

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



One Bright Ray, Inc. Board Meeting Agenda *(A)*

February 4, 2026, at 3:00 P.M.

Via Zoom

I. Call to Order

II. Amend, Review, and Approve Minutes

1. Review board minutes from the meeting held on November 19, 2025 *(B)*

III. Financials Review & Updates: Frances Velazquez, CFO & Vertex Education

1. Board Letter & Audited Financial Statements FY June 30, 2026 *(C)*
2. Financial Statements as of December 31, 2025 *(D)*
3. Enrollment Analysis *(E)*
4. Retirement Plan Amendment, Secure Act Compliance *(F)*

IV. OBRCHS Updates: Monica Hawk, CEO

1. Staffing Updates *(G)*
2. SDP Facilities Plan Update
3. SDP Walkthrough Updates
 - a. Operational Walkthroughs completed
 - b. Instructional Walkthroughs scheduled

V. New Business

1. Finance Committee Volunteers
 - a. Proposed Virtual Meetings on March 18, 2026, and April 22, 2026
 - b. The goal is to have a proposed 2026-2027 budget ready for board approval before the next board meeting
2. Next Board meeting Wednesday, April 29, 2026
3. 2025-2026 Board Meeting Schedule *(H)*

VI. 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 November 19, 2025

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, November 19, 2025. The following Board members were present at the meeting: Joseph H. Proietta, EDM., President and Founder; Alberta P. O’Brien, EdD; Cassandra McLaughlin, MS; Ludmiladia Gomez, BA; and Érica Mendez. Also present at the meeting were Lisette Gonzalez, MA, LPC, who joined as a Board nominee and was elected as a member of the Board during the course of the meeting; Monica Hawk, Chief Executive Officer (“CEO”); Frances Velazquez, Chief Financial Officer; Michael Whisman, CPA, President of Vertex Education; and Maria Granholm, JD, of Duane Morris LLP. Board member Joycet Velasquez, M.Ed 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 p.m.

First, Mr. Proietta called for a review of the attached minutes from the meeting of the Board held on October 1, 2025, which were made available to the Board for review 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 October 1, 2025 were unanimously approved, by voice vote, by the Board members present at the meeting.

Second, Mr. Proietta introduced Ms. González as a Board nominee. Mr. Proietta and Ms. González shared information regarding her background with the Board. Following a discussion regarding Ms. González’s nomination, experience and background, upon a motion duly made and seconded, the Board approved, by roll-call vote as set forth below, the nomination and election of Ms. González for a three (3)-year Board term.

Ludmiladia Gomez – Yea
Cassandra McLaughlin – Yea
Erica Mendez – Yea
Alberta Proietta O’Brien – Yea
Joseph H.G. Proietta – Yea
Joycet Velasquez – Absent

Mr. Proietta, on behalf of himself and the rest of the Board members, welcomed Ms. González to the Board.

Third, Mr. Proietta requested a financial update. Mr. Whisman began with a review of OBR’s draft independent auditor’s report and audited financial statements for OBR’s 2024-2025 fiscal year (“Audit Report”). Mr. Whisman confirmed that the Audit Report was reviewed by the Finance Committee. Mr. Whisman reviewed with the Board some edits he and Ms. Velazquez provided to OBR’s independent auditors with respect to certain footnotes to such audited financial

statements. Mr. Whisman confirmed that the Audit Report reflects a clean opinion for the applicable period. Thereafter, upon a motion duly made and seconded, the Board approved the Audit Report, by roll-call vote as set forth below, subject to the implementation of the edits proposed by Mr. Whisman and Ms. Velazquez to OBR's independent auditors.

Ludmiladia Gomez – Yea
Lisette Gonzalez – Yea
Cassandra McLaughlin – Yea
Erica Mendez – Yea
Alberta Proietta O'Brien – Yea
Joseph H.G. Proietta – Yea
Joycet Velasquez – Absent

Fourth, Mr. Whisman reviewed with the Board the attached unaudited financial statements for the four (4)-month period ended October 31, 2025 (the "Financial Statements"). Mr. Whisman first reviewed with the Board OBR's summary balance sheet at October 31, 2025, highlighting that OBR's cash and cash equivalents decreased by \$76,784 from June 30, 2025 (unaudited) to October 31, 2025. Mr. Whisman next provided an overview of OBR's annual budget-to-actual performance for the four (4)-month period, pointing out that the OBR entities are currently projecting a loss of \$252,202 at fiscal year end, compared with a budgeted loss of \$114,644, which would be a negative variance of \$137,546, notwithstanding lower than budgeted personnel expenditures at OBR CHS.

Mr. Whisman next reviewed with the Board OBR's financial covenants under its bond documents. Mr. Whisman indicated that OBR is currently satisfying its financial covenants, but does not currently have much of a buffer. Mr. Whisman reminded the Board that OBR is required to maintain a debt service coverage ratio ("DSCR") of at least 1.10 and, assuming current fiscal year end projections are accurate, OBR will have a DSCR of 1.18. Ms. Hawk explained that the updated projections and budget take into account OBR's reduced enrollment. The Board asked questions regarding, and discussed, the Financial Statements, including the fiscal year end projections, the process for reporting financial statements and DSCR under the bond documents and strategies for improving OBR's financial outlook, while maintaining the integrity of OBR's programs and student support.

Fifth, Mr. Proietta requested a CEO update. First, Ms. Hawk provided an enrollment update by OBR campus and program, including an overview of the School District's requirements with respect to when OBR is required to drop students and how and when OBR can bill for enrolled students. Ms. Hawk also discussed with the Board the potential for combining classes and sharing certain teachers across campuses to reduce costs.

Next, Ms. Hawk provided a medical and dental insurance plan update. Ms. Hawk reviewed with the Board the attached medical and dental insurance plan renewal proposals provided by Exude, including OBR's administration's recommended renewal package. The Board had a lengthy discussion regarding the increased cost of medical and dental plans, market rates for such plans, employee contributions, spousal/family coverage under such plans, and employee eligibility requirements. Following such discussion, upon a motion duly made and seconded, the Board

approved, by roll-call vote as set forth therein, Resolution No. 1 attached hereto regarding OBR's employee medical and dental benefit plans for the plan year beginning December 1, 2025.

Ms. Hawk next provided a staffing update. Ms. Hawk explained that OBR paused hiring, specifically with respect to non-student-facing positions, and she shared how additional duties have been absorbed among existing OBR employees across OBR's campuses and programs.

Next, Ms. Hawk provided an update with respect to recent operational walkthroughs by the School District of Philadelphia (the "School District") at OBR's Fairhill and Elmwood campuses. Ms. Hawk relayed that both walkthroughs went well and that initial verbal feedback reflected that OBR is meeting expectations, consistent with prior years. Ms. Hawk shared that one noted area for improvement is for OBR to increase its number of special education students, and attendance rates and, in response to questions from the Board, reviewed the School District's target percentages for special education population and target attendance rates. Ms. Hawk discussed with the Board various ideas and initiatives for increasing OBR's special education student population and student attendance.

Sixth, Mr. Proietta asked whether there was any new business to come before the Board. Ms. Velazquez reported that OBR will be proposing certain amendments to the terms of its retirement plans, consistent with applicable law, including an increase in the amount that may be distributed in a forced distribution for former employees. Ms. Velazquez advised that the proposed amendments would be presented for Board approval at next Board meeting.

Next, the Board discussed logistics for OBR's signature of the representation letter in connection with the final, approved Audit Report, including the appropriate OBR signatory. The Board concluded that Mr. Proietta, in his capacity as Board President, should execute the letter and authorized and directed him to do so on behalf of OBR.

Mr. Proietta reviewed with the Board the 2026 meetings set forth on the attached 2025-2026 Board meeting schedule, and reminded attendees that the next Board meeting is scheduled for February 4, 2025, at 3:00 p.m. via videoconference.

Seventh, there being no additional new business to come before the Board, upon a motion duly made, seconded and unanimously approved by voice vote by the Board members present at the meeting the meeting was adjourned at 3:58 pm.



November 14, 2025

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, 2025, and have issued our report thereon dated November 14, 2025. 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 July 15, 2025, 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.

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

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration.

We have identified the following significant risks and applied the following procedures:

- Management override of internal controls – We incorporated unpredictability into our audit procedures, emphasized professional skepticism, obtained an understanding of the process and related controls over journal entries and other adjustments, tested journal entries and other adjustments, reviewed significant accounting estimates for evidence of management bias, and obtained an understanding of the entity's rationale for significant and unusual transactions.
- Improper revenue recognition – We confirmed with third parties certain revenues and receivables supplemented with other substantive testing and detailed predictive analytics based on non-financial data.

The procedures applied provided sufficient evidence for our audit opinion.

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. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended June 30, 2025. 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 and related disclosures

Accounting estimates and related disclosures 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 accounting estimates affecting the financial statements are the accumulated depreciation and allocation of expenses.

- Management's estimate of the depreciation expense and 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.

To the Board of Directors
International Education and Community Initiatives
dba One Bright Ray, Inc.
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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 November 14, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Organization, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and

To the Board of Directors
International Education and Community Initiatives
dba One Bright Ray, Inc.
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regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Organization's auditor.

Restriction on Use

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: **6/30/2025**
 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 # 1		4600.06		
To properly record depreciation.				
9001	Depreciation		743,666.00	
1800	Accumulated Depreciation			743,666.00
Total			743,666.00	743,666.00
Adjusting Journal Entries JE # 2		3700.01		
PBC - To properly record ending school district tuition revenue.				
5121	School District Revenue Day		8,400.00	
5123	School District Revenue Evening		1,400.00	
1120	Due from SDP			9,800.00
Total			9,800.00	9,800.00
Adjusting Journal Entries JE # 3		3700.01		
PBC - To properly record prepaid expenses.				
1450	Prepaid Expenses		41,604.00	
2010	Accounts Payable			41,604.00
2010	Accounts Payable			
Total			41,604.00	41,604.00
Adjusting Journal Entries JE # 4		5300.05		
To properly record current year amortization.				
9050	Amortization		31,326.00	
2854	Accum Amortization			31,326.00
Total			31,326.00	31,326.00
Adjusting Journal Entries JE # 5		5300.05		
To properly record accrued interest.				
2191	Accrued Interest 2018 Financing		1,950.00	
9098	Interest Related to 2018 Financ			1,950.00
Total			1,950.00	1,950.00
Adjusting Journal Entries JE # 6		9700.00		
To record lease liability in the current year.				
2860	Lease Obligations		94,708.00	
7441	Rent - Fairhill & Simpson		5,871.00	
1780	Right of Use - Lease Asset			100,579.00
Total			100,579.00	100,579.00
Adjusting Journal Entries JE # 7		9700.00		
To adjust current year rental income.				
1901	Deferred Rent		16,641.00	
5311	CAP - 1100 E. Erie			16,641.00
Total			16,641.00	16,641.00
Fund: None Adjusting Journal Entries			945,566.00	945,566.00
Fund: None Total All Journal Entries			945,566.00	945,566.00
All Funds All Journal Entries			945,566.00	945,566.00



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

FINANCIAL STATEMENTS

JUNE 30, 2025

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

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INDEPENDENT AUDITOR'S REPORT

November 14, 2025

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 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, 2025, 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, 2025, 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 design, implementation, and maintenance of internal control relevant to the preparation and fair

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

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.

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.
- 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, 2025

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 5,606,345
Accounts receivable from School District of Philadelphia	2,079,341
Other accounts receivable	11,157
Prepaid expenses	161,873
Total Current Assets	<u>7,858,716</u>

NONCURRENT ASSETS:

Lease receivable	620,647
Restricted cash and cash equivalents	1,911,050
Operating right-of-use assets	3,051,562
Property and equipment, net	8,902,922
Total Noncurrent Assets	<u>14,486,181</u>

TOTAL ASSETS

\$ 22,344,897

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$ 725,142
Accrued interest payable	75,673
Current maturities of long-term debt	243,674
Operating lease liability	98,277
Total Current Liabilities	<u>1,142,766</u>

NONCURRENT LIABILITIES:

Operating lease liability	2,971,091
Long-term debt, net of current maturities	16,278,760
Total Noncurrent Liabilities	<u>19,249,851</u>

TOTAL LIABILITIES

20,392,617

NET ASSETS:

Without donor restrictions	<u>1,952,280</u>
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TOTAL NET ASSETS

1,952,280

TOTAL LIABILITIES AND NET ASSETS

\$ 22,344,897

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, 2025**

REVENUES WITHOUT DONOR RESTRICTIONS:

Program revenues	\$ 12,605,462
Rental income	1,201,647
Student activity fees	7,788
Interest income	98,153
Other revenues	<u>189,637</u>

TOTAL REVENUES WITHOUT DONOR RESTRICTIONS

14,102,687

EXPENSES

Program services	9,303,210
Management and general	<u>4,187,122</u>

TOTAL EXPENSES

13,490,332

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS

612,355

NET ASSETS, BEGINNING OF YEAR

1,339,925

NET ASSETS, END OF YEAR

\$ 1,952,280

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, 2025

	Program Services	Management and General	Total
EXPENSES:			
Salaries	\$ 5,304,676	\$ 2,732,712	\$ 8,037,388
Payroll taxes	432,544	222,825	655,369
Employee benefits	808,553	416,527	1,225,080
Total Salaries and Related Expenses	<u>6,545,773</u>	<u>3,372,064</u>	<u>9,917,837</u>
Advertising expense	-	2,722	2,722
Bank charges	-	16,864	16,864
Depreciation	490,820	252,846	743,666
Dues and subscriptions	-	15,884	15,884
Equipment rental and maintenance	-	50,275	50,275
Insurance	114,517	58,994	173,511
Interest expense	949,382	-	949,382
Miscellaneous	5,478	-	5,478
Occupancy	270,611	139,405	410,016
Postage	-	3,716	3,716
Printing and reproduction	-	5,163	5,163
Professional fees	276,681	-	276,681
Program costs and supplies	622,404	-	622,404
School district fee	-	255,000	255,000
Telephone and internet charges	21,948	11,306	33,254
Travel	2,938	1,514	4,452
Vehicle expenses	<u>2,658</u>	<u>1,369</u>	<u>4,027</u>
TOTAL EXPENSES	<u>\$ 9,303,210</u>	<u>\$ 4,187,122</u>	<u>\$ 13,490,332</u>

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, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 612,355
Adjustments to reconcile change in net assets	
to net cash provided (used) by operating activities:	
Depreciation	743,666
Amortization (component of interest expense)	31,326
Operating lease expense adjustment	5,871
Decrease (Increase) in:	
Accounts receivable from School District of Philadelphia	1,021,226
Other accounts receivable	3,803
Rent receivable	(16,641)
Prepaid expenses	(124,799)
Increase (Decrease) in:	
Accounts payable and accrued expenses	426,647
Accrued interest payable	(1,951)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>2,701,503</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Acquisition of furniture and equipment	(104,031)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(104,031)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Repayment of long-term debt	(265,000)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(265,000)</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS	2,332,472
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CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>5,184,923</u>
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CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 7,517,395</u>
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CASH AND CASH EQUIVALENTS	\$ 5,606,345
RESTRICTED CASH AND CASH EQUIVALENTS	<u>1,911,050</u>

	<u>\$ 7,517,395</u>
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SUPPLEMENTAL DISCLOSURES:

Interest paid	\$ 920,006
Taxes paid	<u>\$ -</u>

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

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

NOTES TO THE 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., ("the Organization") leases a facility to a charter school and provides educational support services to six 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.

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 are removed from the accounts, and resulting gains or losses are included in the change in unrestricted net assets. Depreciation is provided by the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

Buildings and improvements	30 years
Leasehold improvements	15-20 years
Furniture, fixtures, and equipment	5-7 years

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

NOTES TO THE FINANCIAL STATEMENTS

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

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.

Advertising Costs

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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.

Lease 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 "lease receivable" on the statement of financial position. At June 30, 2025, the balance of the lease receivable was \$620,647.

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, 2025 is as follows:

Land	\$ 650,000
Buildings and improvements	18,710,526
Leasehold improvements	1,677,365
Furniture, fixtures, and equipment	2,095,869
	<hr/>
	23,133,760
Less accumulated depreciation	14,230,838
	<hr/>
	\$ 8,902,922

Depreciation expense was \$743,666 for the year ended June 30, 2025.

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

NOTES TO THE FINANCIAL STATEMENTS

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 experienced any losses in such accounts. As of June 30, 2025, \$7,443,481 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, 2025:

Project Fund	\$ 79,317
Debt Service Reserve Fund	1,191,258
Revenue Fund	363,330
Repairs and Replacement Fund	250,000
Bond Principal Fund	291
Bond Interest Fund	<u>26,854</u>
	<u>\$ 1,911,050</u>

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 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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE F LONG-TERM DEBT (cont'd)

of 1.10 to 1.0, 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 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, 2025, the bond payable balance was \$17,410,000.

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

Long-term debt	\$ 17,410,000
Debt issuance costs	<u>(887,566)</u>
Long-term debt	<u>\$ 16,522,434</u>
Current	\$ 243,674
Noncurrent	<u>16,278,760</u>
Long-term debt - net (current)	<u>\$ 16,522,434</u>

Future scheduled maturities of the debt is as follows:

<u>Year Ending June 30,</u>	
2026	\$ 275,000
2027	290,000
2028	300,000
2029	315,000
2030	330,000
Thereafter	<u>15,900,000</u>
	<u>\$ 17,410,000</u>

NOTE G LINE OF CREDIT

The Organization maintains a \$1,000,000 line of credit ("the line") with PNC Bank. Interest is payable at a variable rate equal to the daily one-month Secured Overnight Financing Rate (SOFR) plus 3.00% (7.35% at June 30, 2025). The line expires on July 31, 2025 and is subject to

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE G LINE OF CREDIT (cont'd)

the same security and financial covenants as the Series 2018A bonds. There were no outstanding borrowings on the line as of June 30, 2025; therefore, the entire amount was available.

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 lease allows for "additional rents" for costs incurred in the performance of its obligation under the loan and costs incurred by the Organization under the terms of Organization's bond purchase agreement. For the year ending June 30, 2025, no "additional rents" have been charged. Payments are due in semi-annual installments.

Minimum annual rental income for the Organization for each year subsequent to June 30, 2025 is as follows:

<u>Year Ending June 30,</u>	
2026	\$ 1,183,081
2027	1,185,706
2028	1,182,656
2029	1,184,156
2030	1,184,981
Thereafter	<u>28,435,350</u>
 Totals	 <u>\$ 34,355,930</u>

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 scheduled 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, 2025, the weighted-average remaining lease term for all operating leases is 26.83 years, and the weighted average rate associated with the leases as of June 30, 2025 is 4.48%.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE H LEASING AGREEMENTS (cont'd)

Future discounted lease payments are as follows:

Year Ending June 30,
2026
2027
2028
2029
2030
Thereafter
Discount
Total

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 \$103,191 for the year ended June 30, 2025.

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 \$116,658 for the year ended June 30, 2025.

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.

NOTE J DEFINED CONTRIBUTION PLAN

The Organization sponsors a mandatory defined contribution plan ("the Plan") covering eligible employees with one consecutive month(s) of employment. The mandatory employee contribution is 5% of compensation and the Organization matches 5%. Total expense for the year ended June 30, 2025 was \$384,149.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE K FUNDING

The Organization receives funding from the School District of Philadelphia 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 CONCENTRATIONS

The Organization received 89% of its total revenues from program revenues from the School District of Philadelphia during the year ended June 30, 2025. The continued existence of the Organization is dependent on the continuance of this relationship.

NOTE M 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, 2025 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	\$ 7,696,843
Less financial assets held unavailable for general expenditures within one year	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,696,843</u>

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 \$3,327,000. 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 \$1,000,000, which it could draw upon in the event of an unanticipated liquidity need.

NOTE N SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through November 14, 2025, the date the financial statements were available to be issued.

IECI
Financial Statements
December 31, 2025

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January 2026

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 provide additional information as requested.

1. Actual to Annual Budget for the five months ending December 31, 2025

ACTUAL- ANNUAL BUDGET OBR				
December 31, 2025	Actual	EOY Projection	Annual Budget	Variance - favorable (unfavorable)
<i>OBR non-profit</i>				
Revenue	635,346	1,273,962	1,263,081	10,881
Expense	454,041	1,653,601	1,653,601	-
Change in net assets	181,305	(379,638)	(390,520)	10,881
<i>OBR CHS</i>				
Revenue	4,743,419	11,494,166	12,187,753	(693,587)
Expense	5,202,941	11,408,214	11,911,889	503,674
Change in net assets	(459,522)	85,952	275,864	(189,913)
<i>TOTAL</i>				
Revenue	5,378,765	12,768,128	13,450,834	(682,706)
Expense	5,656,982	13,061,815	13,565,490	503,674
Change in net assets	(278,217)	(293,687)	(114,655)	(179,032)

- Key variances include:

OBR CHS:

- Total personnel expenditures are under budget by \$486,248 to the net of:
 - Instructional and non-instructional salaries are \$387,209 under budget.
 - For the past fiscal year, we are accrued the summer pay for instructional staff. This was reversed in September and is not an entry made in prior years.
 - Increased OBR administrative and school administrative salaries to net to \$37,103 over budget.
 - Employee Benefits are \$136,142 under budget.

2. Balance Sheet

Balance Sheet Analysis	June 30, 2024	June 30, 2025	December 31, 2025
	Audited	Audited	2025
Cash and Equivalents	3,372,026	5,606,344	5,840,287
Receivables	3,115,427	2,090,398	1,739,014
Prepaid Expenses	37,173	161,973	43,139
Accrued Expenses	204,225	752,234	207,935
Net Income (Loss)	425,729	612,352	(278,217)

- Cash position increased by \$233,943 from June 30, 2025, to December 31, 2025.
- As of December 31, 2025, the interest rate on the PNC bank account is 1.46%

Financial Covenants

CAP's lease agreement with OBR has a lease coverage ratio. Below is a summary of the projected ratios for both CAP and OBR for the period ending December 31, 2025.

	CAP	OBR
Projected Change in Fund Balance	2,335,023	(293,687)
Lease Costs	1,183,081	-
Depreciation & Amortization	-	727,857
Interest Expense	-	925,744
	3,518,105	1,359,914
Lease Costs/Debt	1,183,081	1,190,744
Ratio	2.97	1.14
Required -stand alone	1.00	1.10
Required -combined	1.10	1.10

ONE BRIGHT RAY
Statements of Financial Position
As of December 31, 2025

	(1) OBR Non-profit	(2) OBR CHS	TOTAL	June 30, 2025 Audited
ASSETS				
Current Assets				
Cash and Cash Equivalents	633,444	5,206,844	5,840,287	5,606,344
District Receivables	-	1,739,014	1,739,014	2,090,398
Federal Receivables	-	-	-	-
Prepaid Expenses	100	43,040	43,139	161,973
Total Current Assets	633,543	6,988,897	7,622,440	7,858,715
Fixed Assets				
Land	650,000	-	650,000	650,000
Buildings	15,856,946	-	15,856,946	15,856,946
Leasehold Improvements	4,065,974	865,914	4,931,887	4,931,887
Furniture, Fixtures & Equipment	-	1,562,157	1,562,157	1,562,157
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	2,560,840	23,824,049	23,824,049
Right of Use - Lease Asset	-	3,051,562	3,051,562	3,051,562
Accumulated Depreciation	(10,557,921)	(3,672,917)	(14,230,838)	(14,230,838)
Total Fixed Assets	10,705,288	1,939,486	12,644,773	12,644,773
Other Assets				
Deferred Costs - Net	555,017	65,630	620,647	620,647
Net Other Assets	555,017	65,630	620,647	620,647
Assets Related to 2018 Financing				
Project Fund	58,789	-	58,789	79,317
Repair & Replacement Accounts	250,000	-	250,000	250,000
Debt Service Reserve Fund	1,186,950	-	1,186,950	1,191,258
Revenue Fund	574,541	-	574,541	390,474
Total Assets Related to Financing	2,070,280	-	2,070,280	1,911,050
TOTAL ASSETS	13,964,128	8,994,013	22,958,140	23,035,184
LIABILITIES & EQUITY				
LIABILITIES				
Current Liabilities				
Accounts Payable	-	(24,943)	(24,943)	48,584
Accrued Expenses	75,673	132,262	207,935	752,234
Deferred Revenues	-	819,000	819,000	-
Total Current Liabilities	75,673	926,319	1,001,992	800,818
Long-Term Liabilities				
Bonds Payable (Series 2018 A&B)	17,410,000	-	17,410,000	17,410,000
Issuance Cost Discount	(299,275)	101,999	(197,276)	(197,276)
Lease Obligations	-	3,069,368	3,069,368	3,069,368
Total Long-Term Liabilities	17,110,725	3,171,367	20,282,092	20,282,092
TOTAL LIABILITIES	17,186,398	4,097,686	21,284,084	21,082,910
EQUITY				
Unrestricted	(3,403,576)	5,355,849	1,952,274	1,339,921
Net Income	181,305	(459,522)	(278,217)	612,352
TOTAL EQUITY	(3,222,271)	4,896,327	1,674,057	1,952,274
TOTAL LIABILITIES & EQUITY	13,964,128	8,994,013	22,958,141	23,035,184

ONE BRIGHT RAY - NON-PROFIT
BUDGET to ACTUAL REPORT
For the Six Months Ending December 31, 2025

	[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
<u>REVENUES</u>						
Rental Revenues						
CAP 1100 E. Erie	499,852	499,852	-	1,002,680	999,704	2,976
OBRCHS Intercompany	91,689	91,689	-	183,378	183,378	0
Total Rental Income	591,541	591,541	-	1,186,057	1,183,081	2,976
Interest Earned on Debt	43,805	40,000	3,805	87,905	80,000	7,905
TOTAL REVENUES	<u>\$ 635,346</u>	<u>\$ 631,541</u>	<u>\$ 3,805</u>	<u>\$ 1,273,962</u>	<u>\$ 1,263,081</u>	<u>\$ 10,881</u>
<u>EXPENDITURES</u>						
Debt Service						
Depreciation	-	-	-	700,000	700,000	-
Amortization	-	-	-	27,857	27,857	-
Interest	454,041	462,872	(8,831)	925,744	925,744	-
Total Debt Service	454,041	462,872	(8,831)	1,653,601	1,653,601	-
Total Expenditures	<u>\$ 454,041</u>	<u>\$ 462,872</u>	<u>\$ (8,831)</u>	<u>\$ 1,653,601</u>	<u>\$ 1,653,601</u>	<u>\$ -</u>
Net Change in Fund Balance	<u>\$ 181,305</u>	<u>\$ 168,669</u>	<u>\$ 12,636</u>	<u>\$ (379,638)</u>	<u>\$ (390,520)</u>	<u>\$ 10,881</u>

ONE BRIGHT RAY - OBRCHS
BUDGET to ACTUAL REPORT
For the Six Months Ending December 31, 2025

	[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	3,988,567	4,312,000	(323,433)	9,704,167	10,626,000	(921,833)
School District Revenue - Evening	624,400	595,000	29,400	1,443,400	1,365,000	78,400
Revenue from Federal Grants	-	-	-	-	-	-
Food Program Revenue	22,606	25,000	(2,394)	100,000	100,000	-
Student Revenues	8,305	11,259	(2,954)	33,058	36,753	(3,695)
Fundraising Revenue	447	-	447	447	-	447
Miscellaneous Revenue	99,094	30,000	69,094	213,094	60,000	153,094
Total School Operations Revenue	4,743,419	4,973,259	(229,840)	11,494,166	12,187,753	(693,587)
TOTAL REVENUES	\$ 4,743,419	\$ 4,973,259	\$ (229,840)	\$ 11,494,166	\$ 12,187,753	\$ (693,587)
EXPENDITURES						
Salaries						
OBR Administration Salaries	270,045	257,535	12,510	528,091	515,071	13,020
School Administration Salaries	618,279	609,098	9,181	1,242,279	1,218,196	24,083
Instructional Salaries	1,167,381	1,413,121	(245,740)	3,177,381	3,297,282	(119,902)
Non-Instructional Salaries	1,313,086	1,400,393	(87,307)	2,663,086	2,930,393	(267,307)
Total Salaries	3,368,791	3,680,148	(311,357)	7,610,837	7,960,943	(350,106)
Employee Benefits						
Health and Dental	528,755	484,620	44,135	963,938	969,239	(5,301)
FICA	253,184	302,505	(49,321)	572,133	605,010	(32,878)
Retirement Contributions	146,494	187,165	(40,671)	306,494	374,330	(67,835)
Other Employee Benefits	13,908	29,516	(15,609)	59,431	89,558	(30,127)
Total Employee Benefits	942,341	1,003,806	(61,465)	1,901,995	2,038,137	(136,142)
Professional Fees						
Cleaning	205,829	249,474	(43,646)	514,714	515,252	(538)
Utilities	12,982	12,500	482	31,904	41,000	(9,096)
Maintenance	30,165	32,954	(2,789)	63,532	68,000	(4,468)
Rent	55,277	45,355	9,922	107,294	103,398	3,896
Auto	227,343	208,930	18,412	467,044	463,913	3,131
Insurance	424	809	(385)	4,000	4,000	-
Communications	73,840	80,468	(6,628)	175,538	176,746	(1,208)
Advertising	23,918	20,500	3,418	45,520	41,000	4,520
Printing	600	720	(120)	1,320	2,400	(1,080)
Food Service	6,337	3,000	3,337	6,719	6,000	719
Travel	33,493	52,727	(19,234)	116,000	116,000	-
Supplies	1,589	3,500	(1,911)	7,000	7,000	-
Food	87,946	83,811	4,135	120,226	125,250	(5,024)
Technology	2,456	4,500	(2,044)	5,456	9,000	(3,544)
Property & Equipment	55,063	48,076	6,987	56,063	50,000	6,063
Dues & Fees	1,886	-	1,886	7,679	16,000	(8,321)
Student Activities	19,175	14,477	4,698	31,897	29,000	2,897
Professional Development	41,398	41,692	(295)	113,000	113,000	-
Employee Appreciation	9,367	8,450	918	15,104	13,700	1,404
Student Assessment	2,563	7,402	(4,838)	4,563	11,500	(6,937)
Fundraising	-	-	-	650	650	-
Total Operating Expenditures	891,809	919,346	(27,537)	1,895,382	1,912,809	(17,427)
Total Expenditures	\$ 5,202,941	\$ 5,603,300	\$ (400,359)	\$ 11,408,214	\$ 11,911,889	\$ (503,674)
Net Change in Fund Balance	\$ (459,522)	\$ (630,041)	\$ 170,519	\$ 85,952	\$ 275,864	\$ (189,913)

2025-2026

Enrollment

Analysis

Program	Full Capacity	Enrollment Budgeted	Per Pupil	Revenue Budgeted
Day	825	759	\$1,400.00	\$1,062,600.00
Evening	300	195	\$700.00	\$136,500.00
				\$1,199,100.00

Program	Per Pupil	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
Day	\$1,400.00	825	713	648	661	701
Evening	\$700.00	300	201	170	195	190
Revenue						
		\$1,155,000.00	\$998,200.00	\$907,200.00	\$925,400.00	\$981,400.00
		\$210,000.00	\$140,700.00	\$119,000.00	\$136,500.00	\$133,000.00
		\$1,365,000.00	\$1,138,900.00	\$1,026,200.00	\$1,061,900.00	\$1,114,400.00
Budget		\$1,199,100.00	\$1,199,100.00	\$1,199,100.00	\$1,199,100.00	\$1,199,100.00
Variance		\$165,900.00	-\$60,200.00	-\$172,900.00	-\$137,200.00	-\$84,700.00

Program	Enrollment budgeted	Waiver	Enrollment	Enrollment	Enrollment	Enrollment
Day Program	92%	100%	86%	79%	80%	85%
Evening Program	65%	100%	67%	57%	65%	63%

	Drop List	Grad List
Day Program - Removed from Billing due to Drop list/Grad list	71	53
Day Program - New Students	21	80
Evening Program - Removed from Billing due to Drop list/Grad list		34
Evening Program - New Students	20	

AMENDMENT NUMBER TWO
INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES 403(B) DC PLAN

BY THIS AGREEMENT, International Education and Community Initiatives 403(b) DC Plan (herein referred to as the "Plan") is hereby amended as follows, effective as of January 1, 2026, except as otherwise provided herein:

1. The section of the Adoption Agreement entitled "CONTRIBUTION TYPES" is amended as follows:

CONTRIBUTION TYPES (1.12). The Employer and/or Participants, in accordance with the Plan terms, make the following contributions to the Plan (Choose one or more of (a) through (g)):

- (a) **Mandatory Employee Contributions.** See Section 3.04(A)(3) and Election 18.
- (b) **Pre-Tax Elective Deferrals.** See Section 3.02 and Elections 19 - 21.
 - (1) **Roth Deferrals.** See Section 3.02(F) and Elections 19 - 21. [Note: The Employer may not limit Elective Deferrals to Roth Deferrals only.]
- (c) **Matching.** See Sections 1.36, 1.47, and 3.03 and Elections 22, 23, 28 and 32. [Note: If the Plan is a safe harbor plan, choose 6(f) and do not choose 6(c).]
- (d) **Nonelective.** See Sections 1.48 and 3.04 and Elections 25, 26 and 28. [Note: The Employer may make an Operational QNEC without electing 6(d). See Section 3.04(C)(1). If the only nonelective contributions are safe harbor contributions, choose 6(f) and do not choose 6(d).]
- (e) **Employee (after-tax).** See Section 3.09 and Election 32.
- (f) **Safe Harbor/Additional Matching.** The Plan is a safe harbor 403(b) Plan. The Employer will make Safe Harbor Contributions as it elects in Election 24. The Employer may or may not make Additional Matching Contributions as it elects in Election 24. See Section 3.05.
- (g) **None (frozen plan).** The Plan is/was frozen effective as of: _____. See Sections 3.01(F) and 9.04.

[Note: Elections 18 through 26 and Election 32 do not apply to any Plan Year in which the Plan is frozen.]

2. The section of the Adoption Agreement entitled "EXCLUDED EMPLOYEES" is amended as follows:

EXCLUDED EMPLOYEES (1.35). The following Employees are not Eligible Employees (either as to the overall Plan or the designated contribution type) (Choose (a), (b) or (c).):

- (a) **No Excluded Employees.** All Employees are Eligible Employees as to all Contribution Types.
- (b) **Exclusions - same for all Contribution Types.** The following Employees are Excluded Employees for all Contribution Types (Choose one or more of (e) through (h) and/or (m). Choose column (1) for each exclusion elected at (e) through (h).):
 - (e) **Exclusions.** The following Employees are Excluded Employees (either as to all Contribution Types or to the designated Contribution Type) (Choose one or more of (d) through (m)).

[Note: For this Election 7, unless described otherwise in Election 7(m), Elective Deferrals includes Pre-Tax Deferrals, Roth Deferrals and Safe Harbor Contributions (Matching and Nonelective); Matching includes all Matching Contributions (unless this is a safe harbor plan); Nonelective includes all Nonelective Contributions other than safe harbor nonelective contributions and Operational QNECs; Employee/Mandatory includes Mandatory Employee Contributions and Employee (after-tax) Contributions.]

	(1) All Contributions	(2) Elective Deferrals	(3) Matching	(4) Nonelective	(5) Employee/ Mandatory
(d) <input checked="" type="checkbox"/> No exclusions. No exclusions as to the designated Contribution Type.	N/A (See Election 7(a))	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(e) <input type="checkbox"/> Non-Resident Aliens. See Section 1.35(B).	<input type="checkbox"/>	OR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(f) <input type="checkbox"/> Employees who normally work less than 20 hours per week. See Section 1.35(E). (e.g., if any such excluded Employee actually completes a Year of Service).	<input type="checkbox"/>	OR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(g) <input checked="" type="checkbox"/> Student Employees. See Section 1.35(C) (i.e., students enrolled in the entity sponsoring this Plan).	[]	OR	[]	[]	[]	[X]
(h) [] Other Employer plan. Employees who are eligible to participate in another plan of the Employer which is a (Choose one or more of a. or b.):	[]	OR	[]	[]	[]	[]
a. [] 401(k) plan						
b. [] 403(b) plan						
(i) [] Collective Bargaining (union) Employees. See Section 1.35(A).	N/A	N/A	[]	[]	[]	[]
(j) [] Highly Compensated Employees. See Section 1.39.	N/A	N/A	[]	[]	[]	[]
(k) [] Per Diem Employees.	N/A	N/A	[]	[]	[]	[]
(l) [] Describe exclusion: _____	N/A	N/A	[]	[]	[]	[]
(m) [] Describe exclusion: _____ (e.g., exclude hourly paid employees).						

[Note: The Employer may not complete Election 7(m) in a manner which would violate the universal availability rule of Treas. Reg. §1.403(b)-5(b), after taking into consideration the entity rules of Treas. Reg. §1.403(b)-5(b)(3) and the transition rules of Treas. Reg. §1.403(b)-10(d). Accordingly, Election 7(m) may only be used to provide an exclusion for Elective Deferrals if the excluded Employees are eligible to make elective deferrals under another 403(b), 401(k) or governmental 457(b) plan of the Employer.]

[Note: Any exclusion under Election 7(l) or 7(m), except for Employees who normally work less than 20 hours per week, may not be based on age or Service. See Election 14 for eligibility conditions based on age or Service. See Election 24 regarding Safe Harbor Contributions.]

3. The section of the Adoption Agreement entitled "AUTOMATIC DEFERRAL (ACA/EACA/QACA)" is amended as follows:

AUTOMATIC DEFERRAL (ACA/EACA/QACA) (3.02(B)). The Automatic Deferral provisions of Section 3.02(B) (Choose (a) or (b). Also see Election 20 regarding Automatic Escalation of Salary Reduction Agreements.):

- (a) **Do not apply.** The Plan is not an ACA, EACA, or QACA (skip to Election 20).
- (b) [] **Apply.** The Automatic Deferral Effective Date is the effective date of automatic deferrals or, as appropriate, any subsequent amendment thereto. (Complete (1), (2) and (3). Complete (4) and (5) if an EACA or an EACA/QACA. Choose (6) if applicable.):
 - (1) **Type of Automatic Deferral Arrangement.** The Plan is an (Choose a., b., or c.):
 - a. [] **ACA.** The Plan is an Automatic Contribution Arrangement (ACA) under Section 3.02(B)(1).
 - b. [] **EACA.** The Plan is an Eligible Automatic Contribution Arrangement (EACA) under Section 3.02(B)(2).
 - c. [] **EACA/QACA.** The Plan is a combination EACA and Qualified Automatic Contribution Arrangement (QACA) under Sections 3.02(B)(3) and 3.05(J).

[Note: If the Employer chooses Election 19(b)(1)c., the Employer also must choose Election 6(f) and complete Election 24 as to the Safe Harbor Contributions under the QACA.]

- (2) **Participants affected.** The Automatic Deferral applies to (Choose a., b., c. or d. Choose e. if applicable.):
 - a. [] **All Participants.** All Participants, regardless of any prior Salary Reduction Agreement, unless and until they make a Contrary Election after the Automatic Deferral Effective Date.
 - b. [] **Election of at least Automatic Deferral Percentage.** All Participants, except those who have in effect a Salary Reduction Agreement on the Automatic Deferral Effective Date provided that the Elective Deferral amount under the Agreement is at least equal to the Automatic Deferral Percentage.
 - c. [] **No existing Salary Reduction Agreement.** All Participants, except those who have in effect a Salary Reduction Agreement on the Automatic Deferral Effective Date regardless of the Elective Deferral amount under the Agreement.
 - d. [] **New Participants (not applicable to QACA).** Each Employee whose Entry Date is on or following the Automatic Deferral Effective Date.
 - e. [] **Describe affected Participants (not applicable to QACA):** _____.

[Note: The Employer in Election 19(b)(2)e. may further describe affected Participants, e.g., non-Collective Bargaining Employees OR Campus A Employees. All Employees eligible to defer must be Covered Employees to apply the 6-month correction period without excise tax under Code §4979.]

(3) **Automatic Deferral Percentage/Scheduled increases.** (Choose a., b., c. or d.):

a. **Fixed percentage.** The Employer, as to each Participant affected, will withhold as the Automatic Deferral Percentage, _____% from the Participant's Compensation each payroll period unless the Participant makes a Contrary Election. The Automatic Deferral Percentage will or will not increase in Plan Years following the Plan Year containing the Automatic Deferral Effective Date (or, if later, the Plan Year or partial Plan Year in which the Automatic Deferral first applies to a Participant) as follows (Choose e., f. or g.):

[Note: In order to satisfy the QACA requirements, enter an amount between 6% and 10% if no scheduled increase.]

b. **QACA statutory increasing schedule.** The Automatic Deferral Percentage will be:

<u>Plan Year of application to a Participant</u>	<u>Automatic Deferral Percentage</u>
1	3%
2	3%
3	4%
4	5%
5 and thereafter	6%

c. **Other increasing schedule.** The Automatic Deferral Percentage will be:

<u>Plan Year of application to a Participant</u>	<u>Automatic Deferral Percentage</u>
_____	_____%
_____	_____%
_____	_____%
_____	_____%
_____	_____%

d. **Describe Automatic Deferral percentage:** _____.

If (3)a. or (3)d. selected, choose one of the following:

e. **No scheduled increase.** The Automatic Deferral Percentage applies in all Plan Years.

f. **Automatic increase.** The Automatic Deferral Percentage will increase by _____% per year up to a maximum of _____% of Compensation.

g. **Describe increase:** _____.

Change Date. If Election 19(b)(3)b., c., f. or g. is selected, Elective Deferrals will increase on the following day each Plan Year:

h. **First day of the Plan Year.**

i. **Other:** _____ (must be a specified or definitely determinable date that occurs at least annually)

[Note: If Election 19(b)(3)(b) is selected and the Change Date is other than the first day of the Plan Year, then the increases in the schedule are accelerated by 1 year in order to satisfy the QACA requirements.]

First Year of Increase. The automatic increase under Election 19(b)(3)c., f. or g. will apply to a Participant beginning with the first Change Date after the Participant first has automatic deferrals withheld, unless otherwise elected below (leave blank if not applicable):

j. **The increase will apply as of the second Change Date thereafter.**

k. **Describe first year increase:** _____ (e.g., the increase will apply on the Change Date occurring on or after the Participant has been automatically enrolled for 3 months).

[Note: To satisfy the QACA requirements, the Automatic Deferral Percentage must be: (i) a fixed percentage which is at least 6% and not more than 10% of Compensation; (ii) an increasing Automatic Deferral Percentage in accordance with the schedule under Election 19(b)(3)b.; or (iii) an alternative schedule which must require, for each Plan Year, an Automatic Deferral Percentage that is at least equal to the Automatic Deferral Percentage under the schedule in Election 19(b)(3)b. and which does not exceed 10%. See Section 3.02(B)(3).]

(4) **EACA permissible withdrawal.** The permissible withdrawal provisions of Section 3.02(B)(2)(d) (Choose a., b. or c.):

a. **Do not apply.**

b. **90 day withdrawal.** Apply within 90 days of the first Automatic Deferral.

c. **30-90 day withdrawal.** Apply, within _____ days of the first Automatic Deferral (may not be less than 30 nor more than 90 days).

(5) **Contrary Election/Covered Employee.** Any Participant who makes a Contrary Election (Choose a. or b.; leave blank if an ACA or a QACA):

- a. **Covered Employee.** Is a covered employee and continues to be covered by the EACA provisions. [Note: Under this Election, the Participant's Contrary Election will remain in effect, but the Participant must receive the EACA annual notice.]
- b. **Not a Covered Employee.** Is not a Covered Employee and will not continue to be covered by the EACA provisions. [Note: Under this Election, the Participant no longer must receive the EACA annual notice, but the Plan cannot use the six-month period for relief from the excise tax of Code §4979(f)(1).]

(6) **Describe Automatic Deferral:** _____.

[Note: Under Election 19(b)(6), the Employer may describe Automatic Deferral provisions from the elections available under Election 19 and/or a combination thereof as to a Participant group (e.g., Automatic Deferrals do not apply to Campus A Employees. All Campus B Employee/Participants are subject to an Automatic Deferral Amount equal to 3% of Compensation effective as of January 1, 2017).]

4. The section of the Adoption Agreement entitled "AUTOMATIC ESCALATION" is amended as follows:

AUTOMATIC ESCALATION (3.02(G)). The Automatic Escalation provisions of Section 3.02(G). (Choose (a) or (b). See Election 19 regarding Automatic Deferrals. Automatic Escalation applies to Participants who have a Salary Reduction Agreement in effect.):

(a) **Do not apply.**

(b) **Apply.** (Complete (1), (2), (3), and if appropriate (4).):

(1) **Participants affected.** The Automatic Escalation applies to (Choose a., b. or c.):

- a. **All Deferring Participants.** All Participants who have a Salary Reduction Agreement in effect to defer at least _____ % of Compensation.
- b. **New Deferral Elections.** All Participants who file a Salary Reduction Agreement after the effective date of this Election, or, as appropriate, any amendment thereto, to defer at least _____ % of Compensation.
- c. **Describe affected Participants:** _____.

[Note: The Employer in Election 20(b)(1)c. may further describe affected Participants, e.g., non-Collective Bargaining Employees OR Campus A Employees. The group of Participants must be definitely determinable and if an EACA under Election 19, must be uniform.]

(2) **Automatic Increases.** (Choose a. or b.):

- a. **Automatic increase.** The Participant's Elective Deferrals will increase by _____ % per year up to a maximum of _____ % of Compensation unless the Participant has filed a Contrary Election after the effective date of this Election or, as appropriate, any amendment thereto.

b. **Describe increase:** _____.

[Note: The Employer in Election 20(b)(2)b. may define different increases for different groups of Participants or may otherwise limit Automatic Escalation. Any such provisions must be definitely determinable.]

(3) **Change Date.** The Elective Deferrals will increase on the following day each Plan Year:

- a. **First day of the Plan Year.**
- b. **Other:** _____ (must be a specified or definitely determinable date that occurs at least annually)

(4) **First Year of Increase.** The Automatic Escalation provision will apply to a Participant beginning with the first Change Date after the Participant files a Salary Reduction Agreement (or, if sooner, the effective date of this Election, or, as appropriate, any amendment thereto), unless otherwise elected below:

a. **The escalation provision will apply as of the second Change Date thereafter.**

b. **Describe first year increase:** _____ (e.g., the increase will apply on the Change Date occurring on or after the Participant has been automatically enrolled for 3 months).

5. The section of the Adoption Agreement entitled "CATCH-UP DEFERRALS" is amended as follows:

CATCH-UP DEFERRALS (3.02(D)/(E)). A Participant otherwise eligible to do so (Choose (a) or (b)):

(a) **Permitted.** May make the following Catch-Up Deferrals to the Plan. (Choose one or both of (1) and (2)):

- (1) **Age 50 Catch-Up.**
- (2) **Qualified Organization (defined in Section 3.02(D)(2)) Catch-Up.**

(b) **Not Permitted.** May not make any Catch-Up Deferrals to the Plan.

6. The section of the Adoption Agreement entitled "IN-PLAN ROTH ROLLOVER CONTRIBUTION" is amended as follows:

IN-PLAN ROTH ROLLOVER CONTRIBUTION (3.08(E)). The following provisions apply regarding In-Plan Roth Rollover Contributions to the extent allowed by the Vendor (*Choose (a) or (b); also see Election (c)(1) in Appendix B; leave blank if Election 6(b)(1) is not selected.*):

(a) **Not Applicable.** The Plan does not permit In-Plan Roth Rollover Contributions.

(b) **Applies.** The Plan permits In-Plan Roth Rollover Contributions to the extent permitted by the Investment Arrangement Documentation and the Vendor with regard to the following amounts. (*Choose one.*)

(1) Only otherwise distributable amounts. This provision is effective the later of September 28, 2010, the Plan or Restatement Effective Date, or _____ (enter later effective date if applicable).

(2) Otherwise distributable and nondistributable amounts. This provision is effective the later of January 1, 2013, the Plan or Restatement Effective Date, or _____ (enter later effective date if applicable).

* * * * *

The Employer executes this Amendment on the date specified below or as reflected on the electronic signature page.

Employer: International Education and Community Initiatives

Date: [signed electronically]

Signed: [signed electronically]

[print representative name/title]

Vendor: _____
[vendor signature is optional]

One Bright Ray Inc.
BOARD OF DIRECTORS
February 4, 2026

**** RESOLUTION to Amend Retirement Plan ****
2/4/26-1

WHEREAS, International Education and Community Initiatives dba One Bright Ray, Inc. maintains a 403(B) DC Retirement Plan for the benefit of its eligible employees; and

WHEREAS, the One Bright Ray, Inc. desires to amend the Plan to allow participants to make Roth elective deferral contributions; and

WHEREAS, the One Bright Ray, Inc. further desires to permit catch-up contributions for participants who have attained age fifty (50) or older, in accordance with requirements under the SECURE Act 2.0; and

BE IT RESOLVED, the Board of Directors of IECI dba One Bright Ray, Inc. votes to approve:

*AMENDMENT NUMBER TWO
INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES 403(B) DC PLAN*

BE IT FURTHER RESOLVED, that this resolution shall take effect on January 1, 2026, upon approval.

Recording of the vote:

Board Members:	YEA	NAY	ABSENT	ABSTAIN	COMMENT
Joseph H. Proietta	✓				✓
Alberta P. O'Brien	✓				
Ludmiladie Gomez	✓				
Cassandra McLaughlin	✓				
Erica Mendez			✓		
Joycet Velasquez	✓				
Lisette Gonzalez	✓				

Summary: Y 6 N AB 1 ABT

The motion has Passed ✓ Failed Been Tabled

Frances Velazquez

2/4/26 Frances Velazquez, BS, Secretary

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



2025–2026 BOARD MEETING TENTATIVE SCHEDULE

DATE	TIME	LOCATION
Wednesday, October 1, 2025	3:00 p.m.	Zoom (Virtual Meeting)
Wednesday, November 19, 2025	3:00 p.m.	Zoom (Virtual Meeting)
Wednesday, February 4, 2026	3:00 p.m.	Zoom (Virtual Meeting)
Wednesday, April 29, 2026	3:00 p.m.	Zoom (Virtual Meeting)
Wednesday, June 3, 2026	3:00 p.m.	Zoom (Virtual Meeting)