBR Non-Profit’s financial statements moving forward and authorized and directed management of OBR to take such actions as are reasonably necessary to effect such intercompany transfer. Mr. Whisman concluded the discussion of budget-to-actual performance by reporting that, in the aggregate, the OBR programs are projected to end the fiscal year with a

surplus of \$930,640, as compared to a budgeted surplus of \$1,168,050 (an unfavorable variance of \$237,410).

Mr. Whisman next reviewed the calculation of OBR's debt service coverage ratio ("DSCR") and confirmed that OBR's DSCR of 2.26 is above the DSCR of 1.10 required pursuant to OBR's debt covenants.

Next, Mr. Whisman 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 \$2,678,554 at March 31, 2023, and OBR's receivables decreased from \$2,733,864 at June 30, 2022 to \$2,264,586 at March 31, 2023, in each case, primarily due to the timing of the collection of receivables from the School District of Philadelphia (the "School District"). Mr. Whisman directed the Board to page 3 of the Financial Statements for a more detailed consolidated financial details.

Third, Mr. Whisman next presented the attached draft budget for 2023-2024 (the "Draft Budget") to the Board for review and discussion. Ms. Hawk explained that the Draft Budget assumes the same per student rates as the current fiscal year, consistent with OBR's contract with the School District and discussed the impact that enrollment, particularly at OBR's Strawberry Mansion campus, could have on achievement of the revenues reflected in the Draft Budget. Mr. Whisman reviewed with the Board key metrics from the Draft Budget and a number of assumptions upon which the Draft Budget was prepared, including that interest rates would remain high for most of the fiscal year and that enrollment will be at 90% across all OBR campuses and programs. The Board discussed current enrollment at the Strawberry Mansion Campus and the status of negotiating a guaranteed payment equal to 90% of enrollment at Strawberry Mansion, even if enrollment is lower, similar to the guarantee granted during the current school year. During such enrollment discussions, the Board requested an additional break-down that shows the costs and revenues of each of the night programs to better understand the financial performance of those programs as compared to the day programs. The Board also provided input and asked questions regarding various items in or related to the Draft Budget, including food program revenues, distribution of employees and salaries, and requested that such input be considered for purposes of the next draft of the budget for 2023-2024, to be reviewed and approved at the next Board meeting.

Fourth, Ms. Velazquez provided various financial-related updates, including regarding OBR's bond documents which are in the process of being updated (with no change in interest rate related thereto) and the replacement of OBR's independent auditor due to OBR's current auditor no longer providing auditing services for charter schools beyond a transition period. Ms. Velazquez provided insight on the process conducted to-date to identify and interview potential independent auditors and indicated that, based upon such process, OBR management recommends that OBR engage Barbacane Thornton & Company ("BTC"), consistent with the proposal from BTC, which was shared with the Board in advance of the meeting. Ms. Velazquez noted that OBR is still waiting for a proposed engagement letter, but wanted to share the proposal with the Board in the meantime. The Board discussed the appropriate length of the engagement (including the potential for engaging BTC for a one (1)-year trial period before agreeing to a full three (3)-year term) and, given BTC's large influx of clients this year, the desire to have timelines for delivery of drafts and final audits clearly stated in the engagement

letter. Following such discussion, the Board authorized and approved OBR's management to proceed with the negotiation and execution of an engagement letter with BTC, if necessary due to time pressures, for the Board to review and ratify at the next Board meeting. Ms. Velazquez also provided a brief update regarding the employer unemployment tax refund, mentioned at the last Board meeting, to which OBR might be entitled in connection with unemployment taxes paid by OBR in the last couple of years and provided information regarding the potential scope of such refund and the process for applying for such refund.

Fifth, Ms. Hawk provided a number of updates with respect to OBR, Inc. First, Ms. Hawk reviewed with the attached draft 2023-2024 academic calendar with the Board. Ms. Hawk confirmed that the calendar satisfies applicable instructional day and seat hour requirements and provided insight regarding several change to the draft 2023-2024 calendar, as compared to the 2022-2023 calendar. Next, Ms. Hawk provided an update regarding efforts and ideas of the School Improvement Committee, which meets monthly, to increase attendance and engagement of students. Ms. Hawk previewed several of the ideas that have been discussed, which ideas will be presented more formally by the School Improvement Committee next month, at which point OBR will determine which ideas and efforts to implement. Ms. Hawk noted that the committee meetings have proved to be a great way to get input from staff. Ms. Hawk also provided an update regarding OBR's ongoing Chief Academic Officer search process, which is being conducted both internally and externally. Ms. Hawk provided insight on interviews conducted thus far, upcoming interviews, and certain qualifications that are expected for candidates to be considered.

Sixth, Mrs. Velasquez provided several OBR CHS updates. Mrs. Velasquez provided updates on several upcoming events, including prom, which is scheduled for May 4 at the same location, but in different rooms, for both day and evening programs.

Seventh, Mr. Proietta raised, as a topic of new business, the establishment of a Finance Committee, which would meet approximately 4 times per year, include Board members and OBR administrators, and possibly even faculty members if that is desired. The Board discussed the establishment of a Finance Committee as well as an Academic Committee, and the potential benefits, as well as challenges, of establishing such committees, including whether additional members should be added to the Board to ensure sufficient involvement without creating too much of an additional time burden on any one Board member. Following such discussion, Mr. Proietta requested that Board members notify him in the next week or so if they would be willing to serve on one or both such committees. Next, Dr. O'Brien requested that OBR prepare a starting salary scale for upper management roles, such as principals, vice principals, business managers, deans and similar positions, for Board review. Dr. O'Brien also requested that, at the next Board meeting, the Board discuss and consider putting in place a contract for Ms. Hawk, as Interim CEO, which outlines benchmarks that would help inform the trajectory for whether Ms. Hawk would be considered as permanent CEO.

Eighth, Ms. Velazquez reminded the Board that the next meeting is scheduled to be held by videoconference on Wednesday, June 14, 2023, at 3:00 p.m.

Ninth, Mr. Proietta asked whether there was any additional new business to come before the Board. There being none, upon a motion duly made, seconded and unanimously approved by the Board, the meeting was adjourned at 4:12 p.m.