

INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES
D/B/A ONE BRIGHT RAY, INCORPORATED
Minutes of a Meeting
of the Board of Directors
Held June 14, 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, June 14, 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; and Ludmiladia Gomez (Pitter), BA. Also present at the meeting were Monica Hawk, Interim Chief Executive Officer (“CEO”); Joycet Velasquez, Chief Academic Officer (“CAO”); Frances Velazquez, Director of Financial Services; Mike Whisman, accountant with Charter Choices, Inc.; and Maria Granholm, Esq., of Duane Morris LLP, legal counsel. Board members Lauren Nelson, MA; and Érica Mendez (De Jesus), BS, were absent from the meeting.

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 April 26, 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 April 26, 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 eleven (11)-month period ended May 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 eleven (11)-month period. Mr. Whisman noted that OBR Non-Profit is projected to end the year with a deficit of \$423,561, as compared to a budgeted deficit of \$488,858 (a favorable variance of \$65,297). Next, Mr. Whisman noted that OBR Community High School (“OBR CHS”) is projected to end the year with a surplus of \$1,401,399, as compared to a budgeted surplus of \$1,656,908 (an unfavorable variance of \$255,509), due to lower than projected revenues resulting from lower than projected enrollment. 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 \$977,838, as compared to a budgeted surplus of \$1,168,050 (an unfavorable variance of \$190,212).

Mr. Whisman next reviewed the calculation of OBR’s debt service coverage ratio (“DSCR”) and confirmed that OBR’s DSCR of 2.3 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 \$3,107,452 at May 31, 2023, and OBR’s receivables decreased

from \$2,733,864 at June 30, 2022 to \$2,309,386 at May 31, 2023. Mr. Whisman explained that OBR's cash position increased due to the surplus in fiscal year 2023. Ms. Velazquez confirmed the timing of the collection of receivables from the School District of Philadelphia (the "School District"), noting that OBR most recently received its April payment from the School District. Mr. Whisman directed the Board to pages 3-5 of the Financial Statements for more detailed financial information.

Third, Ms. Hawk and Ms. Velazquez reviewed with the Board the attached Strawberry Mansion day program funding analysis showing actual enrollment and performance and estimated performance based upon each of 90% enrollment and 100% enrollment. The Board discussed the levels of enrollment necessary to sustain the Strawberry Mansion day program. Next, Ms. Hawk and Ms. Velazquez reviewed with the Board the attached Strawberry Mansion and Simpson night program funding analyses showing actual enrollment and performance and estimated performance based upon each of 90% enrollment and 100% enrollment for each night program. The Board discussed the levels of enrollment necessary to sustain each of the night programs and how rent costs and administrative positions were taken into account in the funding analysis for each of the night programs. Ms. Hawk advised that OBR continues to work to increase enrollment in, and reduce the costs of, such programs.

Fourth, Ms. Hawk reviewed with the Board a proposed salary scale by year for OBR administrative positions for the 2023-2024 school year, reflecting salaries based upon years of experience (the "Proposed Salary Scale"). Following review and discussion of the Proposed Salary Scale, upon a motion duly made and seconded, the Board approved the Proposed Salary Scale by roll call vote as set forth in Resolution No. 1 attached hereto.

Fifth, Mr. Proietta reviewed with the Board the attached Resolution No. 2, which, if approved, would (1) increase Ms. Hawk's salary to \$140,000, retroactively effective as of May 1, 2023, the date on which she was appointed OBR's Interim CEO, and (2) subject to review and approval by the Board of a contract with Ms. Hawk as permanent CEO (contingent upon satisfactory conclusion of a probationary period), further increase Ms. Hawk's salary to \$150,000. Following review and discussion of Resolution No. 2, upon a motion duly made and seconded, the Board approved Resolution No. 2 by roll call vote as set forth therein.

Sixth, Ms. Hawk reviewed a draft Resolution No. 3 with the Board, which, if approved, would provide non-teaching staff and all teaching staff off of the approved teaching scale earning less than \$100,000 a five percent (5%) salary increase effective as of the applicable contract renewal date, but contingent upon projected revenue in the proposed budget. The Board discussed the draft resolution and proposed that the resolution be revised to also provide a two percent (2%) cost of living salary increase for non-teaching staff and teaching staff off of the approved teaching salary scale earning over \$100,000. Following such discussion, upon a motion duly made and seconded, the Board approved the attached revised Resolution No. 3 by roll call vote as set forth therein.

Seventh, Mr. Whisman next presented the attached draft budget for 2023-2024 (the "Draft Budget") to the Board. Mr. Whisman reviewed the Draft Budget with the Board, explaining that the current 2022-2023 projections are highlighted in blue in the second column and the Draft Budget is highlighted in peach in the third column. Mr. Whisman noted that the

Draft Budget contemplates a year-end deficit, but that such deficit includes non-cash items such as depreciation and amortization, which such non-cash items would not impact OBR's cash and would still enable OBR to satisfy its debt covenants. 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 enrollment assumptions (noted in the far right column of page 2) and explained that the revenue row titled "Miscellaneous Revenue" represents funds that have been, or may be, received from the School District to help with under-enrollment. Given that such revenue is not guaranteed for 2023-2024, the Board requested that such revenue be reduced in the Draft Budget to take a more conservative approach. Following such discussions, upon a motion duly made and seconded, the Board approved Resolution No. 4 **attached** hereto, related to the Draft Budget, as revised, by roll call vote as set forth in such Resolution.*

Eighth, Ms. Velazquez presented a proposal from ECBM, LP for renewal of OBR's commercial insurance. Ms. Velazquez noted that the proposal reflects a two percent (2%) premium increase and that ECBM, LP is the same broker that OBR has used in the past. Following review and discussion of the insurance renewal proposal, upon a motion duly made and seconded, the Board approved the **attached** Resolution No. 5, related thereto, by roll call vote as set forth in such Resolution.

Ninth, Mr. Proietta reminded the Board that the Board needs to approve the replacement of OBR's independent auditor due to OBR's current auditor no longer providing auditing services for charter schools, as discussed at the last Board meeting. Ms. Velazquez reviewed with the Board 1-year and 3-year proposals from Barbacane Thornton & Company LLP ("**BTC**") for such audit services, which proposals were circulated to Board members in advance of the meeting. The Board discussed the proposed new auditor and the pros and cons of a 1-year versus 3-year contract. Following such discussion, upon a motion duly made and seconded, the Board approved OBR entering into a 3-year contract for audit services with BTC, as reflected in the **attached** Resolution No. 6, which was approved by roll call vote as set forth therein. Following such approval, meeting attendees briefly discussed OBR's practice of posting Board-approved minutes to its website.

Tenth, Ms. Hawk reviewed with the Board the **attached** proposed 2023-2024 Board Meeting Tentative Schedule. The Board reviewed the proposed meeting dates and recommended that the proposed June 2024 meeting be moved a week earlier to May 29, 2024. Thereafter, upon a motion duly made and seconded, the Board members present unanimously approved, by voice vote, the 2023-2024 Board Meeting Tentative Schedule, as revised pursuant to the Board's discussion. Next, Ms. Hawk presented (1) the **attached** draft 2023-2024 academic calendar with the Board ("**2023-2024 Academic Calendar**"), which was reviewed and discussed at the last Board meeting and was not modified since such meeting, and (2) the **attached** draft 2023-2024 accelerated day bell schedule ("**2023-2024 Bell Schedule**"). Ms. Hawk noted that OBR is scheduled to start classes one (1) week before the School District. Ms. Hawk reviewed various highlights from the 2023-2024 Bell Schedule, including the rationale for several changes in scheduling. Following Board review and discussion, upon a motion duly made and seconded, the Board members present at the meeting unanimously approved, by voice vote, the 2023-2024 Academic Calendar and the 2023-2024 Bell Schedule.

Eleventh, Mr. Proietta and Ms. Hawk acknowledged that an OBR Finance Committee has not yet been organized, but that the Board still intends to organize such a committee and will endeavor to make progress on the proposed composition of such committee prior to the next Board meeting.

Twelfth, Mrs. Velasquez provided several OBR CHS updates. Mrs. Velasquez reported that OBR's graduation is scheduled for July 28, 2023 updates on OBR's graduations, with 234 OBR graduates expected. Mrs. Velasquez also reported that one of OBR's students, graduating at age 69 from OBR's Strawberry Mansion evening program, was recently featured in a lovely article in the Philadelphia Tribune. The Board thanked Mrs. Velasquez for the updates and acknowledged that this would be her last Board meeting as OBR's CAO. The Board thanked Mrs. Velasquez for her many years of service to OBR and its students, and the huge positive impact that she has had on many students, colleagues and Board members over the years.

Thirteenth, 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 4:06 p.m.