Monica Hawk
Interim CEO
One Bright Ray, Inc.
1142 E. Erie Avenue
Philadelphia, PA 19124

One Bright Ray, Inc. Board Meeting Agenda *(A)*
February 21, 2024 at 3:00P.M.
Via Zoom

I. Call to Order

II. Amend, Review and Approve Minutes
1. Review board minutes from meeting held on December 6, 2023 *(B)*

III. Financials Review & Updates: Charter Choices & Frances Velazquez, Chief Financial Officer
1. Financial Statements as of January 31, 2024 *(C)*
2. Audited Financial Statements & Board letter FY 2022-2023 *(D)*

IV. OBR, Inc. Updates: Monica Hawk, CEO
1. Updates on Staffing *(E)*
2. Enrollment Updates *(F)*

V. CHS Updates: Monica Hawk, CEO
1. Instructional Walkthrough Schedule
    a. Elmwood Campus - 2/20/24
    b. Mansion Day and Night - 2/27/24
    c. Simpson Day and Night - 3/18/24
    d. Fairhill - 4/4/24
2. Summer Programming

VI. New Business
1. Form a finance committee - goal to approve 24-25 budget at next Board meeting
2. Next Board Meeting - Wednesday, April 17, 2024 *(G)*

VII. Motion to Adjourn

INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES D/B/A ONE BRIGHT RAY, INCORPORATED
Minutes of a Meeting of the Board of Directors Held December 6, 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, December 6, 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, Chief Executive Officer ("CEO"); Frances Velazquez, Chief Financial Officer; Jamie Fausnaught, Communications Manager; Mike Whisman, CPA, Founder and Executive Officer with Charter Choices, Inc. ("Charter Choices"); Kelly Wojtan, MBA, Accountant with Charter Choices; and Maria Granholm, JD, of Duane Morris LLP. Board member Érica Mendez (De Jesus), BS, was absent from the meeting.

Mr. Proietta served as Chair of the meeting and, having met a quorum, called the meeting to order at 3:03 PM.

As the first order of business, Mr. Proietta noted, for the record, that the Board received a letter from Lauren Nelson resigning from her position as a member of the Board, effective September 20, 2023. The Board accepted such resignation and the Board members expressed their gratitude for Ms. Nelson's years of service on the Board of OBR, and previously as an employee of OBR. Mr. Proietta suggested discussing the new Board vacancy at the end of the meeting as an item of new business.

Second, Mr. Proietta called for a review of the minutes from the meeting of the Board held on September 20, 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 September 20, 2023 were unanimously approved, by voice vote, by the Board members present at the meeting.

Third, Mr. Proietta requested a financial update. First, Ms. Velazquez reported that PFM Asset Management LLC ("PFMAM") completed the **attached** report with respect to its arbitrage rebate and yield restriction compliance analysis for the period of October 16, 2018 to October 1, 2023 related to OBR's bonds. Ms. Velazquez advised that PFMAM determined that no payment is due and no filing is required with the IRS. Mr. Whisman reminded the Board that OBR is required to have a similar analysis conducted every five years, as required under OBR's bond documentation, to confirm that OBR's bonds are not subject to taxation.

Next, Mr. Whisman reviewed with the Board the **attached** unaudited financial statements for the four (4)-month period ended October 31, 2023 (the "Financial Statements"). Mr. Whisman reviewed OBR's summary budget to actual report for such four (4)-month period, pointing out that (1) revenues for One Bright Ray Community High School ("OBR CHS") are projected to be $1,016,371 under budget, primarily due to decreased enrollment; and (2) OBR is projected to end the year with an increase in net assets of approximately $358,841 (a negative variance of $576,735 as compared to OBR's annual budget). Mr. Whisman next reviewed with the Board OBR's debt covenant calculation, reflecting a debt-service coverage ratio ("DSCR") of 1.76. Mr. Whisman reminded the Board that OBR is required to have a DSCR of 1.10 or higher, and that this is an important metric for OBR to continue to monitor in order to remain in compliance with certain of OBR's bond covenants. A discussion ensued regarding the implications of OBR getting closer to such threshold DSCR and what would happen if OBR's DSCR dropped below 1.10.

Mr. Whisman next reviewed the summary balance sheet with the Board, noting that OBR's cash position decreased from $3,285,871 at June 30, 2023 (unaudited) to $3,315,542 at October 31, 2023 and OBR's receivables remained flat from June 30, 2023 (unaudited) to October 31, 2023, reflecting typical School District payment timing.

Next, Mr. Whisman advised the Board of a new partnership between Charter Choices and the Vertex Education Family of organizations and shared an overview of some additional services available to charter schools through such partnership, including outsourced HR services, marketing services and information technology services.

Mr. Whisman then reviewed with the Board the detailed budget to actual report for the four (4) months ended October 31, 2023, directing the Board to several key variances, including higher than budgeted interest income (due to interest rates staying higher longer than budgeted) and lower than budgeted School District revenue due to lower than budgeted enrollment. Mr. Whisman advised the Board that a meeting is scheduled for January 2024, during which OBR and Charter Choices will evaluate OBR's five (5)-year budget model, analyze expenses and expected enrollment, and further update projections based upon such updated analysis/expectations.

Ms. Hawk reviewed with the Board the **attached** enrollment analysis, which includes adjustments to reflect the School District's last student drop list (i.e., students who have not attended OBR for at least 10 days). Ms. Hawk explained that certain students are protected from being dropped from enrollment and that OBR is continuing to evaluate whether any students on the drop list from the School District are so protected and thus eligible to remain enrolled despite being absent from classes. Ms. Hawk also provided insight regarding a number of ways in which OBR has reduced, and expects to reduce, expenses, and strategies and efforts taken by OBR in order to increase enrollment. Ms. Hawk shared with the Board the **attached** Philadelphia Inquirer article regarding an OBR student, Yesenia Perez, as one example of ways in which OBR may be able to expand its reach to, and enrollment of, more students. A discussion ensued regarding enrollment, including the impact of current enrollment on OBR's financial position and overall morale.

Next, Ms. Velazquez reviewed with the Board the **attached** proposal from Exude, Inc. with respect to the renewal of OBR's medical, dental and ancillary benefit plans. Ms. Velazquez provided an overview of the renewal proposal and noted that the revised renewal proposal reflects a premium increase of 3.8% annually, as compared to the original renewal proposal received from Exude, Inc., which would have resulted in a premium increase of 15.1% annually. Ms. Velazquez confirmed that such policy renewal and premium increase was accounted for within OBR's Board-approved budget.

Next, Ms. Velazquez reviewed with the Board the **attached** proposal from ECBM Insurance Brokers & Consultants with respect to the renewal of OBR's cyber liability insurance. Ms. Velazquez provided an overview of the renewal proposal and noted that the revised renewal proposal reflects a premium increase of 5.0% annually. OBR was unsure whether such cyber liability insurance was already accounted for within OBR's Board-approved budget. Accordingly, upon a motion that was duly made and seconded, the renewal of OBR's cyber liability insurance, consistent with the proposal presented to the Board, was unanimously approved, by roll-call vote, as set forth in the **attached** Resolution No. 12/6/23-1. Mr. Proietta requested that OBR ensure that such cyber liability insurance is included in OBR's budget in future years so that it may be renewed by OBR management in the ordinary course, in accordance with the applicable Board-approved budget.

Ms. Velazquez next advised that OBR's conflict of interest forms would be sent the following day via DocuSign to each Board member. Ms. Velazquez requested that Board members complete and sign the conflict of interest forms as soon as possible. The Board discussed which OBR employees should sign a similar conflict of interest form and concluded that any OBR employee who could control the use or allocation of any material financial resources of OBR should sign a similar, albeit re-titled, conflict of interest form. OBR management agreed to prepare a list of such individuals and coordinate circulation of the form via DocuSign for such individuals to complete and sign.

Fourth, Mr. Proietta requested an update from the CEO. Ms. Hawk first provided a staffing update and reviewed separations and new hires since September 20, 2023. Ms. Hawk discussed OBR's various efforts to balance filling necessary positions, while also taking into account OBR's budget and current enrollment.

Next, Ms. Hawk referenced the earlier enrollment update and discussions. She provided additional insight on the student drop process, and the potential for students to re-enroll even after being dropped. Ms. Hawk noted that OBR is still negotiating with the School District to have the School District assume, for payment purposes, a minimum of 90% enrollment, consistent with accommodations provided by the School District during certain prior periods, in order to afford OBR additional time to increase enrollment.

Fifth, Ms. Hawk provided an update regarding OBR's Middle States accreditation process. Ms. Hawk advised that OBR is in the middle of its Middle States accreditation visits, including a dinner last night, and visits today and tomorrow. Ms. Hawk advised that the Middle States team expects to finish its report and provide an initial read-out of findings to OBR, remotely, on Friday. Ms. Hawk noted that all feedback received from the Middle States team thus far has been positive.

Sixth, Ms. Hawk provided an update to the Board regarding graduation numbers for Module 1.

Seventh, Ms. Hawk reported that OBR received preliminary results from its operational walkthroughs. Ms. Hawk provided an overview of the preliminary results, noting significant growth in student files being perfect, and one comment on education support files. Ms. Hawk advised that written reports are expected in January and that OBR should receive copies approximately a week ahead of their publication in case OBR identifies any discrepancies or disputes any of the findings. Ms. Hawk further advised that, based upon preliminary feedback, she expects OBR to receive higher scores this year.

Eighth, Mr. Proietta asked whether there was any additional new business to come before the Board. A Board member queried whether Board minutes are regularly being posted to OBR's website and Ms. Velazquez confirmed that minutes are posted following Board approval of the same.

As an additional item of new business, Mr. Proietta advised that he had been in touch with Joycet Velasquez and she expressed an interest in joining the OBR Board. Mr. Proietta provided an overview of her experience, including her years of experience with OBR, most recently as Chief Academic Officer, prior to her retirement in June 2023. Thereafter, Mr. Proietta nominated Ms. Velasquez for election to the Board, effective January 1, 2024. Following a brief discussion, upon a motion that was duly made and seconded, the Board accepted and approved such nomination, and elected Ms. Velasquez to the Board, effective January 1, 2024, by roll-call, as set forth in the **attached** Resolution No. 12/6/23-2.

Mr. Proietta asked Ms. Velazquez to reach out to Ms. Velasquez and formally invite her to join future Board meetings as a Board member.

Ninth, there being no additional new business to come before the Board, Mr. Proietta reminded attendees that the next Board meeting is scheduled for Wednesday, February 21, 2024, at 3:00 PM via videoconference. Thereafter, upon a motion duly made, seconded and unanimously approved by the Board, the meeting was adjourned at 4:00 PM.

IECI
Financial Statements
January 31, 2024

Table of Contents

February 2024

Members of the Board of Trustees
IECI

This Summary and Management Report presents information we believe is important to you as members of the school board. We encourage you to review the sections of this report, and we would be pleased to furnish additional information as requested.

1. **Actual to Annual Budget for the seven months ending January 31, 2024**

ACTUAL- ANNUAL BUDGET OBR			
January 31, 2024			
	Actual	**EOY Projection**	**Annual Budget**
OBR non-profit			
Revenue	747,971	1,283,703	1,252,841
Expense	465,741	1,670,138	1,670,138
Change in net assets	282,231	(386,435)	(417,297)
OBR CHS			
Revenue	6,327,434	12,227,697	13,716,917
Expense	6,812,367	11,764,023	12,416,212
Change in net assets	(484,933)	463,674	1,300,704
TOTAL			
Revenue	7,075,405	13,511,400	14,969,758
Expense	7,278,107	13,434,161	14,086,350
Change in net assets	(202,702)	77,239	883,407

- Key variances include:
  OBR CHS:
  - Revenues are projected to be $1,489,220 under budget primarily due to the decreased enrollment of students.
  - Personnel expenditures are projected to be $577,988 under budget due to:
    - Open positions and terminations for instructional and non-instructional salaries $571,696 under budget
    - Reduced OBR and increased school administrative salaries net to $104,631 over budget
    - Employee Benefits $110,659 under budget

  - Over the summer months, Fairhill campus had some major updates including repairing the air conditioner, the roof, and plumbing. These repairs totaled just over $36,000.

- Debt Covenant Calculation:

Debt Covenant Calculation		
		Projected Income
OBR - NonProfit		(386,435)
CHS		463,674
Net		77,239
Depreciation		700,000
Amortization		27,857
		805,096
Interest		942,281
Available for Debt Service		1,747,377
Debt Service		1,151,305
DSCR		1.52

2. Balance Sheet

Balance Sheet Analysis		June 30, 2022 Audited		June 30, 2023 Audited		January 31, 2024
Cash and Equivalents		1,446,272		3,285,871		1,570,839
Receivables		2,733,864		2,255,861		4,014,176
Prepaid Expenses		101,116		27,681		52,778
Accrued Expenses		180,412		211,843		214,043
Net Income (Loss)		(113,808)		691,958		(191,928)

- Cash position decreased by $1,715,032 from June 30 to January 31, 2024, due to delay of receipt of school district revenue. These funds are expected to be received in February.

ONE BRIGHT RAY
Statements of Financial Position
As of January 31, 2024

	(1) OBR Non-profit	(2) OBR CHS	TOTAL	June 30, 2023 Audited
ASSETS				
Current Assets				
Cash and Cash Equivalents	604,529	966,310	1,570,839	3,285,871
District Receivables	-	4,014,176	4,014,176	2,255,861
Prepaid Expenses	(684)	53,462	52,778	27,681
Total Current Assets	**603,845**	**5,033,948**	**5,637,793**	**5,569,412**
Fixed Assets				
Land	650,000	-	650,000	650,000
Buildings	15,856,946	-	15,856,946	15,856,946
Leasehold Improvements	4,065,974	858,914	4,924,887	4,924,887
Furniture, Fixtures & Equipment	-	1,455,268	1,455,268	1,455,268
Vehicles	-	86,884	86,884	86,884
Other Fixed Asset	-	45,886	45,886	45,886
Closing Costs	690,289	-	690,289	690,289
Fixed Assets Total	21,263,209	2,446,951	23,710,160	23,710,160
Right of Use - Lease Asset	-	3,248,616	3,248,616	3,248,616
Accumulated Depreciation	(9,814,255)	(2,863,611)	(12,677,866)	(12,677,866)
Total Fixed Assets	**11,448,954**	**2,831,957**	**14,280,910**	**14,280,910**
Other Assets				
Deferred Costs - Net	555,017	33,823	588,840	588,840
Net Other Assets	**555,017**	**33,823**	**588,840**	**588,840**
Assets Related to 2018 Financing				
Project Fund	74,126	-	74,126	71,926
Repair & Replacement Accounts	250,000	-	250,000	250,000
Debt Service Reserve Fund	1,197,471	-	1,197,471	1,186,950
Revenue Fund	472,327	-	472,327	202,817
Total Assets Related to Financing	**1,993,924**	**-**	**1,993,924**	**1,711,693**
TOTAL ASSETS	**14,601,739**	**7,899,728**	**22,501,468**	**22,150,855**
LIABILITIES & EQUITY				
LIABILITIES				
Current Liabilities			-	
Accounts Payable	(0)	(42,446)	(42,446)	84,441
Accrued Expenses	(6,840)	220,883	214,043	211,843
Deferred Revenues	-	697,900	697,900	15,400
Total Current Liabilities	**(6,840)**	**876,337**	**869,497**	**311,684**
Long-Term Liabilities				
Bonds Payable (Series 2018 A&B)	17,930,000	-	17,930,000	17,930,000
Issuance Cost Discount	(361,927)	101,999	(259,928)	(259,928)
Lease Obligations	-	3,254,909	3,254,909	3,254,909
Total Long-Term Liabilities	**17,568,073**	**3,356,908**	**20,924,981**	**20,924,981**
TOTAL LIABILITIES	**17,561,233**	**4,233,245**	**21,794,478**	**21,236,665**
EQUITY				
Unrestricted	(3,241,725)	4,140,643	898,918	222,231
Net Income	282,231	(474,159)	(191,928)	691,958
TOTAL EQUITY	**(2,959,494)**	**3,666,484**	**706,990**	**914,189**
TOTAL LIABILITIES & EQUITY	**14,601,740**	**7,899,728**	**22,501,468**	**22,150,855**

ONE BRIGHT RAY - NON-PROFIT
BUDGET to ACTUAL REPORT
For the Seven Months Ending January 31, 2024

	[A] Actual - Unaudited	[B] YTD Budget	[C] = [A] - [B] Amount Over (Under) Budget	[D] EOY Projection	[E] Annual Budget	[F] = [D] - [E] Amount Over (Under) Budget
REVENUES						
Rental Revenues						
CAP 1100 E. Erie	582,766	584,837	(2,070)	999,028	1,002,577	(3,549)
OBRCHS Intercompany	106,898	107,277	(379)	183,254	183,904	(650)
Total Rental Income	**689,664**	**692,114**	**(2,450)**	**1,182,281**	**1,186,481**	**(4,200)**
Interest Earned on Debt	58,307	38,710	19,597	101,422	66,360	35,062
TOTAL REVENUES	**$ 747,971**	**$ 730,824**	**$ 17,148**	**$ 1,283,703**	**$ 1,252,841**	**$ 30,863**
EXPENDITURES						
Dues & Fees	-	-	-	-	-	-
Total Operating Expenditures	-	-	-	-	-	-
Debt Service						
Depreciation	-	-	-	700,000	700,000	-
Amortization	-	-	-	27,857	27,857	-
Interest	465,741	471,141	(5,400)	942,281	942,281	-
Total Debt Service	**465,741**	**471,141**	**(5,400)**	**1,670,138**	**1,670,138**	-
Total Expenditures	**$ 465,741**	**$ 471,141**	**$ (5,400)**	**$ 1,670,138**	**$ 1,670,138**	**$ -**
Net Change in Fund Balance	**$ 282,231**	**$ 259,683**	**$ 22,548**	**$ (386,435)**	**$ (417,297)**	**$ 30,863**

ONE BRIGHT RAY - OBRCHS
BUDGET to ACTUAL REPORT
For the Seven Months Ending January 31, 2024

	[A] Actual - Unaudited	[B] YTD Budget	[C] = [A] - [B] Amount Over (Under) Budget	[D] EOY Projection	[E] Annual Budget	[F] = [D] - [E] Amount Over (Under) Budget
REVENUES						
School District Revenue - Day	5,378,800	5,670,000	(291,200)	10,558,800	11,340,000	(781,200)
School District Revenue - Evening	733,600	1,012,500	(278,900)	1,311,100	2,025,000	(713,900)
Revenue from Federal Grants	-	51,000	(51,000)	-	102,000	(102,000)
Food Program Revenue	70,659	57,625	13,034	115,250	115,250	-
Student Revenues	11,380	7,866	3,514	35,130	40,608	(5,478)
Fundraising Revenue	141	625	(485)	1,500	1,500	-
Miscellaneous Revenue	132,855	51,909	80,945	205,917	92,559	113,358
Total School Operations Revenue	**6,327,434**	**6,851,525**	**(524,092)**	**12,227,697**	**13,716,917**	**(1,489,220)**
TOTAL REVENUES	**$ 6,327,434**	**$ 6,851,525**	**$ (524,092)**	**$ 12,227,697**	**$ 13,716,917**	**$ (1,489,220)**
EXPENDITURES						
Salaries						
OBR Administration Salaries	311,331	408,073	(96,742)	560,823	699,553	(138,730)
School Administration Salaries	799,430	674,331	125,099	1,399,357	1,155,997	243,361
Instructional Salaries	1,920,870	2,150,193	(229,322)	3,370,870	3,686,044	(315,174)
Non-Instructional Salaries	1,519,503	1,695,340	(175,837)	2,649,503	2,906,297	(256,795)
Total Salaries	**4,551,134**	**4,927,937**	**(376,803)**	**7,980,553**	**8,447,891**	**(467,338)**
Employee Benefits						
Health and Dental	467,676	527,792	(60,116)	851,115	904,787	(53,672)
FICA	347,456	368,410	(20,954)	607,456	631,560	(24,104)
Retirement Contributions	215,032	187,377	27,655	337,930	368,164	(30,233)
Other Employee Benefits	59,547	51,612	7,935	85,827	88,478	(2,651)
Total Employee Benefits	**1,089,712**	**1,135,192**	**(45,479)**	**1,882,329**	**1,992,988**	**(110,659)**
Professional Fees	308,234	295,395	12,839	515,165	516,892	(1,727)
Cleaning	48,886	45,695	3,191	89,506	76,099	13,407
Utilities	35,861	37,419	(1,559)	64,997	59,862	5,135
Maintenance	76,545	61,803	14,742	94,353	82,152	12,201
Rent	248,242	251,273	(3,031)	455,818	461,170	(5,352)
Auto	652	1,458	(807)	3,356	2,500	856
Insurance	84,886	69,510	15,376	139,181	136,350	2,831
Communications	10,573	57,860	(47,287)	24,437	109,303	(84,867)
Advertising	2,267	4,667	(2,399)	7,867	8,000	(133)
Printing	1,559	3,500	(1,941)	5,731	6,000	(269)
Food Service	56,062	55,773	289	107,974	111,000	(3,026)
Travel	3,651	2,917	734	6,151	5,000	1,151
Supplies	111,234	64,417	46,818	131,663	119,000	12,663
Food	8,626	3,500	5,126	11,126	6,000	5,126
Technology	49,750	40,000	9,750	53,250	52,500	750
Property & Equipment	2,486	10,000	(7,514)	2,986	10,000	(7,014)
Dues & Fees	22,226	16,954	5,272	29,382	29,135	247
Student Activities	70,814	58,435	12,379	125,425	131,370	(5,944)
Professional Development	20,237	18,233	2,004	21,545	31,500	(9,955)
Employee Appreciation	8,102	11,667	(3,565)	10,602	20,000	(9,398)
Student Assessment	626	-	626	626	-	626
Fundraising	-	486	(486)	-	1,500	(1,500)
Total Operating Expenditures	**1,171,521**	**1,110,962**	**60,559**	**1,901,141**	**1,975,333**	**(74,192)**
Total Expenditures	**$ 6,812,367**	**$ 7,174,090**	**$ (361,724)**	**$ 11,764,023**	**$ 12,416,212**	**$ (652,189)**
Net Change in Fund Balance	**$ (484,933)**	**$ (322,565)**	**$ (162,368)**	**$ 463,674**	**$ 1,300,704**	**$ (837,030)**

December 19, 2023

To the Board of Directors
International Education and Community Initiatives
dba One Bright Ray, Inc.
Philadelphia, Pennsylvania

We have audited the financial statements of International Education and Community Initiatives dba One Bright Ray, Inc. ("the Organization") for the year ended June 30, 2023, and have issued our report thereon dated December 19, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 1, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Organization solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Organization is included in Note B to the financial statements. As described in Note B to the financial statements, during the year, the Organization adopted the provisions of Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Topic 842, "Leases." No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive estimates affecting the financial statements were the accumulated depreciation, allocation of functional expenses, and fair value of investments.

- Management's estimate of the accumulated depreciation is based on straight-line method of depreciation over the estimated useful lives of the assets.

- Management's estimate of the allocation of expenses by function is based on the amount of expenses which are applicable to each of the Organization's programs.

- Management's estimate of the fair value of investments is based on quoted market prices in active markets for identical assets, where available, or on directly and indirectly observable inputs.

We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

As part of our audit, we assisted management with the preparation of certain journal entries. The attached schedule summarizes the adjustments we assisted management with. Management has posted these adjustments, and they are included in the financial statements of the Organization.

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no such misstatements noted during our audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no such misstatements noted during our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Organization's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated December 19, 2023.

This report is intended solely for the information and use of the Board of Directors and management of International Education and Community Initiatives dba One Bright Ray, Inc., and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Barbacane, Thornton & Company LLP

BARBACANE THORNTON & COMPANY LLP

Client:	***32049 - One Bright Ray, Inc.***
Engagement:	***32049 - One Bright Ray, Inc***
Period Ending:	***6/30/2023***
Trial Balance:	***3500.01 - NFP Fund Trial Balance***
Workpaper:	***3700.01 - Journal Entries Report***
Fund Level:	***Fund Type***
Index:	***GOV***

Account	Description	W/P Ref	Debit	Credit
Fund: None	**Unassigned**			
Adjusting Journal Entries JE # 2				
To properly record year end accounts payable balances.				
2010	Accounts Payable		11,593.18	
7652	Technology Software			11,593.18
Total			**11,593.18**	**11,593.18**
Adjusting Journal Entries JE # 3				
To record lease liability and asset for implementation of ASC 842				
7441	Rent - Fairhill & Simpson		6,293.00	
xxxxx	Lease Asset		3,248,616.00	
xxxx	Lease Liability			3,254,909.00
Total			**3,254,909.00**	**3,254,909.00**
Adjusting Journal Entries JE # 4				
To record fixed asset activity for the year				
1730	Leasehold Improvements		27,564.00	
1740	Furniture, Fixtures & Equipment		12,322.00	
9001	Depreciation		833,001.00	
1800	Accumulated Depreciation			833,001.00
7431	Building Supplies			13,672.00
7432	Repairs & Renovations			1,912.00
7435	Heating & Air			9,980.00
7437	Security			2,000.00
7752	Furniture			12,322.00
Total			**872,887.00**	**872,887.00**
Adjusting Journal Entries JE # 5				
To record June rent payment to CAP				
7441	Rent - Fairhill & Simpson		15,271.13	
2012	Due to CAP			15,271.13
Total			**15,271.13**	**15,271.13**
Adjusting Journal Entries JE # 6				
To adjust CY year rental income				
1901	Deferred Rent		19,365.00	
5311	CAP - 1100 E. Erie			19,365.00
Total			**19,365.00**	**19,365.00**
Adjusting Journal Entries JE # 7				
To properly record year end accrued expenses.				
7331	Accounting		211.00	
7411	Trash Removal		240.74	
7422	Gas & Electric		1,487.56	
7431	Building Supplies		8,938.11	
7491	Auto Maintenance		37.00	
7532	Cell Phones		375.92	
7539	Postage & Delivery		41.01	
7540	Advertising		120.00	
7571	Food Program Supplies		227.35	
7580	Travel		237.53	
7610	Instructional Supplies		80.11	
7611	Office Supplies		789.16	
7630	Food		213.22	
7654	Tech Supplies		215.67	
7751	Equipment		1,129.00	
7810	Dues & Subscriptions		155.52	
7813	Employment Clearances		20.00	
7912	Graduation		5,313.81	
7916	Student Incentives & Events		1,079.40	
7951	Professional Development		108.63	
7954	Employee Appreciation		1,421.11	
2010	Accounts Payable			22,366.85
7444	Mansion Rent			75.00
Total			**22,441.85**	**22,441.85**

Client: ***32049 - One Bright Ray, Inc.***
Engagement: ***32049 - One Bright Ray, Inc***
Period Ending: ***6/30/2023***
Trial Balance: ***3500.01 - NFP Fund Trial Balance***
Workpaper: ***3700.01 - Journal Entries Report***
Fund Level: ***Fund Type***
Index: ***GOV***

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 8				
To adjust misposting to cap				
1740	Furniture, Fixtures & Equipment		25,083.00	
6399	Miscellaneous other revenue			15,310.00
7752	Furniture			9,773.00
Total			**25,083.00**	**25,083.00**
Adjusting Journal Entries JE # 9				
To record accrued interest at year-end				
9098	Interest Related to 2018 Financ		77,623.00	
2191	Accrued Interest 2018 Financing			77,623.00
Total			**77,623.00**	**77,623.00**
Fund: None	**Adjusting Journal Entries**		**4,299,173.16**	**4,299,173.16**
Fund: None	**Total All Journal Entries**		**4,299,173.16**	**4,299,173.16**
All Funds	**All Journal Entries**		**4,299,173.16**	**4,299,173.16**

INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES DBA ONE BRIGHT RAY, INC.
PHILADELPHIA, PENNSYLVANIA

FINANCIAL STATEMENTS

JUNE 30, 2023

INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES
DBA ONE BRIGHT RAY, INC.

TABLE OF CONTENTS

BTCPA
BARBACANE THORNTON & COMPANY

INDEPENDENT AUDITOR'S REPORT

December 19, 2023

To the Board of Directors
International Education and Community Initiatives
dba One Bright Ray, Inc.
Philadelphia, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the International Education and Community Initiatives (a not-for-profit Pennsylvania corporation), dba One Bright Ray, Inc. ("the Organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the

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To the Board of Directors
International Education and Community Initiatives
dba One Bright Ray, Inc.

design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

Emphasis of a Matter

As discussed in Note B to the financial statements, the Organization has adopted the requirements of Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Topic 842, "Leases." The statement provides additional guidance regarding the identification of leases for accounting and financial reporting purposes and how the leases should be reported. Our opinion is not modified with respect to this matter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

To the Board of Directors
International Education and Community Initiatives
dba One Bright Ray, Inc.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES
DBA ONE BRIGHT RAY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	$ 3,285,872
Accounts receivable from School District of Philadelphia	2,251,986
Other accounts receivable	3,975
Prepaid expenses	27,581
Total Current Assets	5,569,414
NONCURRENT ASSETS:	
Rent receivable	588,840
Restricted cash and cash equivalents	1,711,693
Operating right-of-use assets	3,248,616
Property and equipment, net	10,342,005
Total Noncurrent Assets	15,891,154
TOTAL ASSETS	$ 21,460,568
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES:	
Accounts payable and accrued expenses	$ 218,661
Deferred revenue	15,400
Accrued interest payable	77,624
Current maturities of long-term debt	223,674
Operating lease liability	90,933
Total Current Liabilities	626,292
NONCURRENT LIABILITIES:	
Operating lease liability	3,163,976
Long-term debt, net of current maturities	16,756,108
Total Noncurrent Liabilities	19,920,084
TOTAL LIABILITIES	20,546,376
NET ASSETS:	
Without donor restrictions	914,192
TOTAL NET ASSETS	914,192
TOTAL LIABILITIES AND NET ASSETS	$ 21,460,568

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES
DBA ONE BRIGHT RAY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

REVENUES WITHOUT DONOR RESTRICTIONS:	
Program revenues	$ 12,947,340
Rental income	1,201,647
Student activity fees	5,042
Interest income	65,428
Other revenues	132,796
TOTAL REVENUES WITHOUT DONOR RESTRICTIONS	14,352,253
EXPENSES	
Program services	9,473,744
Management and general	4,186,548
TOTAL EXPENSES	13,660,292
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	691,961
NET ASSETS, BEGINNING OF YEAR	222,231
NET ASSETS, END OF YEAR	$ 914,192

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES
DBA ONE BRIGHT RAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services	Management and General	Total
EXPENSES:			
Salaries	$ 5,135,880	$ 2,645,756	$ 7,781,636
Payroll taxes	444,441	228,955	673,396
Employee benefits	792,353	408,182	1,200,535
Total Salaries and Related Expenses	6,372,674	3,282,893	9,655,567
Advertising expense	-	50,417	50,417
Bank charges	-	10,733	10,733
Depreciation	549,781	283,220	833,001
Dues and subscriptions	-	14,047	14,047
Equipment rental and maintenance	-	55,844	55,844
Insurance	78,964	40,679	119,643
Interest expense	1,051,230	-	1,051,230
Occupancy	272,872	140,570	413,442
Postage	-	2,432	2,432
Printing and reproduction	-	5,693	5,693
Professional fees	277,535	-	277,535
Program costs and supplies	783,297	-	783,297
School district fee	-	255,000	255,000
Telephone and internet charges	70,734	36,439	107,173
Travel	3,351	1,727	5,078
Vehicle expenses	13,306	6,854	20,160
TOTAL EXPENSES	$ 9,473,744	$ 4,186,548	$ 13,660,292

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES
DBA ONE BRIGHT RAY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ 691,961
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	833,001
Amortization (component of interest expense)	31,326
Decrease (Increase) in:	
Accounts receivable from School District of Philadelphia	431,388
Other accounts receivable	23,353
Prepaid expenses	83,624
Increase (Decrease) in:	
Accounts payable and accrued expenses	(2,764)
Accrued interest payable	77,624
Deferred revenue	15,400
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2,184,913
CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisition of furniture and equipment	(39,885)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(39,885)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Repayment of long-term debt	(240,000)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(240,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,905,028
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,092,537
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 4,997,565
CASH AND CASH EQUIVALENTS	$ 3,285,872
RESTRICTED CASH AND CASH EQUIVALENTS	1,711,693
	$ 4,997,565
SUPPLEMENTAL DISCLOSURES:	
Interest paid	$ 1,051,230
Taxes paid	$ -

The accompanying notes are an integral part of these financial statements.

NOTE A PURPOSE OF THE ORGANIZATION

International Education and Community Initiatives (a not-for-profit Pennsylvania corporation), doing business as One Bright Ray, Inc., ("OBR") ("the Organization") leases a facility to a charter school and provides educational support services to four contract schools in the Philadelphia area. The Organization leases its building to the Community Academy of Philadelphia ("CAP"). The Organization contracts with the School District of Philadelphia to operate One Bright Ray Community High School Simpson Campus, One Bright Ray Community High School Fairhill Campus, One Bright Ray Community High School Elmwood Campus, and One Bright Ray Community High School Mansion Campus; these facilities provide high-risk and at-risk youth, between the ages of 16-21, from the inner city of Philadelphia, with a second chance of obtaining a high school diploma.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Financial Statement Presentation

In accordance with the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC"), the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. The Organization currently has no net assets with donor restrictions.

Contributions

In accordance with the FASB ASC section regarding accounting for contributions received and contributions made, contributions received are recorded as support with donor restrictions or support without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Property and equipment

Property and equipment are stated at cost. Expenditures for property and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their cost and related accumulated depreciation and amortization are removed from the accounts, and resulting gains or losses are included in the change in unrestricted net assets. Depreciation and

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

amortization are provided by the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

Building improvements	30 years
Vehicles	5 years
Furniture and equipment	5-7 years

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. The Organization has been classified as an organization that is not a private foundation under Sections 509(a)(1) and 170(b)(1)(a)(iv) of the Internal Revenue Code. The Organization did not engage in any unrelated business activities during the fiscal year. Management believes more likely than not that its tax-exempt status and tax positions will be sustained if examined by authorities.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Restricted Cash and Cash Equivalents

In accordance with the bond issuance agreement, the Organization maintains several cash accounts that are restricted for debt service and other purposes.

Debt Issuance Costs

Debt issuance costs consisting of original issue discount, costs of issuance, underwriter's discount, and other related financing costs are presented in the statement of financial position as a direct reduction from the carrying amount of bonds payable, consistent with the presentation of debt discounts. The costs are amortized on a straight-line basis over the life of the related bonds.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Recognition of Donor Restrictions

Contributions and grants are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statements of activities as net assets released from restrictions.

Advertising Costs

All costs associated with advertising and promotions are recorded as expenditures in the year incurred.

Right-of-use Asset

The right-of-use asset and the lease liability on the statement of financial position are recognized based on the present value of future cash outflows over the noncancelable lease term, calculated at the commencement of the lease using a risk-free discount rate as determined by management.

Rent Receivable

Rental income is being recognized on a straight-line basis over the life of the lease. The difference between rental income recognized and rents received, as stipulated in the lease, is reflected as "rent receivable" on the statement of financial position.

New Accounting Pronouncement

Effective July 1, 2022, the Organization implemented Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Topic 842, "Leases." The purpose of this statement is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. Though the new standard dramatically changes the presentation of lease assets and lease liabilities on an entity's financial statements, the classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases under the previous lease guidance ("ASC Topic 842").

The Organization has elected the package of practical expedients permitted in ASC Topic 842. Additionally, the Organization has made the following additional elections with regards to the implementation of this new standard:

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- The accounting policy election to exclude short-term leases from the scope of ASC Topic 842. A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less and does not contain an option to purchase the underlying asset that the lessee is reasonably certain to exercise. The Organization has elected to apply a simplified method of accounting for short-term leases where lease payments are recognized as income and expense on a straight-line basis over the lease term.

- Implementation retrospectively at the beginning of the period of adoption (July 1, 2022).

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. For expenses not readily traceable to a specific function, an allocation across functions was based on historical averages across functions.

NOTE C PROPERTY AND EQUIPMENT

A summary of property at June 30, 2023 is as follows:

Land	$ 650,000
Buildings and improvements	18,710,526
Leasehold improvements	1,670,365
Furniture, fixtures, and equipment	1,988,980
	23,019,871
Less accumulated depreciation and amortization	12,677,866
	$ 10,342,005

Depreciation expense was $833,001 for the year ended June 30, 2023.

NOTE D CUSTODIAL CREDIT RISK

The Organization maintains its cash in highly rated financial institutions within the Organization's operating area which at times may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. The Organization has not

NOTE D CUSTODIAL CREDIT RISK (cont'd)

experienced any losses in such accounts. As of June 30, 2023, $4,694,683 of the Organization's deposits were at risk because they exceeded the FDIC insured limits.

NOTE E RESTRICTED CASH AND CASH EQUIVALENTS

In accordance with the terms of bond agreements, the Organization has established funds that are segregated for specific use and for the security of the bondholders and are maintained by U.S. Bank, an independent trustee ("the Trustee"). (Please see Note F). The funds are maintained in First American Government Obligation Funds, which are cash equivalents. These funds are presented as "restricted cash and cash equivalents" in the accompanying statement of financial position. The following is the composition of those funds as of June 30, 2023:

Project Fund	$ 71,926
Debt Service Reserve Fund	1,186,950
Repairs and Replacement Fund	250,000
Bond Principal Fund	65,766
Bond Interest Fund	137,051
	$ 1,711,693

NOTE F LONG-TERM DEBT

On October 1, 2018, the Organization refinanced its existing long-term debt and Series 2002B Bonds totaling $12,680,000, and also received additional proceeds of $6,385,000. The refinancing provided for the issuance of Philadelphia Authority for Industrial Development Series 2018A Bonds and Series 2018B Bonds of $18,785,000 and $280,000, respectively. The additional proceeds of $6,385,000 were used to create various required reserve funds (Note E) totaling approximately $5,600,000, and to pay for financing and accrued interest costs totaling approximately $785,000. The Series 2018A Bonds are payable to the Trustee over 35 years with interest at 4.5% through June 1, 2029; 5.125% through June 1, 2038; 5.25% through June 1, 2048, and 5.375% through June 1, 2053. The Series 2018B Bonds have been paid off.

The Organization had pledged to provide annual revenues principally, but not limited to, the collections from the Community Academy of Philadelphia ("CAP"), a related party, pursuant to the leases between the two entities. The bond agreements require that the Organization and CAP maintain a debt service coverage ratio of 1.10 to1.0, lease payment coverage ratio of 1.0 to 1.0, at least 45 days cash on hand, and other financial covenants. However, failure to maintain these covenants would not be deemed defaults but require a management

NOTE F LONG-TERM DEBT (cont'd)

consultant's report setting forth the reasons for the deficiency, and set forth a plan to correct the deficiency. The Organization and CAP have also pledged all rights, title, and interest to their assets.

At June 30, 2023, the bond payable balance was $17,930,000.

In the statement of financial position, long-term debt, net consists of the following:

Long-term debt	$ 17,930,000
Debt issuance costs	(950,218)
Long-term debt	$ 16,979,782
Current	$ 223,674
Noncurrent	16,756,108
Long-term debt - net (current)	$ 16,972,782

Future scheduled maturities of the debt is as follows:

Year Ending June 30,	
2024	$ 255,000
2025	265,000
2026	275,000
2027	290,000
2028	300,000
2029-2033	16,545,000
	$ 17,930,000

NOTE G LINE OF CREDIT

The Organization maintains a $500,000 line of credit ("the Line") from PNC Bank. Interest is payable equal to the sum of the daily Bloomberg Short-Term Bank Yield (BSBY) rate plus 3.00% and expires on July 31, 2023. The line of credit is subject to the same security and financial covenants as the Series 2018A and 2018B bonds. The entire line of credit was available as of June 30, 2023.

NOTE H LEASING AGREEMENTS

Lessor

The Organization leases facilities to CAP, a related party, through a leasing arrangement. The facilities are located at 1100-1140 East Erie Avenue, 1142-1152 East Erie Avenue, and 2816-2822 North Fourth Street, all in Philadelphia, Pennsylvania. The lease period is from October 1, 2018 through June 1, 2053. In addition to the basic rentals, the Organization charges CAP for additional costs including taxes, occupancy, maintenance costs, and other costs incurred by the Organization under the terms of Organization's bond purchase agreement. Payments are due in semi-annual installments.

Minimum annual rental income for the Organization for each year subsequent to June 30, 2023 is as follows:

Year Ending June 30,	
2024	$ 1,186,481
2025	1,185,006
2026	1,183,081
2027	1,185,706
2028	1,182,656
Thereafter	30,804,488
Totals	$ 36,727,418

Lessee

The Organization subleases a portion of the facilities leased to CAP located at 1142-1152 East Erie Avenue and 2816-2822 North Fourth Street. The sublease is schedule to run through June 1, 2053. In addition, the Organization also has a copier lease which expires in June 2027. The Organization calculated the present value of the rental agreements at the risk-free interest rate as of the incurrence of the leases. As of June 30, 2023, the weighted-average remaining lease term for all operating leases is 28.18 years, and the weighted average rate associated with the leases as of June 30, 2023 is 4.47%.

Year Ending June 30,	Principal	Interest	Total
2024	$ 90,833	$ 143,347	$ 234,180
2025	94,708	139,243	233,951
2026	98,277	135,376	233,653
2027	102,713	131,347	234,060
2028	54,996	128,316	183,312
Thereafter	2,813,382	1,961,254	4,774,636
Totals	$ 3,254,909	$ 2,638,883	$ 5,893,792

NOTE H LEASING AGREEMENTS (cont'd)

Other Leases

The Organization leases a school facility at 6404 Elmwood Avenue in Philadelphia from the School District of Philadelphia. The lease is renewed annually effective from July 1 to June 30 and is payable at $7,573 per month with a 3% annual increase. The Organization is charged $2 per square foot for utilities and is also responsible for all maintenance and occupancy costs. Rent expense was $95,415 for the year ended June 30, 2023.

The Organization also leases another school facility at 3133 Ridge Avenue in Philadelphia from the School District of Philadelphia. The lease is renewed annually effective from July 1 to June 30 and is payable at $8,520 per month with a 3% annual increase. The Organization is responsible for all maintenance and occupancy costs. Rent expense was $122,781 for the year ended June 30, 2023.

NOTE I RELATED-PARTY TRANSACTIONS

In addition to the lease transactions and the debt guarantees disclosed in Notes F and H, respectively, certain board members of the Organization are also employees of CAP.

At June 30, 2023, there was $121,386 due from the Organization to CAP as a result of various transactions between the two entities.

NOTE J DEFINED CONTRIBUTION PLAN

The Organization sponsors a defined contribution plan ("the Plan") covering all employees with at least one year of service who agree to make contributions to the Plan. The Organization matches participants' contributions to the Plan up to 3% of the individual participant's compensation. Total expense for the year ended June 30, 2022 was $276,865.

NOTE K FUNDING

The Organization receives funding from the School District of Philadelphia on a monthly basis based on enrollment. The rate of funding per student is determined on an annual basis.

The Organization generally receives federal funding for certain federal breakfast and lunch programs.

NOTE L LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets consist of unrestricted cash and cash equivalents, accounts receivable from School District of Philadelphia, and other accounts receivable.

The following reflects the Organization's financial assets as of June 30, 2023 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

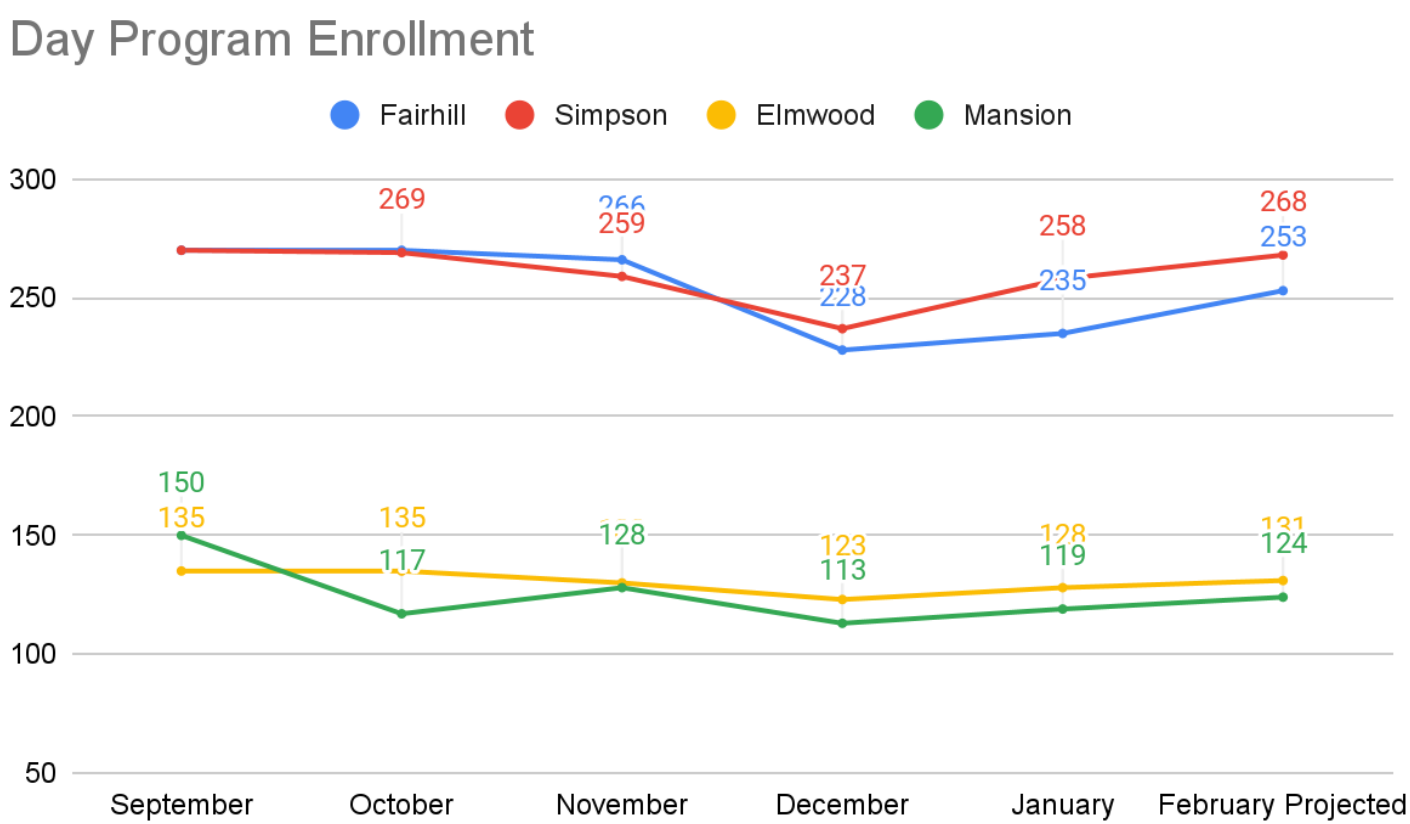
Financial assets, at year-end	$ 5,541,833
Less financial assets held unavailable for general expenditures within one year	-
Financial assets available to meet cash needs for general expenditures within one year	$ 5,541,833

The Organization has a goal to maintain financial assets on hand to meet, at a minimum, 90 days of normal operating expenses, which is approximately $3,368,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As described in Note G, the Organization also has a line of credit available in the amount of $500,000, which it could draw upon in the event of an unanticipated liquidity need.

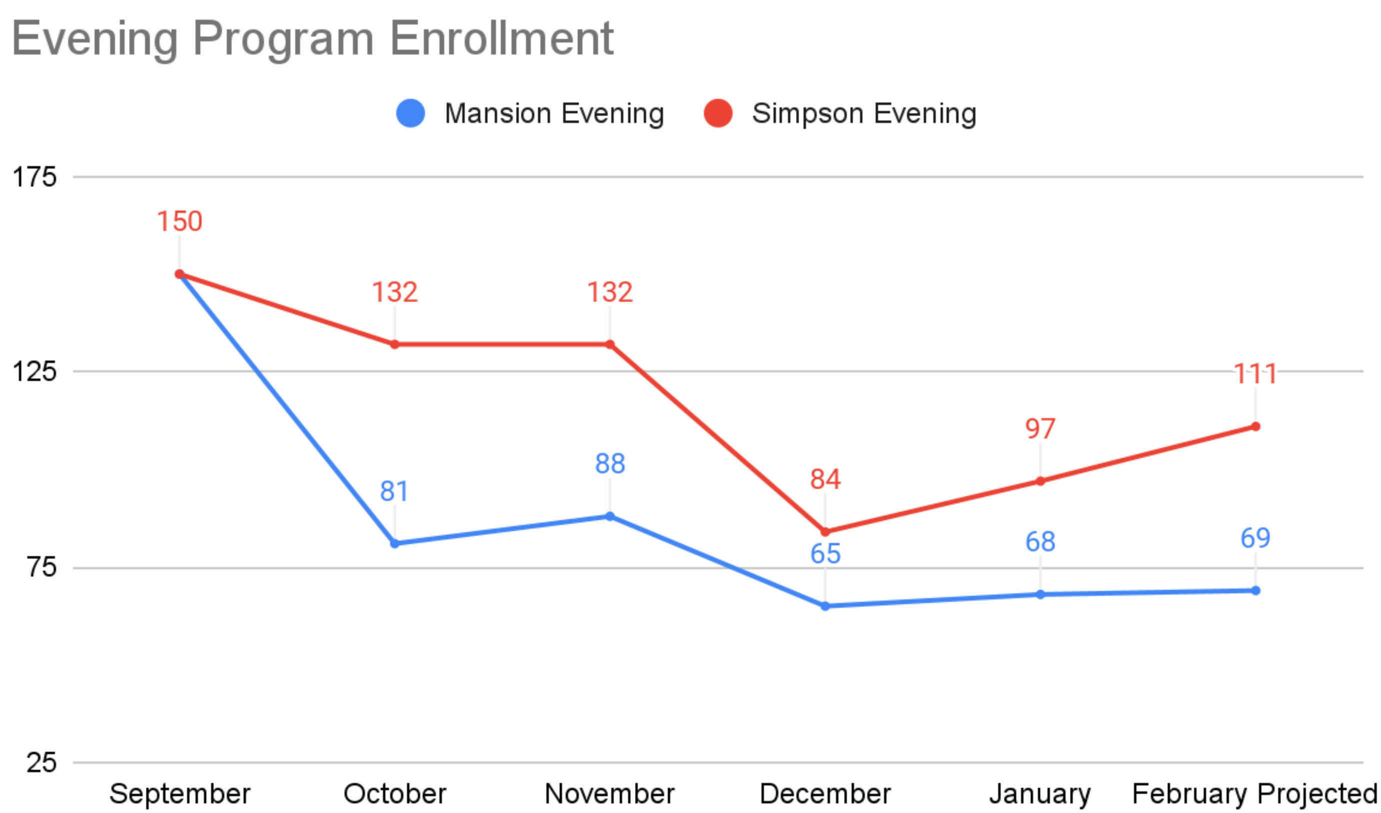
NOTE M SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through December 19, 2023, the date the financial statements were available to be issued.

	Fairhill	Simpson	Elmwood	Mansion	
September	270	270	135	150	
October	270	269	135	117	
November	266	259	130	128	
December	228	237	123	113	*28 graduates
January	235	258	128	119	
February Projected	253	268	131	124	



	Mansion Evening	Simpson Evening	
September	150	150	
October	81	132	
November	88	132	
December	65	84	*21 graduates
January	68	97	
February Projected	69	111	



Board
One Bright Ray, Inc.
1142 E. Erie Ave.
Philadelphia, PA 19124

2023-2024 BOARD MEETING TENTATIVE SCHEDULE

DATE	TIME	LOCATION
Wednesday, September 20, 2023	3:00 p.m.	Zoom (Virtual Meeting)
Wednesday, December 6, 2023	3:00 p.m.	Zoom (Virtual Meeting)
Wednesday, February 21, 2024	3:00 p.m.	Zoom (Virtual Meeting)
Wednesday, April 17, 2024	3:00 p.m.	Zoom (Virtual Meeting)
Wednesday, May 29, 2024	3:00 p.m.	Zoom (Virtual Meeting)