

**PRELIMINARY LIMITED OFFERING MEMORANDUM DATED OCTOBER 7, 2024**

**NEW ISSUE - BOOK-ENTRY ONLY**

**Moody's: "Baa3"  
See "RATING" herein**

*In the opinion of Bond Counsel, assuming continuing compliance by the Authority, the Borrower, and the Charter School with certain covenants to comply with provisions of the Internal Revenue Code of 1986, as amended (the "Code") and any applicable regulations thereunder, interest on the Tax Exempt Series 2024 Bonds is excluded from gross income for purposes of federal income taxation and is not an item of tax preference for purposes of the federal alternative minimum income tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code. Other provisions of the Code may affect purchasers and holders of the Tax Exempt Series 2024 Bonds. See "TAX MATTERS - Federal Income Tax Treatment of the Tax Exempt Series 2024 Bonds" herein for a brief description of these provisions. Under the laws of the Commonwealth of Pennsylvania, interest on the Tax Exempt Series 2024 Bonds shall be free from taxation for State and local purposes within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the Tax Exempt Series 2024 Bonds or the interest thereon. Under the laws of the Commonwealth of Pennsylvania, profits, gains or income derived from the sale, exchange or other disposition of the Tax Exempt Series 2024 Bonds shall be subject to State and local taxation within the Commonwealth of Pennsylvania. For a more complete description, see "TAX MATTERS."*

**\$70,560,000\***

**ALLENTOWN COMMERCIAL AND INDUSTRIAL  
DEVELOPMENT AUTHORITY  
EDUCATION FACILITY LEASE REVENUE BONDS  
(EXECUTIVE EDUCATION ACADEMY  
CHARTER SCHOOL PROJECT),  
TAX EXEMPT SERIES OF 2024**



**\$2,255,000\***

**ALLENTOWN COMMERCIAL AND INDUSTRIAL  
DEVELOPMENT AUTHORITY  
EDUCATION FACILITY LEASE REVENUE BONDS  
(EXECUTIVE EDUCATION ACADEMY  
CHARTER SCHOOL PROJECT),  
TAXABLE SERIES OF 2024**

**Dated: Date of Delivery**

**Due: as shown on page (i) hereof**

The Allentown Commercial and Industrial Development Authority (the "Authority"), a public instrumentality of the Commonwealth of Pennsylvania (the "Commonwealth" or "Pennsylvania") and a body corporate and politic, created by the City of Allentown (the "City"), is issuing its \$70,560,000\* Education Facility Lease Revenue Bonds (Executive Education Academy Charter School Project), Tax Exempt Series of 2024 (the "Tax Exempt Series 2024 Bonds") and its \$2,255,000\* Education Facility Lease Revenue Bonds (Executive Education Academy Charter School Project), Taxable Series of 2024 (the "Taxable Series 2024 Bonds") and together with the Tax Exempt Series 2024 Bonds, the "Series 2024 Bonds", pursuant to an Indenture of Trust dated as of November 1, 2024 (the "Indenture"), by and between the Authority and Zions Bancorporation, National Association, as trustee (the "Bond Trustee"). The Series 2024 Bonds will be dated their date of delivery, will be issued initially in denominations of \$100,000 and integral multiples of \$5,000 in excess thereof ("Authorized Denominations"). The Series 2024 Bonds will mature on the dates and in the amounts set forth on page (i) hereof. The Series 2024 Bonds will accrue interest from their date of delivery, payable semi-annually on July 1 and January 1 each year, commencing January 1, 2025\*, until maturity or earlier redemption. Interest on the Series 2024 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Capitalized terms used but not defined on this cover page shall have the meanings set forth in this Limited Offering Memorandum or in APPENDIX E - "SUBSTANTIALLY FINAL FORMS OF CERTAIN FINANCING DOCUMENTS."

**The Series 2024 Bonds are subject to optional, extraordinary, mandatory redemption and mandatory sinking fund redemption as described herein. See "THE SERIES 2024 BONDS - Prior Redemption."**

The Series 2024 Bonds will be issued as registered bonds in book-entry only form in the name of Cede & Co., as nominee of The Depository Trust Company, which will act as securities depository for the Series 2024 Bonds. Purchasers of beneficial interests in the Series 2024 Bonds will be made in book-entry only form and purchasers will not receive physical certificates representing the ownership interest in the Series 2024 Bonds purchased by them. See APPENDIX H - "BOOK-ENTRY ONLY SYSTEM."

The proceeds of the Series 2024 Bonds will be used to fund a loan (the "Loan") from the Authority to Executive Education Academy Charter School Foundation (the "Borrower"), a Pennsylvania nonprofit corporation, pursuant to the Loan Agreement dated as of November 1, 2024 (the "Agreement"), by and between the Authority and the Borrower in order to (i) pay off the Existing Debt and refund the Series 2017 Bonds and the Series 2022 Bonds, (ii) fund various capital improvements for the Charter School, including, but not limited to, a project to renovate, and construct certain additions to, equip and furnish the Facilities, (iii) pay costs in conjunction with the issuance of the Series 2024 Bonds, and (iv) fund any other costs related to the Series 2024 Bonds including, but not limited to, any reserve funds or capitalized interest. See "PLAN OF FINANCE - Estimated Sources and Uses of Funds" herein.

On the Closing Date, the Charter School's existing lease of the Existing Facility will terminate, and the Borrower and the Charter School will enter into the Lease Agreement dated as of November 1, 2024 (the "Lease"), by and between the Borrower, as landlord, and the Charter School, as tenant, for the lease of the Leased Facilities. Certain portions of the Leased Facilities not leased to the Charter School will be leased to certain other organizations (the "Tenants") pursuant to certain other individual leases (the "Other Leases").

As security for its obligation to make payments required under the Agreement, the Borrower, as "Obligated Group Representative" of the Obligated Group, will issue a promissory note (the "2024 Note") under the terms of and pursuant to a Master Trust Indenture dated as of November 1, 2024 (the "Original Master Indenture"), by and between the Borrower, on behalf of itself and as Obligated Group Representative (a "Member" and initially the sole member of the "Obligated Group") and Zions Bancorporation, National Association, as master trustee (the "Master Trustee"), as supplemented by a Supplemental Master Trust Indenture No. 1 dated as of November 1, 2024 (the "Supplemental Master Indenture" and, together with the Original Master Indenture and, as may be further amended or supplemented from time to time, the "Master Indenture"), by and between the Obligated Group Representative and the Master Trustee. On the Closing Date, the Borrower is the sole Member of the Obligated Group and there are no plans to add new Members of the Obligated Group.

Pursuant to the Master Indenture, to secure the 2024 Note and each other Obligation issued pursuant to the Master Indenture (collectively, the "Obligations"), each Member therein sells, assigns, transfers, sets over and pledges unto the Master Trustee and grants a security interest in all of the right, title and interest of each respective Member in and to all of the Pledged Revenues, any rights to receive such Pledged Revenues, and in the Revenue Fund established thereunder, all monies and investments therein and all income derived from the investment thereof, to have and to hold in trust for the benefit of the Holders from time to time of all Obligations issued and Outstanding thereunder, without preference or priority of any one Obligation over any other Obligation except as otherwise expressly provided therein.

In order to further secure the Obligations, the Borrower will, (a) grant a mortgage lien on and security interest in its interest in the Facilities to the Master Trustee, for the benefit of the holders of the 2024 Note, pursuant to the Open-End Mortgage, Assignment of Leases and Income, Security Agreement and Fixture Filing, effective the Closing Date (the "Mortgage"), from the Borrower in favor of the Master Trustee and (b) assign its interest in the Lease to the Master Trustee pursuant to the Mortgage.

The primary source of Pledged Revenues for the repayment of the 2024 Note is the Base Rent due by the Charter School to the Borrower under the Lease, which together with anticipated rental payments from Tenants under the Other Leases, will be in an amount sufficient to pay the debt service on the 2024 Note.

The Series 2024 Bonds are to be issued pursuant to the Indenture and, together with any Additional Bonds that may be issued thereunder (collectively, the "Bonds"), will be equally and ratably secured thereby. The Series 2024 Bonds constitute special, limited obligations of the Authority and are payable solely from the Trust Estate described in the Indenture. The Bonds are secured by a pledge under the Indenture of the Trust Estate. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS."

Investment in the Series 2024 Bonds involves a degree of risk and is speculative in nature as described under "RISK FACTORS" herein and under other sections of this Limited Offering Memorandum.

**THE SERIES 2024 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY, AND THE SERIES 2024 BONDS AND THE INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, SHALL NOT BE DEEMED TO CONSTITUTE OR CREATE AN INDEBTEDNESS, LIABILITY OR OBLIGATION OF THE AUTHORITY, THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY COMMONWEALTH CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION OR A PLEDGE OF THE FAITH AND CREDIT OR THE TAXING POWER OF THE COMMONWEALTH OR ANY SUCH POLITICAL SUBDIVISION OR AGENCY. THE SERIES 2024 BONDS AND THE INTEREST THEREON ARE PAYABLE SOLELY FROM AND SECURED BY THE TRUST ESTATE, ALL AS DESCRIBED IN AND SUBJECT TO LIMITATIONS SET FORTH IN THE INDENTURE, FOR THE EQUAL AND RATABLE BENEFIT OF THE HOLDERS, FROM TIME TO TIME, OF THE SERIES 2024 BONDS.**

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read this entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision and should give particular attention to the material under the caption "RISK FACTORS."

The Series 2024 Bonds offered by this Limited Offering Memorandum are offered when, as and if issued and accepted by the Underwriter, subject to prior sale, withdrawal, or modification of the offer without notice, and subject to the approval of legality by King, Spry, Herman, Freund & Faul, LLC, Bond Counsel. Certain legal matters will be passed upon by the Authority by its counsel, King, Spry, Herman, Freund & Faul, LLC, for the Borrower and the Charter School by their counsel, Fitzpatrick Lentz & Bubba, P.C., and for the Underwriter by its counsel, Ice Miller LLP. It is expected that delivery of the Series 2024 Bonds in definitive form will be made against payment therefor through the facilities of DTC on or about November \_\_, 2024.

**RAYMOND JAMES®**

Dated: October \_\_, 2024

\* Preliminary, subject to change.

This Preliminary Limited Offering Memorandum and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Limited Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.



**Photograph of the Existing Facility**

**MATURITY SCHEDULE**

**\$70,560,000\***

**ALLENTOWN COMMERCIAL AND INDUSTRIAL DEVELOPMENT AUTHORITY  
EDUCATION FACILITY LEASE REVENUE BONDS  
(EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL PROJECT),  
TAX EXEMPT SERIES OF 2024**

<b>Principal Amount (\$)</b>	<b>Bond Due (July 1)</b>	<b>Rate (%)</b>	<b>Price (%)</b>	<b>Yield (%)</b>	<b>CUSIP<sup>(1)</sup></b>
545,000*	2029*				
985,000*	2030*				
1,035,000*	2031*				
1,090,000*	2032*				
1,140,000*	2033*				
1,200,000*	2034*				
1,260,000*	2035*				
1,320,000*	2036*				
1,390,000*	2037*				
1,455,000*	2038*				
1,530,000*	2039*				

<b>Principal Amount (\$)</b>	<b>Term Bond Due (July 1)</b>	<b>Rate (%)</b>	<b>Price (%)</b>	<b>Yield (%)</b>	<b>CUSIP<sup>(1)</sup></b>
8,875,000*	2044*				
11,335,000*	2049*				
14,460,000*	2054*				
22,940,000*	2059*				

<sup>(c)</sup> Yield calculated to first optional call date of July 1, 20\_\_.

**\$2,255,000**

**ALLENTOWN COMMERCIAL AND INDUSTRIAL DEVELOPMENT AUTHORITY  
EDUCATION FACILITY LEASE REVENUE BONDS  
(EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL PROJECT),  
TAXABLE SERIES OF 2024**

<b>Principal Amount (\$)</b>	<b>Term Bond Due (July 1)</b>	<b>Rate (%)</b>	<b>Price (%)</b>	<b>Yield (%)</b>	<b>CUSIP<sup>(1)</sup></b>
2,255,000*	2029*				

\* Preliminary, subject to change.

<sup>(1)</sup> The above-referenced CUSIP numbers have been assigned by an independent company not affiliated with the Authority, the Borrower, the Underwriter or the Bond Trustee, and are included solely for the convenience of the holders of the Series 2024 Bonds. None of the Authority, the Borrower, the Charter School, the Underwriter or the Bond Trustee is responsible for the selection or uses of such CUSIP numbers, and no representation is made as to their correctness on the Series 2024 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2024 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities. CUSIP Global Services is managed on behalf of the American Bankers Association by FactSet Research Systems Inc.

## REGARDING USE OF THIS LIMITED OFFERING MEMORANDUM

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2024 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

No dealer, broker, salesperson or other person has been authorized by the Authority, the Borrower, the Charter School or the Underwriter to give any information or to make any representation, other than the information contained in this Limited Offering Memorandum, in connection with the offering of the Series 2024 Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the Authority, the Borrower, the Charter School or the Underwriter. The information in this Limited Offering Memorandum is subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the Borrower, the Charter School or the Underwriter since the date hereof. This Limited Offering Memorandum does not constitute an offer to sell or solicitation of any offer to buy in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The order and placement of materials in this Limited Offering Memorandum, including the appendices hereto, are not to be deemed a determination of relevance, materiality or importance. The Limited Offering Memorandum, including the appendices, must be considered in its entirety.

Certain statements included or incorporated by reference in this Limited Offering Memorandum are “forward-looking statements” of the type described in the Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. See “INTRODUCTION – Forward-Looking Statements” herein.

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE AUTHORITY, THE CHARTER SCHOOL, THE BORROWER, THE DEPOSITORY TRUST COMPANY (“DTC”) AND OTHER SOURCES THAT ARE BELIEVED TO BE RELIABLE, BUT IT IS NOT GUARANTEED AS TO ACCURACY AND COMPLETENESS AND IS NOT TO BE CONSTRUED AS A REPRESENTATION BY THE UNDERWRITER. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS LIMITED OFFERING MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE THE IMPLICATION THAT THERE HAS BEEN NO CHANGE IN ANY OF THE INFORMATION SET FORTH HEREIN SINCE THE DATE HEREOF.

THE AUTHORITY ASSUMES NO RESPONSIBILITY FOR THIS LIMITED OFFERING MEMORANDUM AND HAS NOT REVIEWED OR UNDERTAKEN TO VERIFY ANY INFORMATION CONTAINED HEREIN OTHER THAN WITH RESPECT TO INFORMATION CONCERNING THE AUTHORITY CONTAINED UNDER THE CAPTIONS “INTRODUCTION” “THE AUTHORITY” AND “LEGAL MATTERS – PENDING AND THREATENED LITIGATION – NO PROCEEDINGS AGAINST THE AUTHORITY.” NONE OF THE INFORMATION IN THIS LIMITED OFFERING MEMORANDUM HAS BEEN SUPPLIED OR VERIFIED BY THE AUTHORITY AND THE AUTHORITY MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

Neither the Bond Trustee nor the Master Trustee has participated in the preparation of this Limited Offering Memorandum and thus neither makes any representation as to the accuracy or completeness of any information contained herein and has no responsibility or liability therefor. The obligations and duties of the Bond Trustee and the Master Trustee are as described in the Indenture and the Master Indenture. The Bond Trustee and the Master Trustee have not evaluated the risks, benefits or propriety of any investment in the Series 2024 Bonds, and make no representation, and have reached no conclusions, regarding the validity of the Series 2024 Bonds, the security therefor,

or the adequacy of the provisions for payment thereof. The Bond Trustee and the Master Trustee will rely upon the opinions of Bond Counsel, counsel to the Authority, counsel to the Borrower, and counsel to the Charter School, among others, for the validity and enforceability of the Series 2024 Bonds and the other financing documents as well as with respect to the other matters set out in those opinions. Furthermore, the Bond Trustee and the Master Trustee have no oversight responsibility, and are not accountable, for the use or application of the proceeds of Series 2024 Bonds by the Authority or the Borrower or for the use or application of any money paid over by the Bond Trustee or the Master Trustee in accordance with the provisions of the Indenture and the Master Indenture.

THE SERIES 2024 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") NOR HAS THE INDENTURE OR MASTER INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2024 BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES IN WHICH THE SERIES 2024 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES, NOR THE FEDERAL GOVERNMENT NOR ANY OF THEIR RESPECTIVE AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2024 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS LIMITED OFFERING MEMORANDUM.

THE SERIES 2024 BONDS ARE TO BE PURCHASED FOR INVESTMENT ONLY. THE SERIES 2024 BONDS MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED DIRECTLY OR INDIRECTLY EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF ANY SERIES 2024 BONDS MAY BE RELYING ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER OR SECTION 501(A) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

**SUMMARY STATEMENT**

*The following introductory material is only a brief description of, and is qualified by, the more complete information contained throughout this Limited Offering Memorandum. A full review should be made of the entire Limited Offering Memorandum and the documents summarized or described herein. The offering of the Series 2024 Bonds to potential investors is made only by means of the entire Limited Offering Memorandum. No person is authorized to detach this Summary Statement from this Limited Offering Memorandum or otherwise use it without the entire Limited Offering Memorandum. For the definitions of certain words and terms used in this Summary Statement, see the Limited Offering Memorandum or APPENDIX E – “SUBSTANTIALLY FINAL FORMS OF CERTAIN FINANCING DOCUMENTS.”*

**Purpose of the Issue**.....The purpose of this Limited Offering Memorandum is to provide information in connection with the offer and sale of the Allentown Commercial and Industrial Development Authority \$70,560,000\* Education Facility Lease Revenue Bonds (Executive Education Academy Charter School Project), Tax Exempt Series of 2024 (the “Tax Exempt Series 2024 Bonds”) and the Allentown Commercial and Industrial Development Authority \$2,255,000\* Education Facility Lease Revenue Bonds (Executive Education Academy Charter School Project), Taxable Series of 2024 (the “Taxable Series 2024 Bonds” and together with the Tax Exempt Series 2024 Bonds, the “Series 2024 Bonds”).

The Series 2024 Bonds will be issued pursuant to an Indenture of Trust dated as of November 1, 2024 (the “Indenture”), by and between the Allentown Commercial and Industrial Development Authority (the “Authority”), a public instrumentality of the Commonwealth of Pennsylvania (the “Commonwealth” or “Pennsylvania”) and a body corporate and politic, created by the City of Allentown (the “City”), and Zions Bancorporation, National Association, as trustee (the “Bond Trustee”).

The proceeds of the Series 2024 Bonds will be used to fund a loan (the “Loan”) from the Authority to Executive Education Academy Charter School Foundation (the “Borrower”), a Pennsylvania nonprofit corporation, pursuant to the Loan Agreement dated as of November 1, 2024 (the “Agreement”), by and between the Authority and the Borrower in order to (i) pay off an existing loan (the “Existing Debt”) and refund the Series 2017 Bonds and the Series 2022 Bonds, (ii) fund various capital improvements for the Charter School, including, but not limited to, a project to renovate, and construct certain additions to, equip and furnish the Existing Facility, a certain facility located together with 413 Union Boulevard, Allentown, Pennsylvania (the “413 Facility”) and 921 North Bradford Street, Allentown, Pennsylvania (the “921 Facility”), a small parcel adjacent to the Existing Facility (collectively, the “Project Site”) and to construct a stadium on the Project Site (the “Series 2024 Facilities” and together with the Existing Facility, the 921 Facility, and the 413 Facility, the “Facilities”), (iii) pay costs in conjunction with the issuance of the Series 2024 Bonds, and (iv) fund any other costs related to the Series 2024 Bonds including, but not limited to, any reserve funds or capitalized interest (collectively, the “Project”).

**The Series 2022 Bonds**.....In August 2017, the Authority issued its Tax-Exempt Revenue Bonds (Executive Education Academy Charter School Foundation Project) Series A of 2017, in the original aggregate principal amount of \$34,180,000 and its Taxable Revenue Bonds (Executive Education

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\* Preliminary, subject to change.

Academy Charter School Foundation Project) Series B of 2017, in the original aggregate principal amount of \$6,865,000 (collectively, the “Series 2017 Bonds”). The proceeds of the Series 2017 Bonds were used, in part, to acquire, renovate, equip and construct additions to the school facilities located at 555 Union Boulevard, Allentown, Pennsylvania (the “Existing Facility”).

In October 2022, the Authority issued its Tax-Exempt Revenue Bonds (Executive Education Academy Charter School Foundation Project) Series of 2022, in the original aggregate principal amount of \$8,770,000 (the “Series 2022 Bonds”). The proceeds of the Series 2022 Bonds were used to (i) renovate, furnish and equip the Existing Facility and construct a fieldhouse addition to the Existing Facility, (ii) fund a debt service reserve fund for the Series 2022 Bonds, (iii) fund capitalized interest on the Series 2022 Bonds, and (iv) pay the costs of issuance of the Series 2022 Bonds.

**The Authority**.....The Authority is a public instrumentality of the Commonwealth created by the City, pursuant to the Act, for the purpose of acquiring, holding, constructing, improving, maintaining, operating, owning, financing and leasing, either in the capacity of lessor or lessee, industrial, commercial or specialized development projects, all as permitted under the Act. The Series 2024 Bonds are issued in conformity with the Constitution and laws of the Commonwealth, and pursuant to an authorizing resolution adopted by the Authority at a meeting held August 27, 2024, and pursuant to the terms of the Indenture.

**The Borrower**.....The Borrower is a Pennsylvania non-profit corporation and an organization exempt from federal income taxation pursuant to Section 501(a) of the Internal Revenue Code of 1986, as amended (the “Code”), as a result of the application of Section 501(c)(3) of the Code (a “501(c)(3) Organization”). The Borrower operates exclusively for the support and benefit of the Charter School and any affiliates of the Charter School or controlled organizations that are publicly supported charities, and the Charter School elects the Borrower’s board of trustees and also must approve certain actions by the Borrower. See APPENDIX A – “GENERAL INFORMATION REGARDING THE BORROWER AND THE CHARTER SCHOOL” for more information concerning the Borrower.

The Borrower is legally separate from the Charter School but is a component unit of the Charter School for purposes of financial reporting. See APPENDIX B – “AUDITED FINANCIAL STATEMENTS OF THE BORROWER AND THE CHARTER SCHOOL FOR THE FISCAL YEARS ENDED JUNE 30, 2021, 2022, AND 2023.”

**The Charter School and the School**.....The Charter School is a Pennsylvania nonprofit corporation, a charter school under 24 PS §17-1701-A et seq. (the “Charter School Law”) and a 501(c)(3) Organization. The Charter School was founded in 2013 by Robert Lysek, Stephen Flavell and Jennifer Mann and received its original charter from the Allentown School District (the “District” or “ASD”) in 2014. The Charter School received its original charter approval from the District effective for a five-year term, commencing July 1, 2014, through June 30, 2019 (the “Charter”). The Charter was renewed in 2019 and on August 8, 2024, the Charter was renewed again for a five-year term commencing July 1, 2024, through June 30, 2029. See “RISK FACTORS – Nonrenewal or Revocation of Charter” herein.

The Charter School commenced operations of the charter school known as Executive Education Academy Charter School (the “School”) in fall 2014 with 492 students in grades K-2 and 5-8. Management of the Charter School (“Management”) expanded the number of grades served at the School until it served grades K-12 by the 2018-19 school year. For the 2023-24 school year, the School served 1,446 students in grades K-12. As of October 1, 2024, it serves 1,500 students in grades K-12 for the 2024-25 school year. The Charter provides for a cap of 910 students from the District, with no cap on students from other school districts.

See APPENDIX A – “GENERAL INFORMATION REGARDING THE BORROWER AND THE CHARTER SCHOOL” for more information concerning the Charter School.

**The Lease**.....The Charter School currently leases the Existing Facility from the Borrower under a lease agreement and on the Closing Date, the Charter School’s existing lease of the Existing Facility will terminate and the Borrower and the Charter School will enter into the Lease Agreement dated as of November 1, 2024 (the “Lease”), by and between the Borrower, as landlord, and the Charter School, as tenant, for the lease of the Existing Facility and the 921 Facility (collectively, the “Leased Facilities”). The Lease provides that the payment of Base Rent by the Charter School to the Master Trustee (for the account of the Borrower) will be in an amount sufficient to pay the debt service on the 2024 Note, and the payments on the 2024 Note will be in amounts sufficient to pay debt service on the Series 2024 Bonds.

**Limited Obligations**.....THE SERIES 2024 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY, AND THE SERIES 2024 BONDS AND THE INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, SHALL NOT BE DEEMED TO CONSTITUTE OR CREATE AN INDEBTEDNESS, LIABILITY OR OBLIGATION OF THE AUTHORITY, THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY COMMONWEALTH CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION OR A PLEDGE OF THE FAITH AND CREDIT OR THE TAXING POWER OF THE COMMONWEALTH OR ANY SUCH POLITICAL SUBDIVISION OR AGENCY. THE SERIES 2024 BONDS AND THE INTEREST THEREON ARE PAYABLE SOLELY FROM AND SECURED BY THE TRUST ESTATE, ALL AS DESCRIBED IN AND SUBJECT TO LIMITATIONS SET FORTH IN THE INDENTURE, FOR THE EQUAL AND RATABLE BENEFIT OF THE HOLDERS, FROM TIME TO TIME, OF THE SERIES 2024 BONDS.

**Registration and Denominations**.....The Series 2024 Bonds will be dated their date of delivery, will be issued initially in denominations of \$100,000 and integral multiples of \$5,000 in excess thereof (“Authorized Denominations”). The Series 2024 Bonds will be issued as registered bonds in book-entry only form in the name of Cede & Co., as nominee of The Depository Trust Company, which will act as securities depository for the Series 2024 Bonds. Purchases of beneficial interests in the Series 2024 Bonds will be made in book-entry only form and purchasers will not receive physical certificates representing the ownership interest in the Series 2024 Bonds purchased by them. See APPENDIX H - “BOOK-ENTRY ONLY SYSTEM.”

**Payment Provisions**.....The Series 2024 Bonds will mature on the dates and in the amounts set forth on page (i) hereof. The Series 2024 Bonds will accrue interest from their date of delivery, payable semi-annually on July 1 and January 1



each year, commencing January 1, 2025\*, until maturity or earlier redemption. Interest on the Series 2024 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

**Redemption** .....The Series 2024 Bonds are subject to redemption as described herein. See “THE SERIES 2024 BONDS – Prior Redemption.”

**Trust Estate**.....The Series 2024 Bonds are to be issued pursuant to the Indenture and, together with any Additional Bonds that may be issued thereunder (collectively, the “Bonds”), will be equally and ratably secured thereby. The Series 2024 Bonds constitute special, limited obligations of the Authority and are payable solely from the Trust Estate described in the following sentence. The Bonds are secured by a pledge under the Indenture of (i) the rights and interests of the Authority under the Agreement (except certain unassigned rights (the “Unassigned Rights”)); (ii) the 2024 Note; (iii) all Funds created in the Indenture (other than the Rebate Fund), except for monies or obligations deposited with or paid to the Bond Trustee for the payment or redemption of Bonds which are no longer deemed to be Outstanding thereunder, and all trust accounts containing all insurance and condemnation proceeds and all Revenues payable to the Bond Trustee by or for the account of the Authority pursuant to the Agreement and the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture; and (iv) any and all other interests in real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specifically mortgaged, pledged or hypothecated, as and for additional security under the Indenture by the Authority or by anyone on its behalf or with its written consent in favor of the Bond Trustee, which is authorized by the Indenture to receive any and all such property at any and all times and to hold and apply the same, subject to the terms thereof (collectively, the “Trust Estate”).

See form of the Indenture in APPENDIX E – “SUBSTANTIALLY FINAL FORMS OF CERTAIN FINANCING DOCUMENTS.”

**Security for the Obligations**.....As security for its obligation to make payments required under the Agreement, the Borrower, as “Obligated Group Representative” of the Obligated Group, will issue a promissory note (the “2024 Note”) under the terms of and pursuant to a Master Trust Indenture dated as of November 1, 2024 (the “Original Master Indenture”), by and between the Borrower, on behalf of itself and as Obligated Group Representative (a “Member” and initially the sole member of the “Obligated Group”) and Zions Bancorporation, National Association, as master trustee (the “Master Trustee”), as supplemented by a Supplemental Master Trust Indenture No. 1 dated as of November 1, 2024 (the “Supplemental Master Indenture” and, together with the Original Master Indenture and as may be further amended or supplemented from time to time the “Master Indenture”), by and between the Obligated Group Representative and the Master Trustee. On the Closing Date, the Borrower is the sole Member of the Obligated Group and there are no plans to add new Members of the Obligated Group.

Pursuant to the Master Indenture, to secure the 2024 Note and each other Obligation issued pursuant to the Master Indenture (collectively, the

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\* Preliminary, subject to change.

“Obligations”), each Member therein sells, assigns, transfers, sets over and pledges unto the Master Trustee and grants a security interest in all of the right, title and interest of each respective Member in and to all of the Pledged Revenues, any rights to receive such Pledged Revenues, and in the Revenue Fund established thereunder, all monies and investments therein and all income derived from the investment thereof, to have and to hold in trust for the benefit of the Holders from time to time of all Obligations issued and Outstanding thereunder, without preference or priority of any one Obligation over any other Obligation except as otherwise expressly provided therein. See form of Master Indenture in APPENDIX E – “SUBSTANTIALLY FINAL FORMS OF CERTAIN FINANCING DOCUMENTS.”

In order to further secure the Obligations, the Borrower will (a) grant a mortgage lien on and security interest in its interest in the Facilities (defined herein) to the Master Trustee, for the benefit of the holders of the 2024 Note, pursuant to the Open-End Mortgage, Assignment of Leases and Income, Security Agreement and Fixture Filing, effective the Closing Date (the “Mortgage”), from the Borrower in favor of the Master Trustee and (b) assign its interest in the Lease to the Master Trustee pursuant to the Mortgage. See form of Mortgage in APPENDIX E – “SUBSTANTIALLY FINAL FORMS OF CERTAIN FINANCING DOCUMENTS.”

The Charter School, the Borrower, and the Master Trustee will also enter into a Subordination, Non-Disturbance and Attornment Agreement dated as of November 1, 2024 (the “Subordination Agreement”) establishing, among other things, that (i) the lien of the Mortgage is at all times superior to the rights of the Charter School under the Lease, (ii) the Master Trustee and the Borrower will not disturb the Charter School and its use of the Leased Facilities under the terms of the Lease (even during a foreclosure event) unless the Charter School is in default under the Lease, (iii) if a transfer of the Leased Facilities occurs, then the purchaser/transferee taking possession of the Leased Facilities will attorn to the right of the Charter School under the terms of the Lease (for the balance of the term of the Lease), and (iv) the Charter School will not take any action to assign, cancel, or terminate the Charter School’s obligations under the Lease, except as expressly permitted. See form of Subordination Agreement in APPENDIX E – “SUBSTANTIALLY FINAL FORMS OF CERTAIN FINANCING DOCUMENTS.”

**Risk Factors** .....INVESTMENT IN THE SERIES 2024 BONDS INVOLVES A DEGREE OF RISK AND IS SPECULATIVE IN NATURE AS DESCRIBED UNDER “RISK FACTORS” HEREIN AND UNDER OTHER SECTIONS OF THIS LIMITED OFFERING MEMORANDUM.

**Continuing Disclosure** .....The Borrower, on its own behalf and on behalf of the Members of the Obligated Group as the Obligated Group Representative, and the Charter School will enter into and deliver a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) with respect to the Series 2024 Bonds. The Continuing Disclosure Agreement is made for the benefit of the registered and beneficial owners of the Series 2024 Bonds. See APPENDIX G – “SUBSTANTIALLY FINAL FORM OF CONTINUING DISCLOSURE AGREEMENT.”

**Tax Status**.....In the opinion of Bond Counsel, assuming continuing compliance by the Authority, the Borrower, and the Charter School with certain covenants

to comply with provisions of the Internal Revenue Code of 1986, as amended (the “Code”) and any applicable regulations thereunder, interest on the Tax Exempt Series 2024 Bonds is excluded from gross income for purposes of federal income taxation and is not an item of tax preference for purposes of the federal alternative minimum income tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code. Other provisions of the Code may affect purchasers and holders of the Tax Exempt Series 2024 Bonds. See “TAX MATTERS - Federal Income Tax Treatment of the Tax Exempt Series 2024 Bonds” herein for a brief description of these provisions. Under the laws of the Commonwealth of Pennsylvania, interest on the Tax Exempt Series 2024 Bonds shall be free from taxation for State and local purposes within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the Tax Exempt Series 2024 Bonds or the interest thereon. Under the laws of the Commonwealth of Pennsylvania, profits, gains or income derived from the sale, exchange or other disposition of the Tax Exempt Series 2024 Bonds shall be subject to State and local taxation within the Commonwealth of Pennsylvania. For a more complete description, see “TAX MATTERS.”

**Delivery Information**.....The Series 2024 Bonds offered by this Limited Offering Memorandum are offered when, as and if issued and accepted by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice, and subject to the approval of legality by King, Spry, Herman, Freund & Faul, LLC, Bethlehem, Pennsylvania, Bond Counsel. Certain legal matters will be passed upon by the Authority by its counsel, King, Spry, Herman, Freund & Faul, LLC, Bethlehem, Pennsylvania, for the Borrower and the Charter School by their counsel, Fitzpatrick Lentz & Bubba, P.C., Allentown, Pennsylvania, and for the Underwriter by its counsel, Ice Miller LLP, Columbus, Ohio. It is expected that delivery of the Series 2024 Bonds in definitive form will be made against payment therefor through the facilities of DTC on or about November \_\_, 2024.

**Financial Information** .....The audited financial statements of the Charter School including the Borrower as a component unit, for the Fiscal Years ended June 30, 2021, 2022, and 2023 (the “Audited Financial Statements”) are included in this Limited Offering Memorandum in APPENDIX B – “AUDITED FINANCIAL STATEMENTS OF THE BORROWER AND THE CHARTER SCHOOL FOR THE FISCAL YEARS ENDED JUNE 30, 2021, 2022, AND 2023.” The Audited Financial Statements have been audited by Gorman & Associates, P.C., independent certified public accountants (the “Auditor”), to the extent and for the period indicated in its reports thereon. The Audited Financial Statements have been included in reliance upon the reports of the Auditor. The Borrower and the Charter School are not aware of any facts that would make the Audited Financial Statements misleading and the Audited Financial Statements were prepared using the standards applicable to nonprofit entities. The Audited Financial Statements included in APPENDIX B are an integral part hereof and should be read in their entirety.

Certain unaudited financial statements of the Charter School for the Fiscal Years ended June 30, 2023, and 2024 are provided herein. Such unaudited financial statements have been prepared by Management and have not been examined or reviewed by the Auditor or any other

independent certified public accountant. See APPENDIX A – “GENERAL INFORMATION REGARDING THE BORROWER AND THE CHARTER SCHOOL – CERTAIN FINANCIAL INFORMATION.”

The Charter School’s projections of revenues and expenses for the Fiscal Years ended June 30, 2025 through 2029 contained in APPENDIX C – “FINANCIAL PROJECTIONS OF THE CHARTER SCHOOL” (the “Projections”) were prepared by Management and have not been independently verified by any other party. See “RISK FACTORS – Reliance on Projections.”

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**\$70,560,000\***  
**ALLENTOWN COMMERCIAL AND  
INDUSTRIAL DEVELOPMENT AUTHORITY  
EDUCATION FACILITY LEASE REVENUE  
BONDS  
(EXECUTIVE EDUCATION ACADEMY  
CHARTER SCHOOL PROJECT),  
TAX EXEMPT SERIES OF 2024**

**\$2,255,000\***  
**ALLENTOWN COMMERCIAL AND  
INDUSTRIAL DEVELOPMENT AUTHORITY  
EDUCATION FACILITY LEASE REVENUE  
BONDS  
(EXECUTIVE EDUCATION ACADEMY  
CHARTER SCHOOL PROJECT),  
TAXABLE SERIES OF 2024**

**INTRODUCTION**

**General**

The purpose of this Limited Offering Memorandum is to provide information in connection with the offer and sale of the Allentown Commercial and Industrial Development Authority \$70,560,000\* Education Facility Lease Revenue Bonds (Executive Education Academy Charter School Project), Tax Exempt Series of 2024 (the “Tax Exempt Series 2024 Bonds”) and the Allentown Commercial and Industrial Development Authority \$2,255,000\* Education Facility Lease Revenue Bonds (Executive Education Academy Charter School Project), Taxable Series of 2024 (the “Taxable Series 2024 Bonds” and together with the Tax Exempt Series 2024 Bonds, the “Series 2024 Bonds”).

Capitalized terms used but not defined in the forepart of this Limited Offering Memorandum shall have the meanings set forth in APPENDIX E – “SUBSTANTIALLY FINAL FORMS OF CERTAIN FINANCING DOCUMENTS.”

The Series 2024 Bonds will be issued pursuant to an Indenture of Trust dated as of November 1, 2024 (the “Indenture”), by and between the Allentown Commercial and Industrial Development Authority (the “Authority”), a public instrumentality of the Commonwealth of Pennsylvania (the “Commonwealth” or “Pennsylvania”) and a body corporate and politic, created by the City of Allentown (the “City”), and Zions Bancorporation, National Association, as trustee (the “Bond Trustee”).

In August 2017, the Authority issued its Tax-Exempt Revenue Bonds (Executive Education Academy Charter School Foundation Project) Series A of 2017, in the original aggregate principal amount of \$34,180,000 and its Taxable Revenue Bonds (Executive Education Academy Charter School Foundation Project) Series B of 2017, in the original aggregate principal amount of \$6,865,000 (collectively, the “Series 2017 Bonds”). The proceeds of the Series 2017 Bonds were used, in part, to acquire, renovate, equip and construct additions to the school facilities located at 555 Union Boulevard, Allentown, Pennsylvania (the “Existing Facility”).

In October 2022, the Authority issued its Tax-Exempt Revenue Bonds (Executive Education Academy Charter School Foundation Project) Series of 2022, in the original aggregate principal amount of \$8,770,000 (the “Series 2022 Bonds”). The proceeds of the Series 2022 Bonds were used to (i) renovate, furnish and equip the Existing Facility and construct a fieldhouse addition to the Existing Facility, (ii) fund a debt service reserve fund for the Series 2022 Bonds, (iii) fund capitalized interest on the Series 2022 Bonds, and (iv) pay the costs of issuance of the Series 2022 Bonds.

The proceeds of the Series 2024 Bonds will be used to fund a loan (the “Loan”) from the Authority to Executive Education Academy Charter School Foundation (the “Borrower”), a Pennsylvania nonprofit corporation, pursuant to the Loan Agreement dated as of November 1, 2024 (the “Agreement”), by and between the Authority and the Borrower in order to (i) pay off an existing loan (the “Existing Debt”) and refund the Series 2017 Bonds and the Series 2022 Bonds, (ii) fund various capital improvements for the Charter School, including, but not limited to, a project to renovate, and construct certain additions to, equip and furnish the Existing Facility, a certain facility located together with 413 Union Boulevard, Allentown, Pennsylvania (the “413 Facility”) and 921 North Bradford Street, Allentown, Pennsylvania (the “921 Facility”), a small parcel adjacent to the Existing Facility (collectively, the “Project Site”) and to construct a stadium on the Project Site (the “Series 2024 Facilities” and together with the Existing

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\* Preliminary, subject to change.

Facility, the 921 Facility, and the 413 Facility, the “Facilities”), (iii) pay costs in conjunction with the issuance of the Series 2024 Bonds, and (iv) fund any other costs related to the Series 2024 Bonds including, but not limited to, any reserve funds or capitalized interest (collectively, the “Project”).

On the date of issuance of the Series 2024 Bonds (the “Closing Date”), the Borrower will use a portion of the proceeds of the Series 2024 Bonds to (i) refinance the Existing Debt, in full, in the aggregate amount of approximately \$900,000 and (ii) pay off the Series 2017 Bonds and the Series 2022 Bonds. See “PLAN OF FINANCE” for more information.

### **Security and Sources of Payment for the Series 2024 Bonds**

The Series 2024 Bonds are to be issued pursuant to the Indenture and, together with any Additional Bonds that may be issued thereunder (collectively, the “Bonds”), will be equally and ratably secured thereby. The Series 2024 Bonds constitute special, limited obligations of the Authority and are payable solely from the Trust Estate described in the following sentence. The Bonds are secured by a pledge under the Indenture of (i) the rights and interests of the Authority under the Agreement (except certain unassigned rights (the “Unassigned Rights”)); (ii) the 2024 Note; (iii) all Funds created in the Indenture (other than the Rebate Fund), except for monies or obligations deposited with or paid to the Bond Trustee for the payment or redemption of Bonds which are no longer deemed to be Outstanding thereunder, and all trust accounts containing all insurance and condemnation proceeds and all Revenues payable to the Bond Trustee by or for the account of the Authority pursuant to the Agreement and the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture; and (iv) any and all other interests in real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specifically mortgaged, pledged or hypothecated, as and for additional security under the Indenture by the Authority or by anyone on its behalf or with its written consent in favor of the Bond Trustee, which is authorized by the Indenture to receive any and all such property at any and all times and to hold and apply the same, subject to the terms thereof (collectively, the “Trust Estate”).

As security for its obligation to make payments required under the Agreement, the Borrower, as “Obligated Group Representative” of the Obligated Group, will issue a promissory note (the “2024 Note”) under the terms of and pursuant to a Master Trust Indenture dated as of November 1, 2024 (the “Original Master Indenture”), by and between the Borrower (a “Member” and the sole member of the “Obligated Group”) and Zions Bancorporation, National Association, as master trustee (the “Master Trustee”), as supplemented by a Supplemental Master Trust Indenture No. 1 dated as of November 1, 2024 (the “Supplemental Master Indenture” and, together with the Original Master Indenture, the “Master Indenture”), by and between the Obligated Group Representative and the Master Trustee. On the Closing Date, the Borrower is the sole Member of the Obligated Group and there are no plans to add new Members of the Obligated Group.

Pursuant to the Master Indenture, to secure the 2024 Note and each other Obligation issued pursuant to the Master Indenture (collectively, the “Obligations”), each Member therein sells, assigns, transfers, sets over and pledges unto the Master Trustee and grants a security interest in all of the right, title and interest of each respective Member in and to all of the Pledged Revenues, any rights to receive such Pledged Revenues, and in the Revenue Fund established thereunder, all monies and investments therein and all income derived from the investment thereof, to have and to hold in trust for the benefit of the Holders from time to time of all Obligations issued and Outstanding thereunder, without preference or priority of any one Obligation over any other Obligation except as otherwise expressly provided therein.

In order to further secure the Obligations, the Borrower will, (a) grant a mortgage lien on and security interest in its interest in the Facilities to the Master Trustee, for the benefit of the holders of the 2024 Note, pursuant to the Open-End Mortgage, Assignment of Leases and Income, Security Agreement and Fixture Filing, effective the Closing Date (the “Mortgage”), from the Borrower in favor of the Master Trustee and (b) assign its interest in the Lease to the Master Trustee pursuant to the Mortgage.

The Charter School, the Borrower, and the Master Trustee will also enter into a Subordination, Non-Disturbance and Attornment Agreement dated as of November 1, 2024 (the “Subordination Agreement”) establishing, among other things, that (i) the lien of the Mortgage is at all times superior to the rights of the Charter School under



the Lease, (ii) the Master Trustee and the Borrower will not disturb the Charter School and its use of the Leased Facilities under the terms of the Lease (even during a foreclosure event) unless the Charter School is in default under the Lease, (iii) if a transfer of the Leased Facilities occurs, then the purchaser/transferee taking possession of the Leased Facilities will attain to the right of the Charter School under the terms of the Lease (for the balance of the term of the Lease), and (iv) the Charter School will not take any action to assign, cancel, or terminate the Charter School's obligations under the Lease, except as expressly permitted. See form of Subordination Agreement in APPENDIX E – "SUBSTANTIALLY FINAL FORMS OF CERTAIN FINANCING DOCUMENTS."

The Charter School currently leases the Existing Facility from the Borrower under a lease agreement and on the Closing Date, the Charter School's existing lease of the Existing Facility will terminate, and the Borrower and the Charter School will enter into the Lease Agreement dated as of November 1, 2024 (the "Lease"), by and between the Borrower, as landlord, and the Charter School, as tenant, for the lease of the Existing Facility and the 921 Facility (collectively, the "Leased Facilities"). The Lease provides that the payment of Base Rent by the Charter School to the Master Trustee (for the account of the Borrower) will be in an amount sufficient to pay the debt service on the 2024 Note.

In addition, the Series 2024 Bonds are secured by the Debt Service Reserve Fund, as described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS — The Indenture – Debt Service Reserve Fund" for more information.

Brief descriptions of various documents set forth in this Limited Offering Memorandum do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements herein are qualified in their entirety by the terms of each such document. Forms of the principal legal documents, including the Indenture, the Agreement, the Lease, the Master Indenture, the Mortgage, and the Subordination Agreement are attached hereto as APPENDIX E — "SUBSTANTIALLY FINAL FORMS OF CERTAIN FINANCING DOCUMENTS."

### **Forward-Looking Statements**

This Limited Offering Memorandum contains statements relating to future results that are forward-looking statements of the type defined in the Private Litigation Reform Act of 1995. When used in this Limited Offering Memorandum, the words "estimate," "expect," "project," "intend," "anticipate," "believe," "may," "will," "continue" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results, and that those differences could be material.

**THE AUTHORITY, THE BORROWER, THE CHARTER SCHOOL, AND THE UNDERWRITER DISCLAIM ANY OBLIGATION OR UNDERTAKING TO RELEASE PUBLICLY ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENT CONTAINED HEREIN TO REFLECT ANY CHANGES IN EXPECTATIONS WITH REGARD THERETO OR ANY CHANGE IN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED.**

### **THE AUTHORITY**

#### **Organization**

The Authority is a public instrumentality of the Commonwealth and a body corporate and politic, pursuant to the Economic Development Financing Law of the Commonwealth, the Act of August 23, 1967, P.L. 251, as amended (the "Act"), for the purpose of acquiring, holding, constructing, improving, maintaining, operating, owning, financing and leasing, either in the capacity of lessor or lessee, industrial, commercial or specialized development projects, all as permitted under the Act. A Certificate of Incorporation was issued to the Authority by the Secretary of the Commonwealth on February 4, 1983. A Certificate of Amendment evidencing the amendment of the Authority's Articles of Incorporation, extending the terms of existence of the Authority for 50 years, was issued on April 1, 2011. The Authority's address is 905 Harrison Street, Allentown, PA 18103.

## **Resolution; Approval**

The Series 2024 Bonds are issued in conformity with the Constitution and laws of the Commonwealth, and pursuant to an authorizing resolution adopted by the Authority at a meeting held on August 27, 2024, and pursuant to the terms of the Indenture.

## **Financing Program of the Authority**

The Authority has issued a number of special obligation bond and note issues and may issue others from time to time. Each such issue shall be payable solely from revenues derived from the Project being financed, from special funds established therefor or from other financing arrangements, will be separately secured and is separate and independent from the Series 2024 Bonds as to sources of payment and security.

The Authority may from time to time enter into further transactions with other entities in connection with projects unrelated to the Project being financed by the Series 2024 Bonds. Such transactions will provide for the issuance of bonds or notes to be secured by sources of revenues or other security that are separate from the revenues and other security securing the Series 2024 Bonds.

THE AUTHORITY HAS NOT PREPARED OR ASSISTED IN THE PREPARATION OF THIS LIMITED OFFERING MEMORANDUM, EXCEPT FOR INFORMATION CONCERNING THE AUTHORITY CONTAINED UNDER THIS SECTION, AND UNDER THE HEADING “LEGAL MATTERS – PENDING AND THREATENED LITIGATION – NO PROCEEDINGS AGAINST THE AUTHORITY” BELOW WITH RESPECT TO THE AUTHORITY AND, EXCEPT AS TO THOSE STATEMENTS, THE AUTHORITY IS NOT RESPONSIBLE FOR, AND DOES NOT REPRESENT OR WARRANT IN ANY WAY THE ACCURACY OR COMPLETENESS OF, ANY INFORMATION OR ANY STATEMENTS MADE HEREIN. ACCORDINGLY, EXCEPT AS AFORESAID, THE AUTHORITY DISCLAIMS RESPONSIBILITY FOR THE DISCLOSURE SET FORTH HEREIN MADE IN CONNECTION WITH THE OFFER, SALE AND DISTRIBUTION OF THE Series 2024 Bonds.

## **Limited Involvement of the Authority**

The Authority has not participated in the preparation of any feasibility study or other financial analysis of the Project and has not undertaken to review or approve expenditures for the Project, or to review the financial statements of the Borrower or the Charter School.

The Authority has not participated in the preparation of or reviewed this Limited Offering Memorandum and is not responsible for any information contained herein, except for the information in this section and under the captions “INTRODUCTION” and “LEGAL MATTERS – Pending and Threatened Litigation — No Proceedings Against the Authority” as such information applies to the Authority.

## **THE BORROWER**

The Borrower is a Pennsylvania non-profit corporation and an organization exempt from federal income taxation pursuant to Section 501(a) of the Internal Revenue Code of 1986, as amended (the “Code”), as a result of the application of Section 501(c)(3) of the Code (a “501(c)(3) Organization”). The Borrower operates exclusively for the support and benefit of the Charter School and any affiliates of the Charter School or controlled organizations that are publicly supported charities, and the Charter School elects the Borrower’s board of trustees and also must approve certain actions by the Borrower. See APPENDIX A – “GENERAL INFORMATION REGARDING THE BORROWER AND THE CHARTER SCHOOL” for more information concerning the Borrower.

The Borrower is legally separate from the Charter School but is a component unit of the Charter School for purposes of financial reporting. See APPENDIX B – “AUDITED FINANCIAL STATEMENTS OF THE BORROWER AND THE CHARTER SCHOOL FOR THE FISCAL YEARS ENDED JUNE 30, 2021, 2022, AND 2023.”

## THE CHARTER SCHOOL

The Charter School is a Pennsylvania nonprofit corporation, a charter school under 24 PS §17-1701-A *et seq.* (the “Charter School Law”) and a 501(c)(3) Organization. The Charter School was founded in 2013 by Robert Lysek, Stephen Flavell and Jennifer Mann and received its original charter from the Allentown School District (the “Allentown SD”) in 2014. The Charter School received its original charter approval from the Allentown School District (the “District” or “ASD”) effective for a five-year term, commencing July 1, 2014, through June 30, 2019 (the “Charter”). The Charter was renewed in 2019 and on August 8, 2024, the Charter was renewed again for a five-year term commencing July 1, 2024, through June 30, 2029. See “RISK FACTORS – Nonrenewal or Revocation of Charter” herein.

The Charter School commenced operations of the charter school known as Executive Education Academy Charter School (the “School”) in fall 2014 with 492 students in grades K-2 and 5-8. Management of the Charter School (“Management”) expanded the number of grades served at the School until it served grades K-12 by the 2018-19 school year. For the 2023-24 school year, the School served 1,446 students in grades K-12. As of October 1, 2024, it serves 1,500 students in grades K-12 for the 2024-25 school year. The Charter provides for a cap of 910 students from the District, with no cap on students from other school districts.

The Charter School currently leases the Existing Facility from the Borrower under a lease agreement and on the Closing Date, the Charter School’s existing lease of the Existing Facility will terminate and the Borrower and the Charter School will enter into the Lease Agreement dated as of November 1, 2024 (the “Lease”), by and between the Borrower, as landlord, and the Charter School, as tenant, for the lease of the Leased Facilities. The Lease provides that the payment of Base Rent by the Charter School to the Master Trustee (for the account of the Borrower) will be in an amount sufficient to pay the debt service on the 2024 Note, and the payments on the 2024 Note will be in amounts sufficient to pay debt service on the Series 2024 Bonds.

See APPENDIX A – “GENERAL INFORMATION REGARDING THE BORROWER AND THE CHARTER SCHOOL” for more information concerning the Charter School.

## THE SERIES 2024 BONDS

### General

The Series 2024 Bonds will be dated their date of delivery, will be issued initially in denominations of \$100,000 and integral multiples of \$5,000 in excess thereof (“Authorized Denominations”). The Series 2024 Bonds will mature on the dates and in the amounts set forth on page (i) of this Limited Offering Memorandum, subject to redemption prior to maturity as described below, and will bear interest until paid at the rates shown on page (i) of this Limited Offering Memorandum, payable semi-annually on July 1 and January 1 of each year, commencing on January 1, 2025\* (each an “Interest Payment Date”).

Interest on the Series 2024 Bonds is computed on the basis of a 360-day year comprised of twelve 30-day months. Interest on the Series 2024 Bonds will be payable to the persons in whose names the Series 2024 Bonds are registered on the Series 2024 Bond register maintained by the Bond Trustee at the close of business on the first calendar day of the month containing each Interest Payment Date (the “Regular Record Date”) notwithstanding any transfer or exchange of such Series 2024 Bond subsequent to such Regular Record Date and prior to such Interest Payment Date (except in the case of a default in interest which shall be paid to the persons in whose names the Series 2024 Bonds are registered on a special record date). While the Series 2024 Bonds remain in book-entry-only form (see APPENDIX H - “BOOK-ENTRY ONLY SYSTEM”) payments of interest on the Series 2024 Bonds will be made by check or draft mailed on each Interest Payment Date to the registered owner thereof as of the Regular Record Date at their address as it last appears on the registration books of the Bond Trustee, except that the Registered Owners of at least \$1,000,000 in aggregate principal amount of Series 2024 Bonds Outstanding may, by written request received at least

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\* Preliminary, subject to change.

10 Business Days prior to the Regular Record Date, receive payment of interest by wire transfer at the address specified in such request, which address must be in the United States of America.

Interest which is due and payable on any Interest Payment Date, but not so timely paid or duly provided, ceases to be payable to the registered owner otherwise entitled thereto as of such date. At such time as sufficient funds are available for the payment of such overdue interest, the Bond Trustee is required to establish a Special Record Date for payment of the defaulted interest. The Bond Trustee is required to mail a notice specifying each date so established to each registered owner of the Series 2024 Bonds, such notice to be mailed at least 10 days prior to the Special Record Date.

### **Prior Redemption**

#### ***Optional Redemption***\*

The Tax Exempt Series 2024 Bonds are subject to redemption prior to maturity at the option of the Authority in whole or in part, on July 1, 2031, or on any date thereafter upon direction by the Borrower and upon payment of par plus accrued interest to the date of redemption.

The Taxable Series 2024 Bonds are not subject to optional redemption prior to maturity.

The Series 2024 Bonds are not subject to partial redemption pursuant to the optional redemption provisions described above if an Event of Default has occurred under the Indenture and has not been cured or otherwise waived by the Bond Trustee.

#### ***Mandatory Sinking Fund Redemption***

The Tax Exempt Series 2024 Bonds maturing July 1, 20\_\_ are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date. Pursuant to the provisions of the Agreement, the Borrower is required to provide funds for deposit into the Bond Principal Fund and Bond Interest Fund sufficient to redeem the following principal amount of the Tax Exempt Series 2024 Bonds maturing July 1, 20\_\_ plus accrued interest thereon to the redemption date:

**Tax Exempt Series 2024 Bonds  
Maturing on July 1, 20\_\_**

<b>Date</b>	<b>Principal</b>
<b>July 1</b>	<b>Amount (\$)</b>

(1)

                      
(1) Final Maturity

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\* Preliminary, subject to change.

The Tax Exempt Series 2024 Bonds maturing July 1, 20\_\_ are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date. Pursuant to the provisions of the Agreement, the Borrower is required to provide funds for deposit into the Bond Principal Fund and Bond Interest Fund sufficient to redeem the following principal amount of the Tax Exempt Series 2024 Bonds maturing July 1, 20\_\_ plus accrued interest thereon to the redemption date:

**Tax Exempt Series 2024 Bonds  
Maturing on July 1, 20\_\_**

<b>Date</b>	<b>Principal</b>
<b>July 1</b>	<b>Amount (\$)</b>

(1)

\_\_\_\_\_  
(1) Final Maturity

The Tax Exempt Series 2024 Bonds maturing July 1, 20\_\_ are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date. Pursuant to the provisions of the Agreement, the Borrower is required to provide funds for deposit into the Bond Principal Fund and Bond Interest Fund sufficient to redeem the following principal amount of the Tax Exempt Series 2024 Bonds maturing July 1, 20\_\_ plus accrued interest thereon to the redemption date:

**Tax Exempt Series 2024 Bonds  
Maturing on July 1, 20\_\_**

<b>Date</b>	<b>Principal</b>
<b>July 1</b>	<b>Amount (\$)</b>

(1)

\_\_\_\_\_  
(1) Final Maturity

The Tax Exempt Series 2024 Bonds maturing July 1, 20\_\_ are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date. Pursuant to the provisions of the Agreement, the Borrower is required to provide funds for deposit into the Bond Principal Fund and Bond Interest Fund sufficient to redeem the following principal amount of the Tax Exempt Series 2024 Bonds maturing July 1, 20\_\_ plus accrued interest thereon to the redemption date:

**Tax Exempt Series 2024 Bonds  
Maturing on July 1, 20\_\_**

<b>Date</b>	<b>Principal</b>
<b>July 1</b>	<b>Amount (\$)</b>

(1)

\_\_\_\_\_  
(1) Final Maturity

The Taxable Series 2024 Bonds are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date. Pursuant to the provisions of the Agreement, the Borrower is required to provide funds for deposit into the Bond Principal Fund and Bond Interest Fund sufficient to redeem the following principal amount of the Taxable Series 2024 Bonds plus accrued interest thereon to the redemption date:

**Taxable Series 2024 Bonds  
Maturing on July 1, 20\_\_**

<b>Date</b>	<b>Principal</b>
<b>July 1</b>	<b>Amount (\$)</b>

(1)

\_\_\_\_\_  
(1) Final Maturity

Not more than 45 days nor less than 20 days prior to the sinking fund payment date for the Series 2024 Bonds, the Bond Trustee is required to proceed to select for redemption (by lot in such manner as the Bond Trustee may determine) from all Outstanding Series 2024 Bonds, a principal amount of Series 2024 Bonds equal to the aggregate principal amount of Series 2024 Bonds, redeemable with the required sinking fund payment and is required to call such Series 2024 Bonds for redemption from the sinking fund on the next July 1 and give notice of such call.

***Mandatory Redemption upon Sale of the 413 Facility***

The Series 2024A Bonds are subject to mandatory redemption in part up to an amount equal to the greater of the proceeds of the sale of the 413 Union Parcel or the allocable amount of the Series 2024A Bonds, unless, in the opinion of Bond Counsel, redemption of a lesser amount that does not adversely affect the exclusion from gross income of interest on the Series 2024A Bonds at a redemption price equal to 100% of the aggregate principal amount of such Series 2024A Bonds being redeemed, plus accrued interest to the redemption date after the sale of the 413 Union Parcel, receipt of the proceeds of the sale of the 413 Union Parcel, and release of the 413 Union Parcel from the lien of the Mortgage pursuant to the Master Indenture. The redemption date shall be the earliest practicable date selected by the Borrower, after consultation with the Trustee and the Authority, but in no event later than 45 days following the sale of the 413 Union Parcel.

***Mandatory Redemption from Excess Moneys in the Project Fund***

The Trustee shall redeem the Series 2024A Bonds in the manner set forth in the Indenture, in part, on the earliest practicable date selected by the Trustee in increments of \$5,000 and at a redemption price of 100% of the principal amount of the Series 2024A Bonds being redeemed plus accrued interest to the redemption date, from unused amounts of \$100,000 or more on deposit in the Project Fund following the final Project Fund requisition related to the Project on such date.

***Redemption of the Series 2024 Bonds Upon Occurrence of Certain Events***

The Series 2024 Bonds are subject to redemption upon the written direction of the Borrower in whole or in part on any Interest Payment Date from and to the extent of funds on deposit under the Indenture and available for this purpose at a redemption price equal to the principal amount of each of the Series 2024 Bonds to be redeemed plus accrued interest thereon to the redemption date upon the occurrence of any of the following events:

- (a) The Facilities shall have been damaged or destroyed, in whole or in part, to such extent that, as expressed in a consulting architect’s certificate filed with the Bond Trustee, (i) such Facility cannot reasonably be restored within a period of six consecutive months to the condition thereof immediately preceding such damage or destruction, (ii) the Borrower or its lessee is thereby prevented from carrying on its normal operations for a period of

six consecutive months, or (iii) the cost of restoration thereof would exceed the net proceeds of insurance carried thereon pursuant to the requirements of the Master Indenture.

(b) Title to or the temporary use of, all or any substantial part of the Facilities shall have been taken under the exercise of the power of eminent domain by any governmental authority or person, firm or corporation acting under governmental authority or because of a defect in title.

(c) As a result of any changes in the Constitution of the Commonwealth or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Borrower in good faith, the Agreement, the Master Indenture, the Lease or the Mortgage shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in the Agreement or unreasonable burdens or excessive liabilities shall have been imposed on the Borrower in respect to the Facilities, including, without limitation, federal, state or other ad valorem, property, income or other taxes not being imposed on the date of the Agreement. Redemption described in this paragraph (c) shall be in whole only.

Only Net Proceeds of insurance or of a condemnation award may be used for a partial redemption of the Series 2024 Bonds pursuant to paragraph (a) or (b) above.

#### ***Redemption upon a Determination of Taxability***

The Series Tax Exempt Series 2024 Bonds are subject to mandatory redemption as a whole at the principal amount thereof, plus accrued interest thereon to the date of redemption, plus a 3% premium, upon the occurrence of a Determination of Taxability. The redemption date shall be the earliest practicable date selected by the Borrower, after consultation with the Bond Trustee, but in no event later than six months following the Determination of Taxability. See APPENDIX E — “SUBSTANTIALLY FINAL FORMS OF CERTAIN FINANCING DOCUMENTS.”

#### ***Partial Redemption***

Upon surrender and receipt of any Series 2024 Bond for redemption in part only, the Authority shall execute and the Bond Trustee shall authenticate and deliver to the Registered Owner thereof, the cost of which shall be paid by the Borrower, a new Bond or Bonds of the same Series and maturity and interest rate and of authorized denominations, in an aggregate principal amount equal to that portion of the Series 2024 Bond not redeemed. The Borrower shall subscribe for new CUSIP numbers, if necessary, in connection with such partial redemption of Series 2024 Bonds.

#### ***Notice of Redemption***

Series 2024 Bonds shall be called for optional redemption by the Bond Trustee as provided in the Indenture upon receipt by the Bond Trustee at least 30 days prior to the redemption date of a certificate of the Borrower specifying the series and principal amount of the Series 2024 Bonds to be called for redemption, the applicable redemption price or prices, the provision or provisions of the Indenture pursuant to which such Series 2024 Bonds are to be called for redemption, provided that such certificate shall not be required with respect to a sinking fund redemption pursuant to the Indenture and Series 2024 Bonds shall be called for redemption by the Bond Trustee pursuant to the Indenture without the necessity of any action by the Borrower. In the case of every redemption, or in the case of any defeasance, the Bond Trustee shall cause notice of such redemption or defeasance by mailing by first-class mail a copy of the redemption notice or defeasance notice to the Registered Owners of the Series 2024 Bonds designated for redemption or defeasance in whole or in part, at their addresses as the same shall last appear upon the registration records, in each case not less than 20 days prior to the redemption date or defeasance date, provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption or defeasance of such Series 2024 Bonds. Any notice of optional redemption by the Bond Trustee may contain a statement that the redemption is conditioned upon the receipt by the Bond Trustee of funds on or before the date fixed for redemption sufficient to the pay the redemption price of the Series 2024 Bonds so called for redemption, and that if funds are not available, such optional redemption shall be cancelled by written notice to the Registered Owners of the Series 2024 Bonds called for redemption in the same manner as the original redemption notice was given.

Each notice of redemption shall specify the date fixed for redemption, the redemption price, the place or places of payment, that payment will be made upon presentation and surrender of the Series 2024 Bonds to be redeemed, that interest accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date, interest thereon will cease to accrue. If less than all the Outstanding Bonds are to be redeemed, the notice of redemption shall specify the numbers of the Series 2024 Bonds or portions thereof to be redeemed. If less than all of the Outstanding Bonds subject to mandatory sinking fund redemption are redeemed, the Borrower, in consultation with the Bond Trustee, shall calculate the revised sinking fund schedule based on a pro rata share of the Series 2024 Bonds then Outstanding. In connection with any redemption of Series 2024 Bonds while in a book-entry system, such redemption will be processed in accordance with the requirements of DTC.

## **PLAN OF FINANCE**

### **General**

The proceeds of the Series 2024 Bonds will be used to fund the Loan from the Authority to the Borrower pursuant to the Agreement in order to (i) pay off the Existing Debt and refund the Series 2017 Bonds and the Series 2022 Bonds, (ii) fund various capital improvements for the Charter School, including, but not limited to, a project to renovate, and construct certain additions to, equip and furnish the Facilities, (iii) pay costs in conjunction with the issuance of the Series 2024 Bonds, and (iv) fund any other costs related to the Series 2024 Bonds including, but not limited to, any reserve funds or capitalized interest.

On the Closing Date, the Borrower will use a portion of the proceeds of the Series 2024 Bonds to (i) refinance the Existing Debt, in full, in the aggregate amount of approximately \$900,000 and (ii) pay off the Series 2017 Bonds and the Series 2022 Bonds.

The Borrower expects to commence construction of the Series 2024 Facilities (the “Stadium Project”) in summer 2026. The Borrower estimates that the Stadium Project will be substantially complete by spring 2027 and estimates that it will not cost more than \$25 million to complete the Stadium Project. See “ – The Stadium Project” herein.

See “RISK FACTORS – Construction Risks” herein and APPENDIX A – “GENERAL INFORMATION REGARDING THE BORROWER AND THE CHARTER SCHOOL – THE PROJECT AND THE FACILITIES – The Stadium Project” for additional information regarding the Stadium Project.

Proceeds of the Series 2024 Bonds allocable to the Stadium Project will be held in the Project Fund, and up to an aggregate amount of \$2,000,000 may be requisitioned from the Project Fund for the payment of soft costs related to the Stadium Project until the Borrower delivers to the Trustee a notice certifying the execution of the Construction Contract and receipt of the necessary approvals, pursuant to the Loan Agreement.

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**Estimated Sources and Uses of Funds\***

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2024 Bonds and the Project.

	<b>Tax Exempt Series 2024 Bonds (\$)</b>	<b>Taxable Series 2024 Bonds (\$)</b>	<b>Series 2024 Bonds (\$)<sup>(1)</sup></b>
<b>Sources</b>			
Par Amount of Series 2024 Bonds ([Less/Plus] Original Issue [Discount/Premium]) Series 2017 Bonds and Series 2022 Bonds Funds On Deposit <sup>(2)</sup>	70,560,000*	2,255,000*	72,815,000*
<b>Total Sources<sup>(1)</sup></b>	<hr/>		
<b>Uses</b>			
Stadium Project Pay off the Existing Debt Refund the Series 2017 Bonds and the Series 2022 Bonds Debt Service Reserve Fund Costs of Issuance <sup>(3)</sup>			
<b>Total Uses<sup>(1)</sup></b>	<hr/>		

<sup>(1)</sup> Totals may not foot due to rounding.

<sup>(2)</sup> Includes amounts held by the trustee for the Series 2017 Bonds and the Series 2022 Bonds in certain funds held under the indenture for the Series 2017 Bonds and the Series 2022 Bonds.

<sup>(3)</sup> Includes underwriting discount, legal fees, Authority’s fee, Bond Trustee’s fee, Master Trustee’s fee, rating agency fee, recording fees, title insurance, printing expenses and other miscellaneous costs and expenses related to the issuance and sale of the Series 2024 Bonds.

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\* Preliminary, subject to change.

## SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS

### General

**THE SERIES 2024 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY, AND THE SERIES 2024 BONDS AND THE INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, SHALL NOT BE DEEMED TO CONSTITUTE OR CREATE AN INDEBTEDNESS, LIABILITY OR OBLIGATION OF THE AUTHORITY, THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY COMMONWEALTH CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION OR A PLEDGE OF THE FAITH AND CREDIT OR THE TAXING POWER OF THE COMMONWEALTH OR ANY SUCH POLITICAL SUBDIVISION OR AGENCY. THE SERIES 2024 BONDS AND THE INTEREST THEREON ARE PAYABLE SOLELY FROM AND SECURED BY THE TRUST ESTATE, ALL AS DESCRIBED IN AND SUBJECT TO LIMITATIONS SET FORTH IN THE INDENTURE, FOR THE EQUAL AND RATABLE BENEFIT OF THE HOLDERS, FROM TIME TO TIME, OF THE SERIES 2024 BONDS.**

### The Agreement

Under the Agreement, the Authority agrees to issue the Series 2024 Bonds and to lend the proceeds thereof to the Borrower to finance the cost of the Project; and the Borrower is obligated unconditionally to repay the Loan in amounts sufficient, together with available funds held under the Indenture, to provide for the timely payment of the principal of, premium, if any, and interest on the Series 2024 Bonds when due (whether by maturity, mandatory sinking fund redemption or acceleration) and to perform certain other obligations set forth therein.

In the Agreement, the Borrower agrees to issue the 2024 Note to the Authority, which will in turn assign it to the Bond Trustee, to secure the payment of principal of, premium, if any, and interest on the Series 2024 Bonds, all amounts payable under the Agreement.

The obligations of the Borrower to make the payments required under the Agreement and the obligations of the Obligated Group under the 2024 Note and the obligations of the Borrower to perform and observe the other agreements on their part contained in the Agreement are general obligations of the Borrower, absolute, and unconditional.

All of the Authority's right, title and interest in the Agreement (except Unassigned Rights) and in the 2024 Note are being assigned and pledged to the Bond Trustee as security for the Series 2024 Bonds. The Borrower consents to such assignment and acknowledges that the Series 2024 Bonds are being issued in reliance by the Bond Trustee upon the assignment of the 2024 Note and the Authority's rights under the Agreement. The Borrower is required to perform all obligations and pay all amounts due from the Authority under the Series 2024 Bonds and the Indenture so that at all times there shall be no default thereunder.

See "RISK FACTORS" for a discussion of certain limitations on the enforceability of the security for the Series 2024 Bonds. See APPENDIX E – "SUBSTANTIALLY FINAL FORMS OF CERTAIN FINANCING DOCUMENTS."

### *Compliance with Act 22 and the Charter*

The Borrower covenants in the Agreement not to take any actions which would violate Act 22 or the Charter in any way that could reasonably be believed to have a materially adverse effect on the Bonds so long as any Bonds remain Outstanding.

### *Environmental Testing Covenant*

With respect to the 413 Union Boulevard property (the "413 Union Parcel"), the Borrower agrees to cause to be conducted an Invasive Tier 2 Vapor Encroachment Screen, including sampling of sub slab vapors, within one hundred twenty (120) days of the effective date of the Loan Agreement and shall, promptly following receipt of the results of such investigation, take all appropriate or required responsive action, including any removal and remedial action, in the event of the presence of or release, emission, discharge or disposal of any Regulated Chemical in, on,

under or about the 413 Union Parcel in violation of any Environmental Covenant in the Master Indenture, so as to keep the 413 Union Parcel free from Regulated Chemicals in accordance with all Environmental Covenants. The Borrower shall provide the Trustee with, and to post EMMA, a copy of such Invasive Tier 2 Vapor Encroachment Screen report within one hundred twenty (120) days after the effective date of the Loan Agreement.

## **Master Indenture**

### ***2024 Note and the Master Indenture***

As security for the Borrower's obligation to make payments required under the Agreement, the Borrower, as Obligated Group Representative, will issue the 2024 Note under the terms of and pursuant to the Master Indenture. The Members' obligations under the Master Indenture and the 2024 Note are joint and several. The Borrower is currently the sole member of the Obligated Group and there are no plans to add new Members of the Obligated Group.

Pursuant to the Master Indenture, to secure the Obligations, each Member therein sells, assigns, transfers, sets over and pledges unto the Master Trustee and grants a security interest in all of the right, title and interest of each respective Member in and to all of the Pledged Revenues, any rights to receive such Pledged Revenues, and in the Revenue Fund established thereunder, all monies and investments therein and all income derived from the investment thereof, to have and to hold in trust for the benefit of the Holders from time to time of all Obligations issued and Outstanding thereunder, without preference or priority of any one Obligation over any other Obligation except as otherwise expressly provided therein.

In order to further secure the Obligations, on an equal and ratable basis, the Borrower will (a) grant a mortgage lien on and security interest in its interest in the Facilities to the Master Trustee, for the benefit of the holders of the 2024 Note, pursuant to the Mortgage and (b) assign its interest in the Lease to the Master Trustee pursuant to the Mortgage.

The Charter School, the Borrower, and the Master Trustee will also enter into a Subordination, Non-Disturbance and Attornment Agreement dated as of November 1, 2024 (the "Subordination Agreement") establishing, among other things, that (i) the lien of the Mortgage is at all times superior to the rights of the Charter School under the Lease, (ii) the Master Trustee and the Borrower will not disturb the Charter School and its use of the Leased Facilities under the terms of the Lease (even during a foreclosure event) unless the Charter School is in default under the Lease, (iii) if a transfer of the Leased Facilities occurs, then the purchaser/transferee taking possession of the Leased Facilities will attorn to the right of the Charter School under the terms of the Lease (for the balance of the term of the Lease), and (iv) the Charter School will not take any action to assign, cancel, or terminate the Charter School's obligations under the Lease, except as expressly permitted. See the form of the Subordination Agreement in APPENDIX E – "SUBSTANTIALLY FINAL FORMS OF CERTAIN FINANCING DOCUMENTS."

### ***Pledged Revenues***

The Obligated Group's obligation to make any payment when due under the Master Indenture is limited solely to the Pledged Revenues. "Pledged Revenues" means Tenant Revenues and all payments received or receivable by a Member under the Lease, any and all revenues, rentals, fees, third-party payments, receipts, unrestricted donations, unrestricted contributions or other income of the Members derived from or related to the Mortgaged Property (subject to Permitted Encumbrances), all as calculated in accordance with generally accepted accounting principles, including, without limitation, proceeds derived from insurance, condemnation proceeds, accounts, contract rights and other rights and assets, whether now or after the Closing Date owned, held or possessed by the Obligated Group. Notwithstanding anything in the Master Indenture to the contrary, gains or losses resulting from changes in accounting principles not involving the receipt or the expenditure of cash, including, among others, gains or losses resulting from the implementation of GASB 68, are to be excluded from Pledged Revenues for all purposes under the Master Indenture.

"Tenant Revenues" means all rental payments received or receivable by a Member under any lease of the Mortgaged Property except the Lease.

### ***Additional Indebtedness***

Except for the 2024 Note, additional Indebtedness (whether in the form of new indebtedness or the assumption of existing indebtedness or the guaranteeing of any new or existing indebtedness) may not be incurred by the Obligated Group except as follows.

(a) Additional Indebtedness may be incurred by a Member, so long as no Event of Default then exists under the Master Indenture, as (i) Indebtedness that is secured on a parity basis with the 2024 Note in the collateral pledged under the Master Indenture, or (ii) Short-Term Indebtedness, in each case so long as Charter School has agreed to make additional payments of Base Rent under the Lease sufficient to pay the debt service on all Indebtedness to be Outstanding after the incurrence of such additional Indebtedness.

(b) A Member may incur Non-Recourse Indebtedness or Subordinated Indebtedness without limitation as to principal amount.

(c) Additional Indebtedness may be incurred by a Member, so long as no Event of Default then exists thereunder, as Indebtedness that is secured on a parity basis by the Tenant Revenues.

### ***Membership in Obligated Group***

Additional Members may be added to the Obligated Group from time to time provided that prior to such addition the Master Trustee receives:

(a) a copy of a resolution of the governing body of the proposed new Member which authorizes the execution and delivery of a Supplemental Indenture and compliance with the terms of the Master Indenture;

(b) a Supplemental Indenture executed by the Obligated Group Representative, the new Member and the Master Trustee pursuant to which the proposed new Member (i) agrees to become a Member, (ii) agrees to be bound by the terms and restrictions imposed by the Master Indenture and the Obligations, and (iii) irrevocably appoints the Obligated Group Representative as its agent and attorney-in-fact and grants to the Obligated Group Representative full power to execute Supplemental Indentures authorizing the issuance of Obligations and to execute and deliver Obligations;

(c) an opinion of Counsel addressed to the Master Trustee to the effect that the proposed new Member has taken all necessary action to become a Member, and upon execution of the Supplemental Indenture, such proposed new Member will be bound by the terms of the Master Indenture;

(d) a Consultant's or Independent Accountant's report, or an Officer's Certificate, as appropriate, to the effect that the Members would meet the test for the incurrence of one dollar (\$1) of additional Long-Term Indebtedness immediately following the addition of such new Member;

(e) an opinion of nationally recognized bond counsel to the effect that the addition of such Member will not result in the inclusion of interest on any tax-exempt Related Bonds in gross income for purposes of federal income taxation, nor cause the Master Indenture or the Obligations issued under the Master Indenture to be subject to registration under the Securities Act of 1933, as amended or the Trust Indenture Act of 1939, as amended (or unless such registration, if required, has occurred); and

(f) an Officer's Certificate to the effect that no Member, immediately after the addition of such new Member, would be in default in the performance or observance of any covenant or condition of the Master Indenture.

### ***Withdrawal from Obligated Group***

Any Member (other than the Obligated Group Representative) may withdraw from the Obligated Group, and be released from further liability or obligation under the provisions of the Master Indenture, provided that prior to such withdrawal the Master Trustee receives:

(a) an Officer's Certificate to the effect that, immediately following withdrawal of such Member, no Member would be in default in the performance or observance of any covenant or condition of the Master Indenture;

(b) an opinion of nationally recognized bond counsel to the effect that the withdrawal of such Member is in compliance with the conditions contained in this Section, and such withdrawal will not result in the inclusion of interest on any tax-exempt Related Bond from gross income for purposes of federal income taxation, nor cause the Master Indenture or the Obligations issued under the Master Indenture to be subject to registration under the Securities Act of 1933, as amended, or the Trust Indenture Act of 1939, as amended (or unless such registration, if required, has occurred); and

(c) the written consent of the Holders of not less than 51% in aggregate principal amount of Obligations then Outstanding.

#### ***Lease or Other Disposition of the Mortgaged Property***

In addition to the Lease, and all existing leases as of the date of the Master Indenture, the Members shall have the right to lease all or any part of its respective Mortgaged Property; provided, however, that the terms and provisions of any future leases will allow the Member to comply with the provisions of the Master Indenture and any Related Financing Documents, and, with respect to any lease there shall have been delivered to the Master Trustee an opinion of nationally recognized bond counsel to the effect that the execution of such proposed lease will not adversely affect any applicable exemption from federal income taxation of the interest payable on any outstanding bonds which were previously issued pursuant to and are secured by the Related Financing Documents for any Obligations. Other than what is permitted under the Master Indenture, the Members agree that it will not sell or otherwise dispose of the Mortgaged Property Notwithstanding the foregoing, the Members shall be permitted to sell or otherwise disposed of a portion of the Mortgaged Property designated as 413 Union Parcel more fully described in the Mortgage. Any such sale or disposition shall be conditioned on providing a mandatory redemption notice to the Registered Owners not less than thirty (30) days nor more than sixty (60) days specifying the Bonds(or any portion thereof) related to the 413 Parcel being redeemed on an allocable share basis to be calculated by the Underwriter (as such term is defined in the Bond Indenture related to the 2024 Note).

#### **The Indenture**

The Series 2024 Bonds are to be issued pursuant to the Indenture and, together with any Additional Bonds that may be issued thereunder, will be equally and ratably secured thereby. The Series 2024 Bonds constitute special, limited obligations of the Authority and are payable solely from the Trust Estate described in the Indenture. The Bonds are secured by a pledge under the Indenture of the Trust Estate, as described under the heading “INTRODUCTION - General.”

#### ***Debt Service Reserve Fund***

The Indenture provides for the creation of the Debt Service Reserve Fund in the custody of the Bond Trustee, into which there shall be deposited a portion of the proceeds from the sale of the Series 2024 Bonds in an amount equal to the Debt Service Reserve Fund Requirement.

Except as provided in the Indenture, monies in the Debt Service Reserve Fund shall be used by the Bond Trustee promptly and solely for the payment of the principal of, premium, if any, and interest on the Series 2024 Bonds in the event monies in the Bond Principal Fund and Bond Interest Fund are insufficient to make such payments when due, whether on an Interest Payment Date, sinking fund redemption date, maturity date or otherwise in an amount necessary to cure such Event of Default and notwithstanding any other provision of the Indenture. Upon the occurrence and continuance of an Event of Default under the Indenture and the exercise by the Bond Trustee of the remedy specified in the Agreement and under the Indenture, any monies in the Debt Service Reserve Fund shall be transferred by the Bond Trustee to the Bond Interest Fund, and with respect to any monies in excess of the amount required to be transferred to the Bond Interest Fund, to the Bond Principal Fund and applied in accordance with the Indenture. On the final maturity date of the Series 2024 Bonds (“Final Maturity”) any monies in the Debt Service Reserve Fund may be used to pay the principal of and interest on the Series 2024 Bonds on Final Maturity. In the event of the redemption of the Series 2024 Bonds in whole, any monies in the Debt Service Reserve Fund shall be transferred to the Bond Principal Fund and applied to the payment of the principal of and premium, if any, on the Series 2024 Bonds. The Bond Trustee shall value the Investment Obligations in the Debt Service Reserve Fund semiannually on the last Business Day of each June and December of each year at their market value. If on any valuation date the amount in the Debt Service Reserve Fund (determined pursuant to the Indenture) is greater than the Debt Service Reserve Fund

Requirement, such excess shall be transferred by the Bond Trustee to the Bond Interest Fund and applied to the payment of the interest on the Series 2024 Bonds; provided, however, that the amount remaining in the Debt Service Reserve Fund (determined pursuant to the Indenture) immediately after such transfer shall not be less than the Debt Service Reserve Fund Requirement on that date. If on any valuation date the amount in the Debt Service Reserve Fund (determined pursuant to the Indenture) is less than the Debt Service Reserve Fund Requirement, the Bond Trustee shall notify the Borrower of its obligation pursuant to the Agreement.

At such time as monies are to be transferred out of the Debt Service Reserve Fund for deposit into the Bond Principal Fund or the Bond Interest Fund or to the Rebate Fund pursuant to the Indenture, the Bond Trustee shall use cash or Investment Obligations in such order of priority as the Borrower shall direct in writing. If no direction from the Borrower has been received, the Bond Trustee shall first use cash equivalents and second liquidate other Investment Obligations in the Debt Service Reserve Fund in such manner as the Bond Trustee shall determine in its sole discretion.

Within five Business Days of any transfer of funds from the Debt Service Reserve Fund, as described in the Indenture, to the Bond Principal Fund or the Bond Interest Fund, the Bond Trustee shall notify the Borrower in writing of such transfer and of the amount of the deficiency, if any, of amounts then on deposit in the Debt Service Reserve Fund as of such date.

There shall be paid to the Bond Trustee for deposit in the Debt Service Reserve Fund in the event that the sum of monies in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement in not more than six (6) consecutive equal monthly payments beginning in the month following the date on which such deficiency occurs and monthly thereafter, money in the aggregate amount sufficient to cause the total amount in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement. The reduction of the balance in the Debt Service Reserve Fund below the Debt Service Reserve Fund Requirement shall not constitute a default if and only if there shall be paid monthly to the Bond Trustee for deposit in the Debt Service Reserve Fund at least one-sixth (1/6) of the deficiency, until the Debt Service Reserve Fund Requirement is restored.

The Debt Service Reserve Fund shall be in the custody of the Bond Trustee, but in the name of the Authority, and the Authority authorizes and directs the Bond Trustee in the Indenture to withdraw sufficient funds from the Debt Service Reserve Fund to pay the principal of, premium, if any, and interest on the Series 2024 Bonds and for the purpose described in the Indenture, which authorization and direction the Bond Trustee accepts in the Indenture. In the event there shall be a deficiency in the Bond Principal Fund or the Bond Interest Fund on any payment date for the Series 2024 Bonds, the Bond Trustee shall promptly make up such deficiency from the Debt Service Reserve Fund so that the amount therein is equal to such deficiency.

See APPENDIX E — “SUBSTANTIALLY FINAL FORMS OF CERTAIN FINANCING DOCUMENTS” for terms and provisions of the Indenture and the Agreement applicable to the Debt Service Reserve Fund.

#### ***Capital Maintenance Fund***

The Indenture provides for the creation of the Capital Maintenance Fund in the custody of the Bond Trustee which Capital Maintenance Fund is to be used for the purpose of (a) paying the costs of improvements to the Facilities or maintenance, repairs and replacements which may be required to keep the Facilities in sound condition, including but not limited to repair and replacement of equipment, repair and replacement of any roof or other structural component, exterior painting and the repair and replacement of heating, air conditioning, plumbing and electrical equipment and floor covering, (b) purchasing additional equipment for the Facilities, and (c) paying principal and interest on the Bonds to the extent payments by the Borrower are insufficient therefor. The Capital Maintenance Fund shall be required to be maintained in an amount equal to the Capital Maintenance Fund Requirement. See APPENDIX E – “SUBSTANTIALLY FINAL FORMS OF CERTAIN FINANCING DOCUMENTS” attached hereto for terms and provisions of the Indenture and the Agreement applicable to the Capital Maintenance Fund Requirement. On the Closing Date an approximate amount of \$500,000\* from amounts on deposit in the repair and replacement fund for

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\* Preliminary, subject to change.

the Series 2017 Bonds Series 2022 Bonds will be transferred to the Bond Trustee and deposited into the Capital Maintenance Fund.

“Capital Maintenance Fund Requirement” means \$500,000\*, provided, however that such amount may be increased, if necessary, upon the issuance of Additional Bonds.

“Monthly Capital Maintenance Fund Contribution” means \$5,000.

### ***Revenue Fund***

The Indenture provides for the creation of a Revenue Fund. The Bond Trustee is directed in the Indenture to deposit into the Revenue Fund all payments received under the 2024 Note issued by the Borrower, as Obligated Group Representative under the Master Indenture, to evidence and secure the Borrower’s payments obligations under the Agreement, which 2024 Note and Agreement have been assigned to the Bond Trustee as security for the payment of the Series 2024 Bonds and any other amounts required or permitted to be deposited therein pursuant to the provisions of the Indenture.

To the extent permitted by the terms of the Other Leases existing as of Closing Date, and with respect to all future Other Leases, the Borrower will direct the Tenants to pay rent due under the Other Leases directly to the Bond Trustee for deposit to the Revenue Fund. All Loan Payments required to be paid by the Borrower to the Bond Trustee pursuant to the Agreement and all other moneys required to be deposited into the Revenue Fund pursuant to the Agreement shall be deposited therein.

All monies held on deposit in the Revenue Fund are disbursed by the Bond Trustee on each Monthly Disbursement Date in the following order of priority:

FIRST: on each Monthly Disbursement Date, commencing in the month of December 2024\*, to the Bond Interest Fund, 1/6th of the interest which will become due on the Bonds on the next succeeding Interest Payment Date (after taking into consideration earnings previously earned and credited to the Bond Interest Fund and any other credits specified in the Indenture) so that the funds available therein are sufficient to pay interest which will become due on the Series 2024 Bonds on the next succeeding Interest Payment Date; provided however, in the event that the first full month following the month in which the Series 2024 Bonds are issued is not six months prior to the first Interest Payment Date, which is January 1, 2025\*, an amount equal to the Pro Rata Portion of the interest to come due on the Bonds shall be substituted for the 1/6th payments otherwise required prior to the first Interest Payment Date;

SECOND: on each Monthly Disbursement Date, commencing in the month of December 2024\*, to the Bond Principal Fund, 1/12th of the principal which will become due on the Bonds on the next succeeding principal payment date (after taking into consideration earnings previously earned and credited to the Bond Principal Fund and any other credits specified in the Indenture) so that the funds available therein are sufficient to pay the principal which will become due on the Bonds on the next succeeding principal payment date; provided, however, in the event that the first full month following the month in which the Series 2024 Bonds are issued is not twelve months prior to the first principal payment date, which is July 1, 2025\*, an amount equal to the Pro Rata Portion of the principal to come due on the Bonds shall be substituted for the 1/12th payments otherwise required prior to the first principal payment date;

THIRD: on each Monthly Disbursement Date, to the Debt Service Reserve Fund the amount required, if any, under the Indenture, to restore the balance therein to the Debt Service Reserve Fund Requirement;

FOURTH: at such time as may be required by the Indenture, to the Rebate Fund, the amount required to be deposited thereunder as directed by the Borrower;

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\* Preliminary, subject to change.

FIFTH: on each Monthly Disbursement Date, commencing in the month of December 2024\*, to the Capital Maintenance Fund, the Monthly Capital Maintenance Fund Contribution, if necessary, until the amount therein equals the Capital Maintenance Fund Requirement; and

SIXTH: provided the Bond Trustee has not received notice that any Event of Default has occurred and is continuing under the Indenture, all amounts remaining on deposit in the Revenue Fund after the Bond Trustee has made the disbursements required in FIRST through FIFTH above, shall be transferred to the Charter School pursuant to written instructions provided by or on behalf of the Borrower to the Bond Trustee.

If monies held in the Revenue Fund are inadequate to complete the transfers described above on a Monthly Disbursement Date, the unfunded amounts shall be added to the amounts to be transferred as described above on the next Monthly Disbursement Date.

If the Bond Trustee does not receive payments under the Agreement or the 2024 Note by the 10th day of each month, the Bond Trustee will immediately notify the Authority, the Borrower, and the Charter School of such nonpayment.

Payment of any and all management fees due and owing to any third-party management company will be subordinate to the payment of debt service on the Bonds and shall be paid by the Charter School to such management company in accordance with SIXTH above.

#### ***Other Funds under the Indenture***

A Bond Principal Fund, a Bond Interest Fund, a Project Fund, a Clearing Fund, an Issuance Expense Fund, and a Rebate Fund are also established with the Bond Trustee under the Indenture. See the form of Indenture in APPENDIX E for a description of each of these Funds and the application of monies held therein.

#### **The Mortgage**

The Mortgage secures all amounts owed by the Obligated Group under the Master Indenture. Simultaneously with the issuance of the Series 2024 Bonds, the Borrower will deliver a title insurance policy covering the Mortgaged Property under the Mortgage and insuring title to the Mortgaged Property and the lien of the Mortgage in an amount not less than the aggregate principal amount of the 2024 Note. See the form of the Mortgage in APPENDIX E – “SUBSTANTIALLY FINAL FORMS OF CERTAIN FINANCING DOCUMENTS.”

#### **The Subordination Agreement**

The Charter School, the Borrower, and the Master Trustee will also enter into the Subordination Agreement establishing, among other things, that (i) the lien of the Mortgage is at all times superior to the rights of the Charter School under the Lease, (ii) the Master Trustee and the Borrower will not disturb the Charter School and its use of the Leased Facilities under the terms of the Lease (even during a foreclosure event) unless the Charter School is in default under the Lease, (iii) if a transfer of the Leased Facilities occurs, then the purchaser/transferee taking possession of the Leased Facilities will attorn to the right of the Charter School under the terms of the Lease (for the balance of the term of the Lease), and (iv) the Charter School will not take any action to assign, cancel, or terminate the Charter School’s obligations under the Lease, except as expressly permitted. See the form of the Subordination Agreement in APPENDIX E – “SUBSTANTIALLY FINAL FORMS OF CERTAIN FINANCING DOCUMENTS.”

#### **The Lease**

Under the Lease, the Lease Term shall commence on the Closing Date and end on October 1, 2054\*, as may be extended pursuant to the Lease, subject to earlier termination in accordance with the Lease. The Lessee may extend the Lease Term for an additional five (5) years by delivering written notice thereof to the Borrower at least six (6) months prior to the expiration of the Lease Term.

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\* Preliminary, subject to change.



### ***Base Rent***

Under the Lease, the Charter School shall pay or cause to be paid Base Rent directly to the Master Trustee for the account of the Borrower during the Lease Term, on the Base Rent Payment Dates, without notice or demand. The Base Rent during the Lease Term shall be in the amounts set forth in the Lease, as from time to time amended or supplemented, including in connection with the issuance of any Notes under the Master Indenture.

### ***Additional Rent***

Under the Lease, the Charter School shall pay Additional Rent during the Lease Term as therein provided. With the exception of any Additional Rent that are required to be paid by Charter School to a specified party pursuant to the Lease, the Additional Rent during the Lease Term shall be estimated annually by the Borrower and the Charter School and such estimate shall be in an amount sufficient to pay the following costs during the next ensuing Fiscal Year; (i) the reasonable fees and expenses of the Authority, the Master Trustee and the Bond Trustee; (ii) payments into the Debt Service Reserve Fund required by the Indenture; (iii) payments into the Rebate Fund required by the Indenture; (iv) payments into the Capital Maintenance Fund required by the Indenture and the Agreement; (v) the cost of insurance premiums for the Leased Property, unless otherwise paid by the Charter School; and (vi) all other costs included in the definition of, or expressly required to be paid by the Charter School as Additional Rent under the Lease. In the Lease, the Charter School agrees that, to the extent that Debt Service Reserve Fund monies are applied pursuant to the Indenture or, to the extent that, for any other reason, the amounts in any account within the Debt Service Reserve Fund are less than the Debt Service Reserve Fund Requirement, the Charter School shall promptly pay to the Bond Trustee in accordance with the Agreement, for deposit in the Debt Service Reserve Fund, from the amounts for the payment of Additional Rent, such amounts as are required to restore the amount on deposit in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement. In the Lease, the Charter School has agreed to pay to the Borrower, as Additional Rent, all costs and expenses incurred by the Borrower in connection with any investigation, claim, demand, suit, action or proceeding relating to the activities of the Borrower or the Charter School in respect of the Leased Property, the Master Indenture, the Agreement, the Lease, the Series 2024 Bonds or any matter related thereto.

The Charter School and the Borrower may agree on the payments of other Additional Rent under the Lease if the Charter School and the Borrower deliver to the Master Trustee an Officer's Certificate certifying that, for the applicable Fiscal Year, after taking into account such proposed Additional Rent, the Charter School will be in compliance with all financial and other covenants contained in the Lease and that no Event of Default exists under the Lease, and that with such Additional Rent, the Borrower will be in compliance with all financial and other covenants contained in the Master Indenture and that no event of default exists under the Master Indenture. Payment of Additional Rent pursuant to this paragraph will be subordinate to the payment of Base Rent.

### ***Payment and Sources of Rent***

Under the terms of the Lease, the Charter School has agreed to transfer or cause the transfer of an amount equal to the amounts due under the Lease consisting of the Base Rent, Additional Rents and other amounts payable by the Charter School to the Master Trustee under the Lease, directly to the Master Trustee. In the Lease, the Charter School covenants to direct the District, to pay all School District Payments directly to the Master Trustee in accordance with the Master Indenture to facilitate the timely the payment of Base Rent and Additional Rent under the Lease.

### ***Gross Revenues***

The primary source of Pledged Revenues for the repayment of the 2024 Note is the Base Rent due by the Charter School to the Borrower under the Lease, which together with anticipated rental payments from Tenants under the Other Leases, will be in an amount sufficient to pay the debt service on the 2024 Note.

Amounts due under the Lease are expected to be paid by the Charter School from, and are secured by a pledge of, Gross Revenues, which means all income and revenues directly or indirectly derived by the Charter School from its operations, including without limitation, School District Payments and other funding received by virtue of the charter granted to the Charter School, rentals from any leases and subleases of the Leased Property, and all gifts, grants, bequests and contributions (including income and profits therefrom) made to the Charter School to the extent not specifically restricted by the donor or maker (including specifically the federal government, the Commonwealth or local governmental unit) thereof to a particular purpose inconsistent with their use for the payments required under the Lease.

See the form of the Lease in APPENDIX E – “SUBSTANTIALLY FINAL FORMS OF CERTAIN FINANCING DOCUMENTS.”

***Limitations on Incurrence of Additional Indebtedness - Charter School***

The Lease provides that the Charter School will not incur or assume (the terms “incur” and “assume,” for the purposes thereof, mean and include the guaranteeing of, or the direct or indirect assumption of liability for, the debts of others) any Indebtedness other than as permitted by the following provisions.

(a) The Charter School may incur or assume Indebtedness (taking into account all extension or renewals thereof which may be made at the sole option of the Charter School) (i) with a term which does not exceed five (5) years; and (ii) the maximum annual amount of principal and interest payable on which, when added to the maximum annual amount of principal and interest payable on any other Indebtedness of the Charter School incurred under this provision and then outstanding, does not exceed 5% of the Gross Revenues for the Fiscal Year then most recently completed for which Audited Financial Statements are available.

(b) Long-Term Indebtedness. Long-Term Indebtedness (which may be secured in whole or in part by the Collateral on a parity with its obligation under the Lease) may be incurred by the Charter School if it delivers both items (i) and (ii) below or (iii) below to the Borrower and the Master Trustee:

(i) an Officer’s Certificate certifying that the Debt Service Coverage Ratio for the two most recent Fiscal Years with respect to which Audited Financial Statements have been delivered to the Master Trustee was at least 1.10; and

(ii) an Officer’s Certificate demonstrating that the Debt Service Coverage Ratio for each of the first three consecutive Fiscal Years following the incurrence of such Long-Term Indebtedness or, if such Long-Term Indebtedness is being issued to finance improvements, equipment or new facilities, the first three consecutive Fiscal Years after such improvements, equipment or new facilities are placed in service, is projected to be at least 1.20 (taking into account the proposed additional Long-Term Indebtedness and any Long-Term Indebtedness to be refinanced thereby and provided that, the projected Net Income Available for Debt Service used to compute the Debt Service Coverage Ratio is to be adjusted to provide for any projected revenues and expenses anticipated as the result of any real or personal property acquired, constructed, or completed with the proceeds of any such Long-Term Indebtedness); or

(iii) Long-Term Indebtedness may be incurred by the Charter School for the purpose of refunding any Outstanding Long-Term Indebtedness so as to render it no longer Outstanding; provided, however, that, an Officer’s Certificate certifying that (A) the aggregate Debt Service Requirements of the Charter School will not be increased by more than 5% as a result of such new refunding Long-Term Indebtedness and (B) the maximum annual amount of principal and interest payable on any other Indebtedness of the Charter School will not be increased by more than 5% as a result of such new refunding Long-Term Indebtedness (the foregoing notwithstanding, Long-Term Indebtedness incurred by the Charter School for the purpose of refunding any Outstanding Long-Term Indebtedness may nevertheless be incurred without complying with the 5% limits of this subsection if such Long-Term Indebtedness may be incurred under provisions (i) and (ii) above).

(c) Long-Term Indebtedness incurred as Variable Rate Indebtedness is subject to paragraph (f) below.

(d) Short-Term Indebtedness. Short-Term Indebtedness (secured in whole or in part by the Collateral on a parity with its obligation under the Lease) may be incurred from time to time by Charter School, subject to the following conditions:

(i) the principal amount of any Short-Term Indebtedness to be incurred, may not exceed \$1,000,000 and, when added to the then outstanding principal amount of all Short-Term Indebtedness, Subordinated Indebtedness and Non-Recourse Indebtedness, may not exceed 7% of

Gross Revenues, as set forth in the most recent Audited Financial Statements of the Charter School; provided that if such Short-Term Indebtedness is being incurred to cover any cash flow needs of Charter School as a result of any delays in School District Payments or of the failure of the Commonwealth to timely enact a state budget, the \$1,000,000 limitation set forth in this subsection (i) shall be increased to 7% of Gross Revenues, notwithstanding any outstanding principal of any Subordinated Indebtedness or Non-Recourse Indebtedness; or

(ii) any such Short-Term Indebtedness could be incurred under the tests set forth in paragraph (b) treating such Short-Term Indebtedness as Long-Term Indebtedness.

(iii) For seven (7) consecutive days within each Fiscal Year, the Charter School must reduce the aggregate principal amount of all outstanding Short-Term Indebtedness, when added to the then outstanding principal amount of all Long-Term Indebtedness incurred pursuant to paragraph (a), to 5% of the Gross Revenues, as set forth in the most recent Audited Financial Statements of the Charter School; provided that such percentage may be increased to 7% of the Gross Revenues for the immediately preceding Fiscal Year in the event of delays in School District Payments if there is delivered to the Master Trustee an Officer's Certificate to the effect that such delays are more extensive than were anticipated or could not reasonably have been anticipated by the Charter School in establishing its operating budget for the Fiscal Year in which such Short-Term Indebtedness is outstanding.

(e) Variable Rate Indebtedness. For the purpose of determining the Debt Service Requirements on any Variable Rate Indebtedness, the Debt Service Requirements thereon shall be deemed to include the amount of principal maturing or subject to mandatory redemption in such year plus interest at the rate equal to the Bond Index. Additionally, the Debt Service Requirements on Variable Rate Indebtedness that is Long-Term Indebtedness with respect to which the Charter School has entered into a Qualified Derivative shall be further modified in accordance with paragraph (h).

(f) Non-Recourse Indebtedness. The Charter School may incur Non-Recourse Indebtedness provided that: (i) at the time of incurrence, no uncured Event of Default exists under the Lease and (ii) the aggregate amount of Non-Recourse Indebtedness, together with Short-Term Indebtedness and Subordinated Indebtedness, that may be outstanding at any time is limited to 7% of Gross Revenues, as set forth in the most recent Audited Financial Statements of the Charter School.

(g) Subordinated Indebtedness. The Charter School may incur Subordinated Indebtedness provided that: (i) at the time of incurrence, no uncured Event of Default exists under the Lease and (ii) the aggregate amount of Subordinated Indebtedness, together with Short-Term Indebtedness and Non-Recourse Indebtedness, that may be outstanding at any time is limited to 7% of Gross Revenues, as set forth in the most recent Audited Financial Statements of the Charter School.

(h) Qualified Derivatives. The Charter School may enter into any Qualified Derivative provided that: it is entered into in connection with Indebtedness permitted under the Lease and the following provisions are satisfied:

(i) The regularly scheduled periodic payments and/or termination payments due on a Qualified Derivative may be granted a security interest in the Collateral on a parity basis with the obligation of the Charter School under the Lease upon written notice to the Borrower and the Master Trustee.

(ii) Determinations of Net Income Available for Debt Service are not to take into account any extraordinary gains or losses, unrealized gains or losses resulting from the periodic valuation of Qualified Derivatives, or gains or losses resulting from the termination, defeasance or discharge of any Qualified Derivative.

(iii) Any posting of collateral by the Charter School pursuant to the terms of any Qualified Derivative will be considered a "Permitted Encumbrance" for purposes of the Lease. The

posting of collateral as well as any payment of any termination or settlement amounts will be considered asset dispositions subject to the provisions of the Lease.

(iv) The Charter School's liability to make termination payments pursuant to a Qualified Derivative may be either (A) a general unsecured obligation of the Charter School or (B) an obligation subordinate to or on parity with the Charter School's duty to pay Base Rent and Additional Rent under the Lease; provided, however, that in the case of a subordinated termination payment, such termination payment may be payable only to the extent it does not result in the occurrence of an Event of Default under the Lease. At such time as the Charter School's obligation to make a termination payment pursuant to a Qualified Derivative is no longer contingent, i.e., the condition giving rise to the payment of such termination payment has arisen and the amount of termination payment has been quantified, the amount of such termination payment, if the Charter School's duty to pay such termination payment is secured on a parity basis with the Charter School's obligation to pay Base Rent and Additional Rent under the Lease, will be deemed to be Indebtedness for purposes of the Lease.

(v) For purposes of the computation of Debt Service Requirements, interest on Long-Term Indebtedness with respect to which the Charter School has entered into a Qualified Derivative will be deemed equal to a net rate that takes into account the regularly scheduled payments made by the Charter School and the regularly scheduled payments made to or received by the Charter School under such Qualified Derivative; provided that only such portion of the Long-Term Indebtedness as corresponds to the notional amount of such Qualified Derivative will be deemed to bear interest at such net rate. So long as such Long-Term Indebtedness is deemed to bear interest at a rate taking into account a Qualified Derivative, any payments made by the Charter School on such Qualified Derivative will be excluded from expenses and any payments received by the Charter School on such Qualified Derivative will be excluded from revenues.

(vi) Each Qualified Derivative shall be in such form and contain such provisions as may be permitted or required under the Lease and that the Master Trustee shall have received (as of the date of issue) the following, each in form and substance satisfactory to the Master Trustee:

(i) A certified resolution of the board of the Charter School approving the execution of the Qualified Derivative and the purpose thereof.

(ii) An Officer's Certificate stating that (1) no Event of Default has occurred and is continuing under the Lease and (2) the applicable requirements for entering into the Qualified Derivative under the Lease have been satisfied.

(iii) An executed counterpart or certified copy of the related Qualified Derivative and all related financing documents delivered in connection with the Qualified Derivative.

(iv) An opinion of Counsel to the effect that (1) entering into the Qualified Derivative has been duly authorized by the Charter School, (2) all applicable requirements for entering into the Qualified Derivative under the Lease has been satisfied; and (3) to the best of such Counsel's knowledge, all necessary approvals of all Regulatory Bodies having jurisdiction have been obtained with respect to the entering into the Qualified Derivative.

Any Indebtedness and Qualified Derivative incurred as provided in the Lease may be secured only as provided below:

(a) if authorized by the provisions described above, by a lien or security interest that is secured on a parity basis to the Lien and security interest created by the Lease;

(b) unless authorized by the provisions described above, by a lien on and security interest in any property or interest in property, real, personal or mixed, of the Charter School other than the Property or the Collateral;

(c) by a purchase money security interest in fixtures, equipment or school materials or by a security interest given to refinance a purchase money security interest;

(d) by a lien on and security interest in the Collateral that is subordinate to the Lien and security interest created by the Lease; or

(e) any Indebtedness which is incurred for the purpose of providing working capital, including a line of credit, may be secured by a security interest in Accounts on a parity with the security interest created therein by the Lease. Any agreement for the repayment of such Indebtedness and instruments evidencing or securing the same shall provide that all notices to be given to the lender of such Indebtedness regarding defaults by the Charter School are also to be provided to the Master Trustee, as assignee of the Borrower, and the Borrower, and shall specify the rights of the Master Trustee to pursue remedies upon the receipt of such notice, and the sharing of the rights of the Holders of the Obligations to control the exercise of remedies with the holders of such Indebtedness.

### ***Remedies Upon an Event of Default***

For a complete description of events of default and remedies under the Lease, see the form of the Lease in APPENDIX E — “SUBSTANTIALLY FINAL FORMS OF CERTAIN FINANCING DOCUMENTS.”

### **The Other Leases**

In addition to rental payments received from the Charter School pursuant to the Lease Agreement, the Borrower will pledge the rental payments received from Tenants pursuant to the Other Leases to secure its payment obligations under the Agreement. See “RISK FACTORS – Risks Related to Other Leases” herein and APPENDIX A – “GENERAL INFORMATION REGARDING THE BORROWER AND THE CHARTER SCHOOL – THE TENANTS” attached hereto for a description of the Tenants and the Other Leases.

### **Financial Covenants of the Charter School**

#### ***Debt Service Coverage Ratio under the Lease***

In the Lease, the Charter School makes the following covenant:

(i) Annually, on or before each December 31, commencing December 31, 2024, the Charter School must deliver to the Borrower and the Master Trustee, which delivery can be satisfied with an EMMA filing, a certificate disclosing the Debt Service Coverage Ratio for the Fiscal Year then ended (calculated as of the end of such the Fiscal Year) and evidencing the calculation thereof. If the Debt Service Coverage Ratio disclosed in the Officer’s Certificate required by this Debt Service Coverage Ratio Covenant is below 1.00, then, to the extent that the Borrower is required to disclose financial and operating data pursuant to the requirements of Master Indenture, the Borrower covenants to post or cause to be posted on EMMA a copy of such certificate within ten business days of delivery of the certificate to the Borrower pursuant to this Debt Service Coverage Ratio Covenant.

(ii) The Charter School covenants to achieve a Debt Service Coverage Ratio at or above 1.10 for each Fiscal Year, commencing with the Fiscal Year ending June 30, 2024.

(iii) If, for any Fiscal Year, commencing with the Fiscal Year ending June 30, 2024, such Debt Service Coverage Ratio is below 1.10, the Charter School must retain, within 30 days of receipt of written direction of a majority in principal amount of the Holders of the Outstanding Obligations, and at its expense, a Consultant to prepare and submit a written report within 45 days of being retained (a copy of such report is to be filed with the Borrower and the Master Trustee unless timely posted to EMMA) including recommendations with respect to increasing income of the Charter School, decreasing Operating Expenses or other financial matters of the Charter School which are relevant to increasing the Debt Service Coverage Ratio to at least the required level, which recommendations are to take into account the extent to which the Charter School may be prevented from increasing its revenues under any existing contracts or applicable laws or regulations or due to changes in reimbursement by any School District. If, however, such failure to satisfy the requirements of this Debt Service Coverage Ratio Covenant is the result solely of an extraordinary event that is not likely to recur, such report need only state such conclusion.

The Charter School agrees that promptly upon the receipt of such Consultant's report, subject to applicable requirements or restrictions imposed by law, it will revise its methods of operation and take such other actions to comply with any reasonable recommendations of the Consultant identified in its report. So long as the Debt Service Coverage Ratio is not below 1.00 for any Fiscal Year, and so long as the Charter School retains a Consultant and diligently and in good faith complies with such Consultant's reasonable recommendations (subject to applicable requirements or restrictions imposed by law) in all material respects, no Event of Default may be declared solely by reason of a violation of the requirements of paragraph (ii) with respect to such Fiscal Year.

"Debt Service Coverage Ratio" means, for any specified period, the ratio determined by dividing the Net Income Available for Debt Service for such period by the sum of (i) the Lessor Debt Service Requirements and (ii) the Debt Service Requirements, exclusive of Base Rent.

Notwithstanding anything in the Lease to the contrary, the failure of the Charter School to achieve a Debt Service Coverage Ratio at or above 1.00 for any Fiscal Year will be an Event of Default under the Lease.

### ***Liquidity Covenant***

In the Lease, the Charter School and the Borrower make the following covenants:

(i) The Charter School and the Borrower covenant and agree that they will maintain at least 45 Days Cash On Hand, as of the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2024.

(ii) The covenant detailed in paragraph (i) is to be tested as of June 30 of each year, commencing with June 30, 2024, and evidenced by a certificate of the Charter School or the Borrower filed with EMMA and setting forth the calculation of such amount based on the results of the Audited Financial Statements of the Charter School and the Borrower for such Fiscal Year upon release of such Audited Financial Statements but no later than December 31, commencing December 31, 2024. If as of any June 30, commencing June 30, 2024, the Days Cash On Hand is below that required by the Lease, the Charter School, upon written direction of a majority in principal amount of the Holders of the Outstanding Obligations, is required to retain, at its expense, a Consultant to submit a written report and make recommendations within forty-five (45) days of being retained (a copy of such report and recommendations is to be promptly filed with EMMA ) with respect to increasing revenues of the Charter School or Borrower, decreasing Operating Expenses of the Charter School or the Borrower or other financial matters of the Charter School or Borrower which are relevant to increasing the Days Cash On Hand to at least the level required by the Liquidity Covenant. The Charter School and the Borrower each agrees that promptly upon the receipt of such recommendations, subject to applicable requirements or restrictions imposed by law, it will revise its methods of operation and take such other actions to comply with any reasonable recommendation of the Consultant identified in the report of the Consultant. So long as the Charter School and the Borrower, as applicable, retains a Consultant and complies with such Consultant's reasonable recommendations (subject to applicable requirements or restrictions imposed by law), no default or Event of Default may be declared solely by reason of a violation of the requirements of paragraph (i).

"Days Cash On Hand" means the number determined as of the end of each Fiscal Year (unless otherwise specified) by dividing (a) Unrestricted Cash and Investments, by (b) the quotient of (i) Operating Expenses, excluding depreciation and amortization but including interest expense, divided by (ii) the number of calendar days in the applicable Fiscal Year as of the date of testing.

### ***Selection of Consultant***

The Lease provides that, to the extent that either the Charter School or the Borrower is required by the Debt Service Coverage Ratio Covenant or the Liquidity Covenant to engage a Consultant, the following procedures are to be followed.

(i) Within fifteen (15) days of the occurrence of any event requiring the Charter School or the Borrower to retain a Consultant in connection with the Debt Service Coverage Ratio Covenant or the Liquidity Covenant, Charter School will select such Consultant and will cause a notice of the selection of such Consultant, including the name of such Consultant and a brief description of the Consultant, to be filed with EMMA.

(ii) If the Charter School or the Borrower is advised by the Master Trustee that the Holders of more than 50% of the aggregate principal amount of the Obligations Outstanding under the Master Indenture have objected to the Consultant selected, the applicable party must select another Consultant.

***School District Payments***

In the Lease, the Charter School has agreed to direct a sufficient number of School Districts comprising 40% of the Charter School’s total enrolled students to pay all School District Payments directly to the Master Trustee to facilitate the timely payment of Base Rent and Additional Rent. Under the Lease “*School District*” means any and all school districts in which resides the parents or the guardians of a child who is enrolled in the Charter School and who is included in the average daily membership of the school district for the purpose of providing basic education funding and special education funding payments to the Charter School.

***Educational Service Provider; Subordination of Management Fee***

In the Lease, the Charter School agrees and acknowledges that payment of any and all management fees by the Charter School to any management company is subordinate to the payment of Base Rent and Additional Rent thereunder sufficient to pay debt service on the 2024 Note. For purposes of this covenant, a management company fee will be deemed to be subordinate to the payment of Base Rent and Additional Rent if payment of such fees payable on any date may not be paid until such time as all amounts due and payable under the Lease have been paid. Any management company to be retained by the Charter School must agree in writing to such subordination.

For a complete description of financial covenants under the Lease, see the form of the Lease in APPENDIX E — “SUBSTANTIALLY FINAL FORMS OF CERTAIN FINANCING DOCUMENTS.”

***Charter Covenants***

In the Lease, the Charter School covenants (i) to operate in accordance with the terms of an effective Charter at all times, (ii) to operate its facilities in compliance with the Charter at all times and (iii) to file for renewal of its Charter with the appropriate public body within the time required by the Charter authorizer prior to the expiration of the Charter. The Charter School shall provide notice to the Holders of the Outstanding Obligations (which obligation can be satisfied with an EMMA filing) as soon as possible, but in any event not later than ten (10) calendar days, upon receipt of any material notice or event with respect to the Charter.

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**DEBT SERVICE REQUIREMENTS\***

Set forth in the following table are the aggregate debt service requirements for the Series 2024 Bonds. As of the Closing Date after payment of the Series 2017 Bonds and the Series 2022 Bonds in full, the Borrower and the Charter School will have no Indebtedness outstanding other than in connection with the Series 2024 Bonds.

<b>Period Ending July 1</b>	<b>Tax Exempt Series 2024 Bonds</b>		<b>Taxable Series 2024 Bonds</b>		<b>Total Debt Service (\$) <sup>(1)</sup></b>
	<b>Principal (\$)</b>	<b>Interest (\$)</b>	<b>Principal (\$)</b>	<b>Interest (\$)</b>	
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
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2055					
2056					
2057					
2058					
2059					
<b>TOTAL <sup>(1)</sup></b>	<b>70,560,000*</b>		<b>2,255,000*</b>		

<sup>(1)</sup> Totals may not foot due to rounding.

\* Preliminary, subject to change.



## RISK FACTORS

*An investment in the Series 2024 Bonds involves a degree of risk and is subject to a number of significant risk factors. The following information should be considered by prospective investors in evaluating an investment in the Series 2024 Bonds. The following does not purport to be an exhaustive list of risks and other considerations which may be relevant to investing in the Series 2024 Bonds. The order in which the following information is presented is not intended to reflect the relative importance of any such risks. Prospective investors should carefully evaluate the risks and merits of an investment in the Series 2024 Bonds and should confer with their own legal and financial advisors before purchasing any of the Series 2024 Bonds. The Series 2024 Bonds should only be purchased by investors who have adequate experience to evaluate the merits and risks of an investment in the Series 2024 Bonds and sufficient resources to assume such risks.*

### Limited Obligations of Authority

**THE SERIES 2024 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY, AND THE SERIES 2024 BONDS AND THE INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, SHALL NOT BE DEEMED TO CONSTITUTE OR CREATE AN INDEBTEDNESS, LIABILITY OR OBLIGATION OF THE AUTHORITY, THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY COMMONWEALTH CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION OR A PLEDGE OF THE FAITH AND CREDIT OR THE TAXING POWER OF THE COMMONWEALTH OR ANY SUCH POLITICAL SUBDIVISION OR AGENCY. THE SERIES 2024 BONDS AND THE INTEREST THEREON ARE PAYABLE SOLELY FROM AND SECURED BY THE TRUST ESTATE, ALL AS DESCRIBED IN AND SUBJECT TO LIMITATIONS SET FORTH IN THE INDENTURE, FOR THE EQUAL AND RATABLE BENEFIT OF THE HOLDERS, FROM TIME TO TIME, OF THE SERIES 2024 BONDS.**

### Nonrenewal or Revocation of Charter

Generally, charter schools across the nation have come under some criticism as having failed to meet certain objectives in educating students to a success level above students in traditional public school systems. Proponents of charter schools have indicated that comparisons used in such critiques often fail to measure performance between similarly situated schools or fail to acknowledge the time that will be required for a charter school to develop historically significant data. In any event, the politically sensitive issues surrounding the development of charter schools will continue to warrant public and media attention, and any development of a national sense that charter schools do not present a fiscally responsible alternative could adversely affect the willingness of states, including Pennsylvania, to fund charter school operations or the willingness of local or Commonwealth school officials to approve or renew school charters.

The primary source of revenues to the Charter School is expected to be School District Payments. The Charter is set to expire on June 30, 2029 unless renewed prior to such respective dates. The expiration of the Charter is prior to Final Maturity.

If the Charter is subsequently terminated or not renewed, the Charter School likely would be forced to cease operations of the School. Termination of the Charter either by its terms or for any other reason constitutes an event of default under the Lease Agreement.

The Charter is subject to further renewal for additional periods. The Charter is subject to termination or nonrenewal by ASD as set forth in the Charter or pursuant to the Charter School Law. ASD must revoke or not renew the Charter if it finds that the School: (i) violates one or more material conditions, standards or procedures set forth in the Charter; (ii) fails to meet the requirements for student performance set forth in 22 PA. Code Ch. 5 (relating to curriculum) or subsequent regulations established by PDE or failure to meet any performance standards set forth in the Charter; (iii) fails to meet generally accepted standards of fiscal management or audit requirements; (iv) violates the Charter School Law; (v) violates any other laws from which the charter school has not been exempted, including federal laws and regulations governing children with disabilities; or (vi) has been convicted of fraud.

ASD must notify the Charter School's governing body of any proposed revocation or nonrenewal in writing, stating the grounds for such revocation or nonrenewal, and provide the charter school with a public hearing before a

decision is made. Such revocation or nonrenewal decision by ASD is subject to appeal to the Charter School Appeal Board whose determination shall further be subject to appellate review by the Commonwealth Court.

If the applicable appeal and judicial review process affirms the revocation or nonrenewal of the Charter, the Charter School would likely be forced to cease operations of the School as a charter school. Pursuant to the Lease, the following constitutes an Event of Default thereunder: failure by the Charter School to maintain its Charter pursuant to the Charter School Law; provided, however, that if the Charter School (i) continues to operate as a charter school pursuant to the Charter School Law, (ii) continues to receive School District Payments or other funding and (iii) continues to pursue a renewal of its charter or timely appeal of the revocation or nonrenewal of its charter in good faith, an Event of Default shall not be deemed to occur.

See APPENDIX D — “CHARTER SCHOOL LAWS AND FINANCING IN PENNSYLVANIA.”

### **Sufficiency of Revenues**

The Series 2024 Bonds are payable solely from certain payments, revenues and other amounts derived by the Authority pursuant to the Indenture and the Agreement, and are secured by such revenues and a pledge of certain funds and accounts created under the Indenture and the additional security provided by the Agreement, the Lease, the Master Indenture, and the Mortgage. Based on present circumstances, and based on its projections regarding future enrollment at the School, the Charter School believes that it will generate Gross Revenues sufficient to pay operating expenses and amounts due under the Lease, together with anticipated rental payments from Tenants under the Other Leases, and the Borrower believes that it will generate revenues and Pledged Revenues sufficient to meet its obligations under the Agreement and the Master Indenture, respectively; however, no representation or assurance can be given or made that the Borrower will generate sufficient Pledged Revenues to meet such obligations. See “FINANCIAL PROJECTIONS” herein.

Furthermore, no representation or assurance can be made that the Tenants will make rental payments pursuant to the Other Leases in the amounts projected by the Borrower. The terms of the Other Leases are shorter than the maturity date of the Series 2024 Bonds and there can be no assurance that the Borrower will be able to rent the available space in the Facilities to Tenants throughout the term of the Series 2024 Bonds for rental payments sufficient, together with the Charter School’s rental payments under the Lease Agreement, to generate sufficient Pledged Revenues to meet such obligations.

A number of factors could have an adverse effect on the ability of the Charter School to generate Gross Revenues sufficient to pay operating expenses and amounts due under the Lease and an adverse effect on the ability of the Borrower to generate revenues and Pledged Revenues sufficient to meet its obligations under the Agreement and the Master Indenture, including Commonwealth budget pressures, demand for charter school education, changes in the level of confidence in the public school system in general or public charter schools in particular, competition, faculty recruitment, demographic changes, legislation, governmental regulations, litigation, and the Charter School’s ability to achieve and maintain enrollment levels at the School. This, in turn, is affected by numerous circumstances both within and outside the control of the Borrower and the Charter School, including continuation of favorable governmental policies and programs with respect to public charter schools, the competitive appeal and perceived quality of the School’s curriculum, the ability and involvement of the faculty and administration of the School, Management, and management of the Borrower, and the benevolence of supporters of the Borrower and the Charter School. **THERE CAN BE NO ASSURANCE GIVEN THAT THE REVENUES OF THE BORROWER OR THE CHARTER SCHOOL WILL NOT DECREASE. ANY AND ALL FINANCIAL PROJECTIONS MADE BY THE BORROWER AND THE CHARTER SCHOOL ARE ONLY GOOD FAITH ESTIMATES AND ARE NOT INTENDED AS A REPRESENTATION OR WARRANTY AS TO THE FUTURE FINANCIAL CONDITION OF THE BORROWER OR THE CHARTER SCHOOL. SEE “FINANCIAL PROJECTIONS” BELOW.**

A default may occur if the funds pledged to repay and secure the Series 2024 Bonds are not sufficient to pay debt service on the Series 2024 Bonds when due. The consequences of a default may be serious and, depending on applicable Commonwealth law and the terms of the authorizing documents, the holders of the Series 2024 Bonds may be able to exercise a range of available remedies. Budgetary adjustments and other revenue-generating measures, including the incurrence of debt, may be necessary to enable the Charter School to generate Gross Revenues sufficient

to pay operating expenses and amounts due under the Lease and the Borrower to generate revenues and Pledged Revenues sufficient to meet its obligations under the Agreement and the Master Indenture, in respect of debt service on the Series 2024 Bonds; however, a default may effectively limit the Borrower's or the Charter School's ability to publicly offer bonds or other securities at market interest rate levels. Further, if the Borrower and the Charter School are unable to provide sufficient funds to remedy the default, subject to applicable Commonwealth law and the terms of the authorizing documents, the Borrower or the Charter School may find it necessary to consider available alternatives under Commonwealth law, including a sale of all or a portion of the Facilities or bankruptcy. A default also may occur if the Borrower or the Charter School are unable to comply with covenants or other provisions agreed to in connection with the issuance of the Series 2024 Bonds.

### **Risks Related to Infectious Viruses and/or Diseases**

A novel coronavirus outbreak first identified in 2019 caused coronavirus disease 2019 ("COVID-19"), which was identified by the World Health Organization as a pandemic. Responses to COVID-19 differed at the school, local, state, and national levels, although schools were closed for various periods of time in many states and nations. In addition to causing delivery of public school services to be restructured in the Commonwealth for periods of time from March 2020 through the 2021-22 school year, the spread of COVID-19, among other causes, created volatility in stock and bond markets in the United States and globally, which affected the market for private activity bonds, like the Series 2024 Bonds, and which has affected or may affect the financial condition of the Commonwealth and federal governments. Risks posed by infectious viruses or diseases may in the future have a materially adverse effect on the ability of the Charter School to operate the School, on demand for the School's services, or on the Charter School's financial condition as a result of the foregoing, cause materially adverse changes in the financial condition of the Commonwealth or federal governments resulting in changes affecting funding of charter schools, or cause materially adverse changes in the public education marketplace in general. Any of the foregoing could have a material adverse effect on the ability of the Borrower to make Loan Payments in respect of debt service on the Series 2024 Bonds.

### **Limitations on School District Payments**

The availability of any and all payments made to or on behalf of the Charter School, by the Commonwealth or the District, which are permitted to be used by the Charter School for its operations in accordance with its Charter ("School District Payments") and the levels of expenses with respect to the operation of the School may affect the ability of the Charter School to generate Gross Revenues sufficient to pay operating expenses and amounts due under the Lease and the Borrower to generate revenues and Pledged Revenues sufficient to meet its obligations under the Agreement and the Master Indenture, in respect of debt service on the Series 2024 Bonds. If sufficient funds are not generated from School District Payments, there can be no assurance that the Charter School will be able to operate the School successfully as a charter school and that the Borrower will have sufficient revenues to pay debt service on the Series 2024 Bonds.

The Borrower and the Charter School may not charge tuition and have no taxing authority. Charter schools in the Commonwealth receive from the school district in which a student resides, per student, the amount such school district would spend on each of its students, less the average per-student expenditure for special education programs, nonpublic school programs, adult education programs, community/junior college programs, student transportation services, facilities acquisition, construction and improvement services, debt service and fund transfers and federal programs. For special education students, a charter school receives an additional per-student amount based on a school district's special education expenditures divided by the Commonwealth-determined proportion of special education students.

Generally, the School District Payments paid to the Charter School are based on the actual expenditures per pupil of the applicable school districts. There is no assurance that the formula established by the Commonwealth will not be amended. Such a payment change could materially adversely affect the ability of the Charter School to make payments sufficient to pay rent under the Lease Agreement. Any change in the enabling legislation that created charter schools, failure by an applicable school district to appropriate sufficient funds to fund its operations or failure by the legislature of the Commonwealth to appropriate funds sufficient to fund the operation of public schools could have a material adverse effect on the ability of the Charter School to make payments coming due thereafter. A portion of public education revenue is derived from local property tax revenues. Any changes to the current property tax structure in the Commonwealth may have a material adverse effect on the ability of the Charter School to pay its operating expenses and principal of and premium, if any, and interest on the Series 2024 Bonds.

See APPENDIX D — “CHARTER SCHOOL LAWS AND FINANCING IN PENNSYLVANIA.”

### **Changes in Law; Annual Appropriation; Inadequate School District Payments**

The Pennsylvania General Assembly has amended the Charter School Law a number of times since it was first enacted in 1997. Past and future amendments to the law may adversely affect the School by, among other things, withholding a percentage of School District Payments if a charter school is deemed not to be in compliance with contract or charter provisions or Commonwealth and federal laws; by decreasing the charter term from five years to some other shorter term; by requiring a Commonwealth body to make an assessment of the School’s effectiveness every year; by limiting the number of students for which Commonwealth funds are available; by mandating new facilities or programs which may increase costs beyond projections; by reducing the maximum amount payable by the Commonwealth for students enrolled by the School; by revising the relative responsibilities between public schools and the Commonwealth for financing schools (including charter schools); or by eliminating the authority for Commonwealth or local-supported charter schools.

Currently, School District Payments are partially determined by an enrollment-based formula. In addition, the Pennsylvania General Assembly appropriates certain funds for public education each year, and it may not appropriate sufficient funds to enable the Borrower to pay debt service on the Series 2024 Bonds and meet budgeted expenses. See APPENDIX D — “CHARTER SCHOOL LAWS AND FINANCING IN PENNSYLVANIA.” Similarly, the Commonwealth allocation per student may be reduced or may not keep pace with expenses such that the aggregate School District Payments to the Charter School are inadequate to allow the Borrower to pay debt service on the Series 2024 Bonds. If School District Payments are insufficient, the Borrower may be unable to make the Loan Payments as and when required.

Future changes to the Charter School Law by the Pennsylvania General Assembly could be adverse to the financial operations, prospects, and interests of the Charter School and the Borrower and could adversely impact the security for the Series 2024 Bonds. There can be no assurance given that the Pennsylvania General Assembly will not in the future amend the Charter School Law in a manner that is adverse to the interests of the Charter School, the Borrower, and Registered Owners of the Series 2024 Bonds.

### **Executive Actions**

In August 2019, then-Governor of Pennsylvania Tom Wolf (“Governor Wolf”) tasked PDE with developing regulations to achieve the following: (i) allow school districts to limit student enrollment at charters that do not provide a high-quality, equitable education to students, (ii) require transparent charter school admission and enrollment policies that do not discriminate based on intellectual or athletic ability, race/ethnicity, gender, or disability, among other student characteristics, (iii) hold charter schools and their operators to the same transparency standards as school districts because they are public schools and receive more than \$1.8 billion in state and property tax dollars annually, (iv) require that charter school board of trustees and operating companies are free from conflicts of interest and prohibit them from making decisions that provide a financial benefit to themselves, friends, and/or family members, (v) require charter schools to use sound fiscal management, provide regular financial audits to state regulators, publicly bid contracts for supplies and services, use fair contracting practices, and engage their communities, (vi) provide greater oversight over charter school management companies, (vii) establish a model Commonwealth application to start a new charter school or renew an existing charter school that provides school districts with comprehensive information on how the school will be run and allow for rigorous analysis, (viii) establish a clear process that requires charters to accurately document their costs, (ix) prevent charters from over charging districts and taxpayers for the educational services they provide, (x) initiate a fee-for-service model to cover the department’s costs associated with implementing the Charter School Law, and (xi) recoup taxpayer costs for services that PDE provides to charter schools when it reviews applications, processes millions of payments, and provides legal and administrative support. Specific changes imposed by Governor Wolf include charging charter schools a fee to settle disputes with school districts and charging cyber charter school applicants \$86,000 each to offset application review costs. There can be no assurance of any further action by the Governor or the Pennsylvania General Assembly with respect to the regulations to be developed in response to the foregoing, nor can there be any assurance as to the effect that one or more such regulations could have on the Charter School’s operations, financial condition, or ability to produce Pledged Revenues sufficient to pay the Base Rent due under the Lease.

Specific changes imposed by Governor Wolf include charging charter schools a fee to settle disputes with school districts and charging cyber charter school applicants \$86,000 each to offset application review costs. There can be no assurance of any further action by the Governor or the Pennsylvania General Assembly with respect to the regulations to be developed in response to the foregoing, nor can there be any assurance as to the effect that one or more such regulations could have on the Borrower’s ability to generate revenues and Pledged Revenues sufficient to meet its obligations under the Agreement and the Master Indenture, respectively, in respect of debt service on the Series 2024 Bonds.

In 2021, Governor Wolf effectively disbanded the Charter School Appeal Board by notifying the members—all of whose terms had expired—that their terms would not be renewed and appointing for confirmation by the Senate, then withdrawing, new members. As of the date of this Limited Offering Memorandum, there are currently six members of the Charter School Appeal Board; however, there can be no assurance that a similar executive action to effectively disband the Charter School Appeal Board will not be instituted in the future.

See APPENDIX D – “CHARTER SCHOOL LAWS AND FINANCING IN PENNSYLVANIA – CHARTER SCHOOL FUNDING.”

### **Competition for Students; School Choice Initiatives**

The School competes with public schools, private schools and other charter schools for students living within the Commonwealth. Such competitors include cyber schools. There can be no assurance that the School will attract and retain the number of students sufficient to produce the revenues necessary to operate the School. As charter schools become more common, and as existing charter schools demonstrably provide an attractive educational choice, the number of charter schools may increase, leading to increased competition for existing charter schools.

In addition, other education choice initiatives, including but not limited to the adoption of a general voucher plan, whereby the state or local school district provides a voucher (typically for a fixed dollar amount) which a student’s parent can use to pay tuition at private, independent schools have been implemented or are being considered in a number of states. A voucher program could provide significant competition to the School by providing parents who could not otherwise afford tuition at a private, independent school, with resources to cover all or a portion of such costs. From time to time the Pennsylvania legislature has renewed efforts to create a voucher school program, but such attempts have so far been unsuccessful. Implementation of such a voucher program would likely increase demand for private, independent schools, possibly adversely affecting enrollment at other schools, including both public schools and charter schools. None of the Borrower or the Charter School can determine the specific impact the Commonwealth’s implementation of a voucher program would have on the operation or financial performance of the Charter School.

### **Commonwealth of Pennsylvania Finances**

Charter schools depend on revenues from the Commonwealth for a large portion of their operating budgets. Like many states, the Commonwealth from time to time has experienced financial stress due to declining revenues. The availability of Commonwealth funds for public education is a function of legal provisions affecting school district revenues and expenditures, the condition of the Commonwealth economy, and the annual budget process. Decreases in Commonwealth revenues may adversely affect education appropriations made by the Pennsylvania General Assembly. As noted, the Pennsylvania General Assembly bases its decisions about appropriations on many factors, including the state’s economic performance, and, because some public officials, their constituents, commentators, and others have viewed charter schools as controversial, political factors may also come to bear on charter school funding. See “RISK FACTORS — Changes in Law; Annual Appropriation; Inadequate School District Payments” above.

On July 11, 2024, Governor Josh Shapiro (the “Governor”) signed into law the Governor’s Executive Budget for the fiscal year ending June 30, 2025 (the “Budget”), which increased spending to \$47.6 billion, 6% higher than the budget for the fiscal year ending June 30, 2024. The Budget includes an increase of \$1.11 billion for basic education funding, totaling a projected amount \$8,944,444,000, marking the largest investment in K-12 public education in Commonwealth history. The Budget also projects a surplus of \$10.6 billion by year-end. Relating to education, the Budget allocates (i) \$100 million for environmental repairs and facilities improvements, with \$25 million dedicated to the Solar for Schools initiative, (ii) a \$100 million increase for special education funding, (iii) \$100 million for

reimbursement to school districts for cyber charter schools, and (iv) \$540 million and \$90 million increases to the caps for the Educational Improvement Tax Credit and the Opportunity Scholarship Tax Credit, respectively. Furthermore, approximately \$526 million in adequacy and equity grants will be distributed to Pennsylvania’s school districts based on factors such as the student poverty rate.

The deadline to pass the Budget was June 30, 2024, and such deadline was missed for such fiscal year and has been missed in the past. Any delay in passing the Commonwealth budget in future fiscal years may delay the Commonwealth’s appropriation of such funds and could negatively impact the ongoing viability of the Borrower and its ongoing ability to make payments representing debt service on the Series 2024 Bonds. See APPENDIX D – “CHARTER SCHOOL LAWS AND FINANCING IN PENNSYLVANIA – Charter School Funding.”

Financial pressure on the Commonwealth may lead to reductions in spending on public schools in the future, including charter schools. There can be no assurance that current levels of per pupil spending for public schools in the Commonwealth, including charter schools, will be maintained in future years.

Any future decreases in state revenues may adversely affect education appropriations made by the Pennsylvania General Assembly. The adverse effect may be exacerbated in the future to the extent that the Commonwealth relies in part on federal stimulus funding in the near term. None of the Borrower, the Charter School, or any other party to the Series 2024 Bond transaction can predict how state income or state education funding will vary over the entire term of the Series 2024 Bonds. No parties to the Series 2024 Bond transaction take any responsibility for informing owners of the Series 2024 Bonds about any such changes. Information about the financial condition of the Commonwealth, as well as its budget and spending for education, is available and regularly updated on various Commonwealth-maintained websites. Such information is prepared by the respective Commonwealth entity maintaining each such website and not by any of the parties to this transaction. The parties to this transaction take no responsibility for the accuracy, completeness, or timeliness of such information and no such information is incorporated herein by these references.

### **Funding and Future Changes to Charter School Law**

Funding for charter schools is addressed in Section 1725-A of the Pennsylvania Public School Code. Charter schools should receive School District Payments for each student enrolled an amount paid by the district of residence of each student and this amount is based upon a statutory funding formula. There are separate funding formulas for non-special education students and for special education students. School District Payments shall be made to the charter school in twelve (12) equal monthly payments, by the fifth day of each month, within the operating school year. If a school district fails to pay the charter school, the charter school may request the Secretary of Education to redirect ASD’s subsidy.

On January 11, 2024, the Basic Education Funding Commission released the Majority Report Adopted by Commission\* (the “Majority Report”). Such Majority Report includes “Recommendation 5: Examine Charter School Funding” which includes suggestions to (i) re-establish state charter reimbursement to school districts, (ii) modernize the calculation of cyber charter school tuition and (iii) enact broader charter reforms. Charter school funding laws and processes in the Commonwealth are uncertain and no assurances can be made that such funding laws and processes will not materially adversely affect the ability of the Charter School to generate Gross Revenues sufficient to pay operating expenses and amounts due under the Lease and the Borrower to generate revenues and Pledged Revenues sufficient to meet its obligations under the Agreement and the Master Indenture, in respect of debt service on the Series 2024 Bonds. See APPENDIX D – “CHARTER SCHOOL LAWS AND FINANCING IN PENNSYLVANIA – CHARTER SCHOOL FUNDING – Calculation of Payments” below.

### **Suitability of Investment**

Purchase of the Series 2024 Bonds involves a degree of risk, and the Series 2024 Bonds are a speculative investment. Any investor who, because of financial condition, is unable to bear the loss of an investment in the Series

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\* The full Majority Report can be found at [https://www.pahouse.com/files/Documents/2024-01-11\\_023404\\_MajorityReport.pdf](https://www.pahouse.com/files/Documents/2024-01-11_023404_MajorityReport.pdf). (link not incorporated by reference).

2024 Bonds, or who, because of investment policies or otherwise, does not desire to assume, or have the ability to bear, the risks inherent with an investment in the Series 2024 Bonds, should not purchase the Series 2024 Bonds. Prospective investors should carefully examine this Limited Offering Memorandum, including the appendices hereto, and their own financial condition, as well as consult their own independent legal and financial advisors, in order to make a judgment as to their ability to bear the economic risk of such an investment, and to determine whether or not the Series 2024 Bonds are an appropriate investment for them.

### **Reliance on Projections**

Information contained herein concerning the Borrower, the Charter School, and the School has been obtained from the Borrower and the Charter School and has not been independently verified by the Authority or the Underwriter. The Charter School's projections of revenues and expenses for the Fiscal Years ended June 30, 2025 through 2029 (the "Projections") are contained in APPENDIX C – "FINANCIAL PROJECTIONS OF THE CHARTER SCHOOL." Much of the information regarding the Borrower, the Charter School, and the School involves predictions of future events, such as the ability of the School to increase student enrollment and to raise School District Payments to a level sufficient for the Charter School to generate Gross Revenues sufficient to pay operating expenses and amounts due under the Lease and the Borrower to generate revenues and Pledged Revenues sufficient to meet its obligations under the Agreement and the Master Indenture, respectively, in respect of debt service on the Series 2024 Bonds. Such information is, by its nature, not subject to verification.

Projected enrollment for the School and the Projections are included in APPENDIX A - "GENERAL INFORMATION REGARDING THE BORROWER AND THE CHARTER SCHOOL" and in APPENDIX C – "FINANCIAL PROJECTIONS OF THE CHARTER SCHOOL." The forecasted information is based upon assumptions made by Management. There are usually differences between forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. Neither the Authority nor the Underwriter has independently verified the Projections and make no representation nor give any assurance that the Projections, or the assumptions underlying them, are complete or correct. Further, the Projections relate only to a limited number of Fiscal Years and consequently do not cover the entire period that the Series 2024 Bonds will be outstanding. Prospective investors in the Series 2024 Bonds should read the forecasted information in its entirety.

The forecasted information contains "forward-looking statements" and is subject to the general qualifications and limitations described under "INTRODUCTION – Forward-Looking Statements." The Underwriter and the Authority have not independently verified the forecasted information set forth herein and each makes no representations nor gives any assurances that such forecasted information, or the underlying assumptions, are complete or correct.

**MANAGEMENT PREPARED THE FORECASTED INFORMATION BASED ON ASSUMPTIONS ABOUT FUTURE OPERATIONS OF THE CHARTER SCHOOL, INCLUDING STUDENT ENROLLMENT AT THE SCHOOL, REVENUE, AND EXPENSES. THERE CAN BE NO ASSURANCE THAT ACTUAL ENROLLMENT WILL BE CONSISTENT WITH PRIOR ENROLLMENT OR THAT PROJECTED INCREASES IN ENROLLMENT WILL OCCUR AS PROJECTED. IN ADDITION, ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY FACTORS, INCLUDING, BUT NOT LIMITED TO, INCREASED COSTS, LOWER THAN ANTICIPATED REVENUES (AS A RESULT OF INSUFFICIENT ENROLLMENT OR OTHERWISE), EMPLOYEE RELATIONS, CHANGES IN TAXES, CHANGES IN APPLICABLE GOVERNMENT REGULATIONS, CHANGES IN DEMOGRAPHIC TRENDS, CHANGES IN EDUCATION COMPETITION AND CHANGES IN LOCAL OR GENERAL ECONOMIC CONDITIONS. SEE "FINANCIAL PROJECTIONS" BELOW.**

### **Compliance with Federal and State Accountability Requirements**

In December 2015, Every Student Succeeds Act ("ESSA") was signed into law, amending the Elementary and Secondary Education Act of 1965 and replacing the No Child Left Behind Act of 2001. The U.S. Department of Education approved the Commonwealth's Amended ESSA state plan on August 1, 2019.

If the School fails to meet the requirements of ESSA or a revised state accountability system, it may adversely affect the ability of the Charter School to generate Gross Revenues sufficient to pay operating expenses and amounts

due under the Lease, which may adversely affect the ability of the Borrower to generate revenues and Pledged Revenues sufficient to meet its obligations under the Agreement and the Master Indenture, in respect of debt service on the Series 2024 Bonds.

### **Factors Associated with Education**

There are a number of factors affecting schools in general, including the School, which could have an adverse effect on the Charter School's financial position and its ability to pay Base Rent required under the Lease. These factors include, but are not limited to, increased costs of compliance with federal or Commonwealth laws or regulations, including, without limitation, laws or regulations concerning environmental quality, work safety and accommodating persons with disabilities; any unionization of the School's work force with consequent impact on wage scales and operating costs of the School; the inability to attract a sufficient number of students; federal requirements to provide services to special education students; unfavorable changes to existing statutes pertaining to the powers of the School and legislation or regulations which may affect program funding; and disruption of the School's operations by real or perceived threats against the School, its employees, or students. The Charter School cannot assess or predict the ultimate effect of these factors on its operations or financial results of operations.

### **Reputational Risk**

The Borrower, the Charter School, and the School are subject to reputational risks which may differ from those of other public alternative education schools, private charter or public schools. For example, changes in the reputation of a school, its faculty or student body, either generally or with respect to certain academic or extracurricular areas, may affect the School's ability to attract students to projected enrollment levels or the School's ability to attract quality faculty and staff at competitive salaries. Such changes in reputation may include, but are not limited to, those changes arising out of faculty or student behavior and actions within and outside of the school environment, including any media coverage and/or public discussion thereof. In addition, litigation brought against the Charter School, the School, or the Borrower by parents, civil authorities, students or former or potential employees may have a materially adverse impact on the reputation of the Borrower, the Charter School, or the School. There can be no assurance that these or other factors will not adversely affect the ability of the Charter School to generate Gross Revenues sufficient to pay operating expenses and amounts due under the Lease and the Borrower to generate revenues and Pledged Revenues sufficient to meet its obligations under the Agreement and the Master Indenture, in respect of debt service on the Series 2024 Bonds.

### **Economic and Other Factors**

Future economic and other factors may adversely affect the revenues and expenses of the Borrower and the Charter School, and consequently, the ability of the Charter School to generate Gross Revenues sufficient to pay operating expenses and amounts due under the Lease and the Borrower to generate revenues and Pledged Revenues sufficient to meet its obligations under the Agreement and the Master Indenture, in respect of debt service on the Series 2024 Bonds. Among the factors that could have such adverse effects are: decreases in the number of students seeking to attend the School at optimum levels for each grade level; decreases in the level of School District Payments or other student enrollment-based funding by the Commonwealth; decline in the ability of the School and Management to provide education desired and accepted by the population served; economic developments in the affected service area, including inflation and interest rates; decline of the reputation of the School; competition from other educational institutions, including other charter schools and private schools; lessened ability of the School to attract and retain qualified teachers and staff at salaries that permit the Charter School to make payments due under the Lease and pay its expenses; increased costs associated with technological advances; changes in government regulation of the education industry or in the Charter School Law; future claims for accidents or other torts at the Facilities or environmental enforcement actions with respect to environmental conditions at the Facilities and the extent of insurance coverage for such claims; and the occurrence of natural disasters, such as floods.

### **Inability to Liquidate or Delay in Liquidating the Facilities**

An event of default under the Mortgage gives the Master Trustee the right to possession of, and the right to sell the Facilities pursuant to a foreclosure sale under the Mortgage. The Facilities are intended to be used solely for educational purposes of the Borrower and the Charter School. Because of such use, a potential purchaser of the Series 2024 Bonds should not anticipate that a transfer of the Facilities could be accomplished rapidly, or at all. Any sale of



the Facilities would require compliance with the laws of the Commonwealth applicable thereto. Such compliance might be difficult, time-consuming and expensive. Any delays in the ability of the Bond Trustee to foreclose on the Mortgage would result in delays in the payment of the Series 2024 Bonds.

The Facilities are designed for use as a school facility and may not be readily adaptable to other uses. As a result, in the event of a sale of the Facilities, the number of uses that could be made of the property, and the number of entities which would be interested in purchasing the Facilities, could be limited, and the sale price could thus be adversely affected. The location of the Facilities might also limit the number of potential purchasers. The ability of the Master Trustee to sell the Facilities to third parties, thereby liquidating the investment, would be limited as a result of the nature of the Facilities. For these reasons, no assurance can be made that the amount realized upon any sale of the Facilities would be fully sufficient to pay and discharge the Series 2024 Bonds. In particular, there can be no representation that the cost of the property included in the Facilities would constitute a realizable amount upon any forced sale thereof. In the event the Master Trustee took possession of the Facilities, the Facilities might be subject to real property taxation.

### **Results of Certain Events of Default under the Agreement or the Master Indenture**

A potential purchaser of the Series 2024 Bonds should not assume that it will be possible to obtain proceeds from the foreclosure of the Mortgage and the sale of the Facilities after an Event of Default and a foreclosure of the Mortgage for an amount equal to the aggregate principal amount of the Series 2024 Bonds then outstanding plus accrued interest thereon. If the Facilities are sold pursuant to a foreclosure sale under the Mortgage (and there is no assurance that there would be any purchaser upon a foreclosure sale) for an amount less than the aggregate principal amount of and accrued interest on the Series 2024 Bonds, such partial payment may be the only payment to the Holders; upon such a partial payment, no holder of any Series 2024 Bonds shall have any further claim for payment upon the Bond Trustee, the Master Trustee, the Authority, or any other party or entity other than the Borrower and the Charter School.

### **Litigation**

Educational facilities often are the subject of litigation. Professional liability and other actions alleging wrongful conduct and seeking punitive damages often are filed against education providers such as the Charter School and the School. Litigation may also arise from the corporate and business activities of the Borrower, the Charter School, and the School, such as contract disputes and employee-related matters. Many of these risks are covered by insurance, but some are not. For example, some business disputes and workers' compensation claims are not covered by insurance or other sources and, in whole or in part, may be a liability of the Borrower or the Charter School if determined or settled adversely. Although the Borrower and the Charter School maintain insurance policies covering educator's professional and general liability, as applicable, management of the Borrower and the Charter School are unable to predict the availability, cost or adequacy of such insurance in the future.

### **Tax Related Issues**

#### ***Bond Audits***

The Tax Exempt Series 2024 Bonds may be, from time to time, subject to audit by the Internal Revenue Service (the "IRS"). The Borrower believes, based on the opinion of Bond Counsel, that the Tax Exempt Series 2024 Bonds properly comply with applicable tax laws. In addition, Bond Counsel will render an opinion with respect to the tax-exempt status of the Tax Exempt Series 2024 Bonds, as described under the caption "TAX MATTERS" herein, which opinion speaks only as of its date. No ruling with respect to the tax-exempt status of the Tax Exempt Series 2024 Bonds has been or will be sought from the IRS, however, and opinions of counsel are not binding on the IRS or the courts and are not guarantees. There can be no assurance that an audit of the Tax Exempt Series 2024 Bonds will not adversely affect the tax status of the Tax Exempt Series 2024 Bonds.

#### ***Tax-Exempt Status of Interest on the Tax Exempt Series 2024 Bonds***

The Code imposes a number of requirements that must be satisfied for interest on state and local obligations, such as the Tax Exempt Series 2024 Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of Tax Exempt Series 2024 Bond proceeds, limitations on the

investment earnings of Tax Exempt Series 2024 Bond proceeds prior to expenditure, a requirement that certain investment earnings on Tax Exempt Series 2024 Bond proceeds be paid periodically to the United States and a requirement that the Authority file an information report with the IRS. The Authority, the Borrower, and the Charter School each covenanted in certain of the documents referred to herein that they will comply with such requirements. Failure by any of the foregoing to comply with the requirements stated in the Code and related regulations, rulings and policies may result in the treatment of interest on the Tax Exempt Series 2024 Bonds as taxable, retroactively to the Closing Date. Additionally, as the pressure to reduce the federal deficit and balance the federal budget increases, limiting or even eliminating the general exclusion of state and local bond interest has been considered from time to time. Any such limitation or elimination, if retroactive, would result in some or all of the interest on the Tax Exempt Series 2024 Bonds being included in gross income of owners of the Tax Exempt Series 2024 Bonds for federal income tax purposes and could adversely affect the market value of the Tax Exempt Series 2024 Bonds.

#### ***Maintenance of Tax-Exempt Status by the Borrower and the Charter School***

The tax-exempt status of the Tax Exempt Series 2024 Bonds depends upon the maintenance by the Borrower and the Charter School of their status as 501(c)(3) Organizations. The maintenance of such status is contingent on compliance with general rules promulgated in the Code and related regulations regarding the organization and operation of tax-exempt entities, including the operation for charitable and educational purposes and avoidance of transactions which may cause the assets of the Borrower or the Charter School to inure to the benefit of private individuals.

In recent years, the IRS has increased the frequency and scope of its audit and other enforcement activity regarding tax-exempt organizations and, in particular, charter schools. As a result, tax-exempt organizations are increasingly subject to a greater degree of scrutiny. The primary penalty available to the IRS under the Code with respect to a tax-exempt entity violating applicable provisions of the Code and regulations is the revocation of tax-exempt status. Although the IRS has not frequently revoked the 501(c)(3) tax-exempt status of nonprofit corporations, it could do so in the future. Loss of tax-exempt status by the Borrower or the Charter School could potentially result in loss of tax exemption of interest on the Tax Exempt Series 2024 Bonds and of other existing and future tax-exempt debt of the Borrower and the Charter School, if any, and defaults in covenants regarding the Tax Exempt Series 2024 Bonds and other existing and future tax-exempt debt, if any, would likely be triggered.

Legislation adopted by Congress in 1996 provides the IRS with an “intermediate” sanctions system of federal excise taxes to combat violations by tax-exempt organizations of the private inurement prohibition of the Code. Before the “intermediate sanctions law,” the IRS could punish such violations only through revocation of an entity’s tax-exempt status. Intermediate sanctions may be imposed where there is an “excess benefit transaction,” defined to include a disqualified person (i.e., an insider) (i) engaging in a non-fair market value transaction with the tax-exempt organization, (ii) receiving unreasonable compensation from the tax-exempt organization, or (iii) receiving payment in an arrangement that violates the private inurement proscription. Intermediate sanctions may be imposed by the IRS either in lieu of or in addition to revocation of exemption. The legislation is potentially favorable to taxpayers in that it provides the IRS with a punitive option short of exemption revocation to deal with incidents of private inurement. However, the standards for tax exemption have not been changed and the IRS still has the authority to revoke tax-exempt status in appropriate circumstances.

#### ***State Income Tax Exemption***

The loss by either the Borrower or the Charter School of federal tax exemption might trigger a challenge to its Commonwealth income tax exemption. Such event could be adverse and material to holders of the Tax Exempt Series 2024 Bonds.

#### ***Unrelated Business Income***

In recent years, the IRS and state, county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt organizations with respect to their exempt activities and the generation of unrelated business taxable income (“UBTI”). The Borrower and the Charter School currently participate in activities which generate UBTI and are required to properly account for and report UBTI. An investigation or audit could lead to a challenge which could result in taxes, interest and penalties with respect to unreported UBTI and in some cases

could ultimately affect their tax-exempt status, as well as the exclusion from gross income for federal income tax purposes of the interest on the Tax Exempt Series 2024 Bonds.

### ***Exemption from Property Taxes***

In recent years, the Commonwealth, county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt corporations with respect to their real property tax exemptions. The Facilities are currently exempt from real property taxation, other than with respect to certain tax on unrelated business income; however, the Borrower will be required to maintain such exempt status.

### **Tax Reform**

From time to time there are legislative proposals in the United States Congress and the Commonwealth Legislature that, if enacted, could alter or amend the federal and Commonwealth income tax matters with respect to the Tax Exempt Series 2024 Bonds, adversely affect the market value or liquidity of the Tax Exempt Series 2024 Bonds or impact how the Commonwealth funds public schools, including charter schools. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment or the status of tax exempt entities. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value or liquidity of the Tax Exempt Series 2024 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular lawsuit will be resolved, or whether the Tax Exempt Series 2024 Bonds or the market value or liquidity thereof would be impacted thereby. Purchasers of the Tax Exempt Series 2024 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation.

Purchasers of the Tax Exempt Series 2024 Bonds should be aware that future legislative actions (including federal income tax reform) may retroactively affect such investors' federal, state or local tax liability. In all such events, the market value of the Tax Exempt Series 2024 Bonds may be impacted and the ability of holders to sell the Tax Exempt Series 2024 Bonds in the secondary market may be reduced.

### **Bankruptcy — In General**

Bankruptcy or other insolvency or similar proceedings affecting the Borrower or the Charter School may delay and otherwise adversely affect the enforcement of rights in the property granted as security for the obligations related to the Series 2024 Bonds, including those granted by the Indenture, the Agreement, the Lease, the Master Indenture, and the Mortgage. For example, if the Borrower became a debtor in bankruptcy proceedings under Federal bankruptcy law, those proceedings would stay any proceeding to foreclose the lien of the Mortgage pending further order of the bankruptcy court and could affect the Master Trustee's ability to obtain direct payments pursuant to the Indenture. If the Borrower's obligations in connection with the Series 2024 Bonds exceeded the value of the collateral security for the Obligations, then in Federal bankruptcy proceedings, the recovery for the Bondholders might be limited to the value of that collateral. In such a bankruptcy proceeding, a reorganization plan containing provisions, for example, backloading loan or bond payment amounts on the Series 2024 Bonds, could be confirmed and become effective even if the plan were not supported by some or all of the holders of the Series 2024 Bonds.

### **Construction Risks**

*General.* The Borrower expects to commence construction of the Series 2024 Facilities (the "Stadium Project") in summer 2026. The Borrower estimates that the Stadium Project will be substantially complete by spring 2027 and estimates that it will not cost more than \$25 million to complete the Stadium Project. See APPENDIX A – "GENERAL INFORMATION REGARDING THE BORROWER AND THE CHARTER SCHOOL – THE PROJECT AND THE FACILITIES– The Stadium Project" for additional information regarding the Stadium Project.

Proceeds of the Series 2024 Bonds allocable to the Stadium Project will be held in the Project Fund, and up to an aggregate amount of \$2,000,000 may be requisitioned from the Project Fund for the payment of soft costs related to the Stadium Project until the Borrower delivers to the Trustee a notice certifying the execution of the Construction Contract and receipt of the necessary approvals, pursuant to the Loan Agreement.

There are certain necessary permits and approvals for the Stadium Project that have not been obtained. While the Borrower expects to obtain on or prior to the commencement of applicable portions of the Stadium Project, there can be no assurance that the permits and approvals will be granted on or before such date or at all, or that the failure of the conditions necessary to obtain such permits will not have a material adverse effect on the budget or schedule for, or economic feasibility of, the Stadium Project. Furthermore, the Borrower may fail to obtain approvals from parties with easement or usage rights in the stadium project area could result in further delays or legal challenges. The Borrower does not expect to obtain such permits and approvals on or before the Closing Date and it is not a condition to the issuance of the Series 2024 Bonds that such permits and approvals be obtained on or before the Closing Date.

*Routine Risks Inherent in Construction.* Construction and expansion of the Facilities will occur while a portion of the Facilities are occupied by the School and the Tenants and while the School is in operation and holding classes. Construction and expansion of the Facilities is subject to risk associated with the simultaneous operation of the School and the construction in addition to the usual risks associated with construction projects including, but not limited to, delays in issuance of required building permits or other necessary approvals or permits, strikes, labor disputes, shortages of materials and/or labor, transportation delays, restrictions related to endangered species, adverse weather conditions, fire, casualties, acts of nature, war, acts of public enemies, terrorism, orders of any kind of federal, state, county, city or local government, insurrections, riots, adverse conditions not reasonably anticipated or other causes beyond the control of the Borrower, or its contractors. Such events could result in delayed substantial completion and/or occupancy of the Facilities and thus could impact parents' decisions regarding maintaining students in the School. In addition, the marketing, substantial completion and occupancy of the expanded Facilities may be extended by reason of changes authorized by the Borrower, delays due to acts (negligent or otherwise) of the Borrower. Cost overruns also could result in the Borrower not having sufficient money to complete the construction and expansion of the Facilities, thereby materially affecting the ability of the Charter School to generate Gross Revenues sufficient to pay operating expenses and amounts due under the Lease and the Borrower to generate revenues and Pledged Revenues sufficient to meet its obligations under the Agreement and the Master Indenture, in respect of debt service on the Series 2024 Bonds.

*Delayed Delivery and Completion, Cost Over-Runs.* There can be no assurance that construction and expansion of the Facilities will be completed within the time expected by the Borrower or that the damages suffered by the Borrower as a result thereof can be recovered without costly and time-consuming litigation. Management does not expect that any delay in the completion of the Stadium Project will impact the Charter School's operations or any other Tenant, as the Stadium Project does not involve core academic functions or the operations of the Facilities. The Lease and the Other Leases do not provide for any rent relief because of any construction delay.

The Borrower anticipates entering into one or more construction contracts for the Stadium Project, but such construction contracts have not yet been executed. In the event cost overruns resulting from delays or other causes are experienced during the Stadium Project, and the Borrower in its discretion has agreed to any change orders, the Borrower has no source of funds with which to pay any such additional costs, and the only source of funds that potentially would be available to complete the Stadium Project would be additional indebtedness and/or fund raising efforts of the Borrower. The issuance of additional indebtedness would be contingent upon whether it is permitted under the Master Indenture and further dependent on the ability of the Borrower to increase its payments due under the Agreement in an amount sufficient to provide a source of funds to pay the debt service on the additional indebtedness, as to which no assurance can be given. Fundraising efforts would be completely dependent upon the identification of and generosity of potential donors, as to which no assurance can be given. Accordingly, there can be no assurance that the Stadium Project will be completed if cost overruns are experienced. Failure to complete the Stadium Project and/or an extended construction schedule could materially impact the Facilities, the ability of the Borrower to continue its operations as now conducted at the Facilities, and/or the attractiveness of the Facilities to parents of current and future students thus decreasing enrollment. Any of the foregoing could lead to an acceleration of payments on the Series 2024 Bonds, and could have a material adverse impact on the ability of the Charter School to generate Gross Revenues sufficient to pay operating expenses and amounts due under the Lease and the Borrower to generate revenues and Pledged Revenues sufficient to meet its obligations under the Agreement and the Master Indenture, in respect of debt service on the Series 2024 Bonds.

For additional information about the Stadium Project, see "APPENDIX A – GENERAL INFORMATION REGARDING THE BORROWER AND THE CHARTER SCHOOL – THE PROJECT AND THE FACILITIES – The Stadium Project."

## **Risks Related to Other Leases**

In addition to rental payments received from the Charter School pursuant to the Lease, the Borrower will pledge the rental payments received from Tenants pursuant to the Other Leases to secure its payment obligations under the Agreement. See APPENDIX A – “GENERAL INFORMATION REGARDING THE BORROWER AND THE CHARTER SCHOOL – THE TENANTS” for a description of the Tenants and the Other Leases. Other than a description of certain terms of the Other Leases, no information about the Tenants is provided in this Limited Offering Memorandum and no investor in the Series 2024 Bonds can evaluate whether any lease payments made by any Tenants under the Other Leases are likely to be available as a source of repayment of the Series 2024 Bonds. There can be no assurance that any of the Other Leases will be renewed or extended beyond their expiration dates, nor can there be any assurance that the Borrower will be able to find one or more new tenants one or after such dates. Further, there can be no assurance made as to the terms of any extension or replacement to any Other Lease.

## **Limitations on Value of the Facilities and to Remedies under the Mortgage**

### ***General***

Development, ownership, and operation of real estate involves certain risks, including the risk of adverse changes in general economic and local conditions, including population decreases; uninsured losses; operating deficits and mortgage foreclosure; lack of attractiveness of the property to students/parents; cyclical nature of the real estate market; adverse changes in neighborhood values; and adverse changes in zoning laws, other laws and regulations, and real property tax rates (to the extent such taxes are applicable to the Facilities). Such losses also include the possibility of fire or other casualty or condemnation. If the Facilities, or any portion thereof, were not available during the period of restoration, this could adversely affect the ability of the Borrower to generate sufficient Pledged Revenues to meet its obligations under the Agreement and the Master Indenture. Changes in general or local economic conditions and changes in interest rates and the availability of mortgage funding may render the sale or refinancing of the Facilities difficult or unattractive.

### ***Value of Property May Fluctuate; Limitations of Appraisal***

Integra Realty Resources - Philadelphia (the “Appraiser”) conducted an appraisal for the Facilities (the “Appraisal”), certain details of which are summarized in APPENDIX A - “GENERAL INFORMATION REGARDING THE BORROWER AND THE CHARTER SCHOOL - THE PROJECT AND THE FACILITIES – Appraisal.” Copies of the Appraisal are available as described under the heading “MISCELLANEOUS – General” below.

**The appraised “as is” value stated in the Appraisal is less than the aggregate amount of the Series 2024 Bonds to be issued. In the event of a foreclosure, there can be no assurance that the value of the Facilities or the amount received for the Facilities will be sufficient to pay the principal of and interest due on the Series 2024 Bonds.**

An appraisal represents only the opinion of the Appraiser and only as of its date. There may be a difference between the actual value of the Facilities and the amount of the Series 2024 Bonds, and that difference may be material and adverse to Bondholders. In particular, it cannot presently be determined with certainty what the value of the Facilities would be in the event of foreclosure under the Mortgage, especially in light of the fact that the Facilities are currently being used or will be used as a charter school. Further, the value of the Facilities at any given time will be directly affected by market and financial conditions which are not in the control of the parties involved in the Series 2024 Bond transaction. Real property values can fluctuate substantially depending on a variety of factors. There is nothing associated with the Facilities to suggest that their value would remain stable or would not decrease if the general values of the property in the area of the Facilities were to decline.

### ***Damage Destruction or Condemnation***

The Borrower is required under the Master Indenture and the Mortgage and the Charter School is required under the Lease to cause the Facilities to be insured against loss or damage to the Facilities and all improvements therein (including, during any period of time when the Charter School is making alterations, repairs or improvements to the Facilities, improvements and betterment’s coverage), all subject to standard form exclusions, with uniform

standard extended coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at the time in use in the Commonwealth, in an amount equal to the greater of the full replacement value of the buildings on the Facilities or the aggregate principal amount of the Obligations then Outstanding, unless the insurable full replacement value of the buildings at the Facilities is less than the aggregate principal amount of the Obligations Outstanding, in which event, in an amount equal to the full replacement value of such buildings. There is no assurance, however, that such amount will be adequate to repair and replace lost, damaged, or destroyed property constituting part of the Facilities, or that insurance will be available at commercially-reasonable rates in the near or long-term future, or that monies made available by reason of any such occurrence will be sufficient to fully redeem the Series 2024 Bonds or replace such property.

If the Facilities, or any portion thereof, is damaged or destroyed, or is taken in a condemnation proceeding, the proceeds of insurance or any such condemnation award shall be applied as provided in the Mortgage to restore or rebuild the Facilities that is damaged or destroyed or to redeem Obligations. There can be no assurance that the amount of revenues available to restore or rebuild the Facilities that is damaged or destroyed, or any portion thereof, or to redeem Series 2024 Bonds will be sufficient for that purpose, or that any remaining portion of the Facilities will generate Pledged Revenues sufficient to permit the Borrower to meet their obligations under the Agreement and the Master Indenture.

### ***Environmental Risks***

The Facilities and any other properties the Borrower may acquire and own are and will be subject to various federal, state, and local laws and regulations governing health and the environment. In general, these laws and regulations could result in liability for remediating adverse environmental conditions on or relating to the Facilities or such other properties, whether arising from pre-existing conditions or conditions arising as a result of activities conducted in connection with the ownership of and operations at the Facilities or such other properties. Costs incurred with respect to environmental remediation or liability could adversely affect the Borrower's financial condition and the ability to generate revenues sufficient to permit the Borrower to meet its obligations under the Agreement and the Master Indenture.

HDR Inc. (the "Environmental Consultant") conducted a Phase I Environmental Site Assessment of the Facilities and summarized its findings in a report dated September 26, 2024 (the "Phase I Report"). Copies of the Phase I Reports are available as described under the heading "MISCELLANEOUS – General" below.

Certain Recognized Environmental Conditions ("RECs") associated with the Facilities include (i) groundwater impacted with chlorinated volatile organic compounds at concentrations above Pennsylvania Department of Environmental Protection ("PADEP") Medium-Specific Concentrations; (ii) potential contamination of soil and groundwater from historic underground storage tank ("UST") systems for which documentation of proper closure was not available; and (iii) potential vapor intrusion at the 413 Facility.

Certain controlled RECs and historical REC were identified by the Environmental Consultant at the Facilities, including a historical REC indicating that certain former USTs were closed and received No-Further-Action determinations and/or closure from PADEP. See APPENDIX A – "GENERAL INFORMATION REGARDING THE BORROWER AND THE SCHOOL – THE PROJECT AND THE FACILITIES – Environmental Reports" for more information.

Based upon the identification of RECs, controlled RECs, and historical REC at the Facilities, the Environmental Consultant recommended a limited Phase II environmental assessment of indoor air at the 413 Facility, the continuation of air quality management at the Existing Facility under the agreement with PADEP, and additional measures to support environmental compliance at the Facilities. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS – The Agreement – Environmental Testing Covenant" herein.

As a condition of certain controlled RECs identified by the Environmental Consultant for the Facilities, testing of indoor air in the areas used by the School is required four times per year. The most recent testing (March 2024) evidences an increased lifetime cancer risk due to the presence of benzene, carbon tetrachloride, chloroform, and trichlorethylene in the indoor air of Buildings 3, 4, 5 and the gymnasium. As detailed in the Environmental Consultants Risk Screening Memorandum for the March 2024 sampling round, the increased lifetime cancer risk is

within PADEP's acceptable risk ranges. Additionally, there is an increased non-cancer health risk due to presence of acrolein in Buildings 3, 4, 5 and the gymnasium.

There are potential risks relating to liabilities for environmental hazards with respect to the ownership of any real property. If hazardous substances are found to be located on a property, owners of such property may be held liable for costs and other liabilities related to the removal of such substances, which costs and liabilities could exceed the value of the Facilities or any portion thereof. In the event environmental enforcement actions were initiated, the Borrower could be liable for the costs of removing or otherwise treating pollutants or contaminants located at the site, or any portion thereof. In addition, under certain environmental statutes, in the event an enforcement action is initiated, a lien could be attached to the Facilities, or a portion thereof, that would adversely affect the Borrower's ability to generate revenues from the operation of the Facilities, or any other properties, or otherwise sufficient to meet its obligations under the Agreement and the Master Indenture. In the event of a foreclosure on the Mortgage, the Borrower may be held liable for costs and other liabilities relating to hazardous substances, if any, on the Facilities or any portion thereof, on a strict-liability basis and such costs might exceed the value of such property.

### ***Climate Change***

The Commonwealth, and in particular the northeast Atlantic Coast region where the Facilities are located, is susceptible to the effects of extreme weather events and natural disasters, including floods, droughts, rain events and hurricanes, which could result in negative economic impacts on the School. Such effects can be exacerbated by a longer-term shift in the climate over several decades (commonly referred to as climate change), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage the Facilities, or the local infrastructure that provides essential services to the School. The economic impacts resulting from such extreme weather events could include a loss of property values, a decline in revenue base, and escalated recovery costs. While the Facilities have not experienced any flooding in the past five years and were not damaged in any recent hurricane season, no assurances can be given that a future extreme weather event driven by climate change will not adversely affect the operations of the School at the Facilities.

### **Factors That Could Affect the Security Interest in the Facilities; Superior Liens**

The Bond Trustee's security interest in the Facilities may be subordinated to the interest and claims of others in several instances. Some examples of cases of subordination of prior claims are (i) statutory liens, (ii) rights arising in favor of the United States of America or any agency thereof, (iii) present or future prohibitions against assignment in any statutes or regulations, (iv) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction, (v) federal or state bankruptcy or insolvency laws that may affect the enforceability of the Mortgage or the Agreement, (vi) rights of third parties in amounts not in the possession of the Bond Trustee, (vii) claims that might arise if appropriate financing or continuation statements are not filed in accordance with the Pennsylvania Uniform Commercial Code as from time-to-time in effect, and (viii) mechanics liens.

### **Enforcement of the Pledges of Pledged Revenues and Gross Revenues**

The effectiveness of the security interest in the Pledged Revenues granted by the Borrower in the Master Indenture may be limited by a number of factors, including: (i) the absence of an express provision permitting assignment of receivables owed to the Borrower under its contracts, and present or future prohibitions against assignment contained in any applicable statutes or regulations; (ii) certain judicial decisions which cast doubt upon the right of the Master Trustee, in the event of the bankruptcy of the Borrower, to collect and retain accounts receivable from certain governmental programs; (iii) commingling of the proceeds of Pledged Revenues with other monies of the Borrower not subject to the security interest in Pledged Revenues; (iv) statutory liens; (v) rights arising in favor of the United States of America or any agency thereof; (vi) constructive trusts, equitable or other rights impressed or conferred by a federal or state court in the exercise of its equitable jurisdiction; (vii) federal bankruptcy laws or state insolvency which may affect the enforceability of either of the Mortgage or the security interest in the Pledged Revenues which are earned by the Borrower within 90 days preceding or, in certain circumstances with respect to related corporations, within one year preceding and after any effectual institution of bankruptcy proceedings by or against the Borrower; (viii) rights of third parties in Pledged Revenues converted to cash and not in the possession of the Master Trustee; (ix) rights of third parties in Pledged Revenues resulting from the incurrence of additional

Indebtedness; and (x) claims that might arise if appropriate financing or continuation statements are not filed or other documents are not executed in accordance with the Pennsylvania Uniform Commercial Code as from time to time in effect.

The effectiveness of the security interest in the Gross Revenues granted by the Charter School in the Lease may be limited by a number of factors, including: (i) the absence of an express provision permitting assignment of receivables owed to the Charter School under its contracts, and present or future prohibitions against assignment contained in any applicable statutes or regulations; (ii) certain judicial decisions which cast doubt upon the right of the Bond Trustee, in the event of the bankruptcy of the Charter School, to collect and retain accounts receivable from certain governmental programs; (iii) commingling of the proceeds of Gross Revenues with other monies of the Charter School not subject to the security interest in Gross Revenues; (iv) statutory liens; (v) rights arising in favor of the United States of America or any agency thereof; (vi) constructive trusts, equitable or other rights impressed or conferred by a federal or state court in the exercise of its equitable jurisdiction; (vii) federal bankruptcy laws or state insolvency which may affect the enforceability of the Mortgage or the security interest in the Gross Revenues which are earned by the Charter School within 90 days preceding or, in certain circumstances with respect to related corporations, within one year preceding and after any effectual institution of bankruptcy proceedings by or against the Charter School; (viii) rights of third parties in Gross Revenues converted to cash and not in the possession of the Bond Trustee; (ix) rights of third parties in Gross Revenues resulting from the incurrence of additional Indebtedness; and (x) claims that might arise if appropriate financing or continuation statements are not filed or other documents are not executed in accordance with the Pennsylvania Uniform Commercial Code as from time to time in effect.

There exists, in addition to the foregoing, common law authority and authority under Commonwealth statutes pursuant to which Commonwealth courts may terminate the existence of a nonprofit corporation or undertake supervision of its affairs on various grounds, including a finding that such corporation has insufficient assets to carry out its stated charitable purpose or has taken some action which renders it unable to carry out such purpose. Such court action may arise on the court's own motion pursuant to a petition of the Pennsylvania Attorney General or such other person(s) who have interests different from those of the general public, pursuant to the common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable use.

### **Additional Indebtedness**

As of the Closing Date after payment of the Series 2017 Bonds and the Series 2022 Bonds in full, the Borrower and the Charter School will have no Indebtedness outstanding other than in connection with the Series 2024 Bonds.

Under certain circumstances, the Borrower and the Charter School may incur additional indebtedness, including indebtedness on parity with the Series 2024 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS – The Agreement," "– The Master Indenture," "– The Indenture," and "– The Lease." If any Member or the Charter School incurs additional indebtedness, the Pledged Revenues of the Borrower available to pay for the Series 2024 Bonds are limited and may be inadequate to timely pay for and discharge the indebtedness with respect to the Series 2024 Bonds. See APPENDIX E — "SUBSTANTIALLY FINAL FORMS OF CERTAIN FINANCING DOCUMENTS."

### **Membership in and Withdrawal from Obligated Group**

On the Closing Date, the Borrower is the sole Member of the Obligated Group and there are no plans to add new Members of the Obligated Group. Membership in the Obligated Group may change over time, with additional Members joining the Obligated Group pursuant to the provisions described under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS – The Agreement – 2024 Note and Master Indenture – Membership in Obligated Group" and Members of the Obligated Group withdrawing therefrom pursuant to the provisions described under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS – The Master Indenture – Withdrawal from Obligated Group." Any change in membership of the Obligated Group may have a material adverse effect on the security for the Series 2024 Bonds.



## **Other Limitations on Enforceability of Remedies**

There exists common law authority and authority under various state statutes pursuant to which courts may terminate the existence of a nonprofit corporation or undertake supervision of its affairs on various grounds, including a finding that the corporation has insufficient assets to carry out its stated charitable purposes or has taken some action which renders it unable to carry out such purposes. Such court action may arise on the court's own motion or pursuant to a petition of a state attorney general or other persons who have interests different from those of the general public, pursuant to the common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable uses.

In addition to the foregoing, the realization of any rights under the Indenture, the Agreement, the Lease, the Master Indenture, and the Mortgage upon a default depends upon the exercise of various remedies specified in the Indenture, the Agreement, the Lease, the Master Indenture, and the Mortgage. These remedies may require judicial action which is often subject to discretion and delay. Under existing law, certain of the remedies specified in the Indenture, the Agreement, the Lease, the Master Indenture, and the Mortgage may not be readily available or may be limited. For example, a court may decide not to order the specific performance of the covenants contained in the Indenture, the Agreement, the Lease, the Master Indenture, or the Mortgage. Accordingly, the ability of the Authority, the Bond Trustee, or the Master Trustee to exercise remedies under the Indenture, the Agreement, the Lease, the Master Indenture, or the Mortgage upon an Event of Default could be impaired by the need for judicial or regulatory approval.

## **Failure to Provide Ongoing Disclosure**

The Borrower, on its own behalf and on behalf of the Members of the Obligated Group as the Obligated Group Representative, and the Charter School will enter into a Continuing Disclosure Agreement in connection with the issuance of the Series 2024 Bonds. Because instances of material noncompliance with previous continuing disclosure requirements must be disclosed in an offering document, failure to comply with the Continuing Disclosure Agreement in the future may adversely affect the liquidity of the affected Series 2024 Bonds and their market price in the secondary market. Failure to comply with continuing disclosure requirements may also make it more difficult or expensive for any Member or the Charter School to market and sell future bonds. See "CONTINUING DISCLOSURE" herein and APPENDIX G — "SUBSTANTIALLY FINAL FORM OF CONTINUING DISCLOSURE AGREEMENT."

## **Teacher Shortage**

The Commonwealth and the region in which the School is located have faced in the past, are currently facing and may face in the future, a teacher shortage. According to The Pennsylvania State University Center for Education Evaluation and Policy Analysis, there was a 1.5 percentage point increase in teacher attrition in the Commonwealth between the 2021-22 and 2022-23 school years.\* As such, 7.7% of teachers in the Commonwealth (or a total of 9,587) left their positions as teachers at the conclusion of the 2022-23 school year, which is the largest number of teachers leaving on record in the Commonwealth.

During a teacher shortage, the Charter School may have to pay increased salaries or incur increased costs in recruiting new teachers. Teacher salaries and benefits are significant operating expenses for the Charter School and increases in such expenses may adversely affect the Charter School's financial condition and its ability to produce Gross Revenues sufficient to pay the amounts due under the Lease, decreasing the amount of revenues of the Borrower available to meet its obligations under the Agreement and the Master Indenture.

## **U.S. Immigration Policy Reform**

Former President Trump implemented several proposals designed to significantly overhaul existing United States immigration policy, including, among others, tripling the ranks of Immigration and Customs Enforcement agents, building an expanded wall along the southern United States border, the rescission of former President Obama's

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\* Source: <https://ed.psu.edu/sites/default/files/inline-files/cecpa-research-brief-2023-6--exacerbating-the-shortage-of-teachers-ed-fuller-1.pdf> (link not incorporated by reference); current as of May 2023.

2012 Deferred Action for Childhood Arrivals program, and increased deportation of undocumented immigrants. While President Biden’s administration has discontinued or paused many of the former restrictive immigration policies, there can be no assurance that similar restrictive immigration policies, such as those implemented by former President Trump, will not be implemented in the future. Therefore, it is unclear at this time whether stricter immigration policies will have any materially adverse effects on enrollment at the School and the ability of the Charter School to generate Gross Revenues sufficient to pay operating expenses and amounts due under the Lease and the Borrower to generate revenues and Pledged Revenues sufficient to meet its obligations under the Agreement and the Master Indenture, in respect of debt service on the Series 2024 Bonds.

### **Risk of Unionization**

No employees of the Charter School currently are unionized. Should teachers or staff of the Charter School become unionized, contractual terms with the unions could adversely affect the operational flexibility of the Charter School and/or increase such entity’s expense structure, any of which could adversely affect the Charter School’s financial condition and its ability to produce Gross Revenues sufficient to pay the amounts due under the Lease, thus adversely impacting the Borrower’s ability to meet its obligations under the Agreement and the Master Indenture.

### **Key Personnel**

The Charter School’s creation, curriculum, educational philosophy and operations have depended on the vision and commitment of a few key personnel who comprise the administrative staff and Management. Loss of any such key personnel could adversely affect the Charter School’s operations, the School’s ability to attract and retain students, and the Charter School’s financial results. For more information regarding the Charter School’s key personnel, see APPENDIX A - “GENERAL INFORMATION REGARDING THE BORROWER AND THE CHARTER SCHOOL.”

### **Campus Security**

Schools are generally subject to risks related to campus security, including but not limited to bullying, abuse, and, in extreme cases, physical violence. While the Borrower and the Charter School believe that the Facilities constitute a secure campus, instances of breaches of campus security in the future may have a materially adverse effect on the operations of the Charter School or the Borrower’s, the Charter School’s, or the School’s reputation, and may result in litigation, any of which could adversely affect the Charter School’s financial condition and its ability to produce Gross Revenues sufficient to pay the amounts due under the Lease.

### **Cybersecurity**

Each of the Borrower’s, the Charter School’s, and the School’s services and systems may be critical to operations or involve the storage, processing and transmission of sensitive data, including valuable intellectual property, other proprietary or confidential data, regulated data and personal information of employees, students and others. Successful breaches, employee malfeasance, or human or technological error could result in, for example, unauthorized access to, disclosure, modification, misuse, loss, or destruction of the Borrower’s, the Charter School’s, the School’s, or other third party data or systems; theft of sensitive, regulated, or confidential data including personal information and intellectual property; the loss of access to critical data or systems; service or system disruptions or denials of service.

### **Debt Service Reserve Fund to be Applied to Final Maturity of Series 2024 Bonds**

The Indenture provides for the creation of the Debt Service Reserve Fund in the custody of the Bond Trustee, into which there shall be deposited a portion of the proceeds from the sale of the Series 2024 Bonds in an amount equal to the Debt Service Reserve Fund Requirement. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS – The Indenture – Debt Service Reserve Fund.” Although the Borrower believes such reserves to be reasonable and anticipates that revenues will be sufficient to cover the debt service on the Series 2024 Bonds, there is no assurance that funds reserved and future revenues will be sufficient to cover debt service on the Series 2024 Bonds. Further, debt service on the Series 2024 Bonds is structured so that debt service on the Series 2024 Bonds in the year preceding Final Maturity is approximately double debt service on the Series 2024 Bonds in the preceding year. This structure assumes that funds on deposit in the Debt Service Reserve Fund will be available for the payment

of debt service on the Series 2024 Bonds during the year preceding Final Maturity. If there is a draw on the Debt Service Reserve Fund that is not replenished, it is not anticipated that revenues will be sufficient to cover debt service on the Series 2024 Bonds during the year preceding Final Maturity.

The Series 2024 Bonds are subject to optional, extraordinary, mandatory redemption and mandatory sinking fund redemption, including mandatory redemption of excess proceeds in the Project Fund, each as described herein. See “THE SERIES 2024 BONDS – Prior Redemption.”

### **Compliance with Securities Laws**

The Series 2024 Bonds may be sold by holders of the Series 2024 Bonds only in compliance with the registration provisions, or certain exemptions therefrom, of the Securities Act and applicable state securities acts (which may be prohibitively expensive if registration is required and may not be possible in any event). In some states, specific conditions must be met, or approval of a state securities commission is required in order to qualify for an exemption from registration.

There is no guarantee that a secondary trading market will develop for the Series 2024 Bonds. Consequently, prospective bond purchasers should be prepared to hold their Series 2024 Bonds to maturity or prior redemption. Subject to applicable securities laws and prevailing market conditions, the Underwriter intends but is not obligated to make a market in the Series 2024 Bonds.

### **Rating on the Series 2024 Bonds**

There is no assurance that the rating assigned to the Series 2024 Bonds will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for, and marketability of, the Series 2024 Bonds. See “RATING” herein.

### **Conclusion; Limited Offering**

**AN INVESTMENT IN THE SERIES 2024 BONDS INVOLVES A DEGREE OF RISK, INCLUDING THE RISK OF NON-PAYMENT OF PRINCIPAL AND INTEREST, AND EACH PROSPECTIVE INVESTOR SHOULD CONSIDER ITS FINANCIAL CONDITION AND THE RISKS INVOLVED TO DETERMINE THE SUITABILITY OF INVESTING IN THE SERIES 2024 BONDS.**

Each prospective investor should carefully examine this Limited Offering Memorandum, the appendices hereto, and such investor’s own financial condition in order to make a judgment as to whether the Series 2024 Bonds are an appropriate investment for such investor.

**THE FOREGOING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE SERIES 2024 BONDS.**

## **LEGAL MATTERS**

### **General**

All legal matters incident to the authorization, issuance, sale and delivery of the Series 2024 Bonds by the Authority are subject to the approving opinion of King, Spry, Herman, Freund & Faul, LLC, Bond Counsel, whose approving opinion will be delivered with the Series 2024 Bonds, and the proposed form of which is set forth in APPENDIX F – “PROPOSED FORM OF BOND COUNSEL OPINION.” The legal opinion delivered may vary from that form if necessary to reflect facts and law on the date of delivery. Certain legal matters will be passed upon by Fitzpatrick Lentz & Bubba, P.C., as counsel to the Borrower and the Charter School, and by King, Spry, Herman, Freund & Faul, LLC, as counsel to the Authority, and by Ice Miller LLP, as counsel to the Underwriter.

The various legal opinions to be delivered concurrently with the delivery of the Series 2024 Bonds will speak only as of their dates of delivery and will be qualified in certain customary respects, including as to the enforceability of the various legal instruments by limitations imposed by state and federal law affecting remedies and by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting

creditors' rights, the application of equitable principles and the exercise of judicial discretion in appropriate cases the legal opinions express the professional judgment of counsel rendering them, but are not binding on any court or other governmental agency and are not guarantees of a particular result.

### **Pending and Threatened Litigation**

**No Proceedings Against the Borrower or the Charter School.** In connection with the issuance of the Series 2024 Bonds, the Borrower and the Charter School hereby represent that (and will deliver a certificate or certificates which will state that, as of the date of issuance of the Series 2024 Bonds), there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body pending or, to the best of its knowledge, threatened against or affecting the Borrower or the Charter School wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Indenture, the Agreement, the Lease, the Master Indenture, the 2024 Note, the Mortgage, the Subordination Agreement, the Charter, the Continuing Disclosure Agreement, the Bond Purchase Agreement, or this Limited Offering Memorandum, the validity and enforceability of any of the foregoing documents or the Series 2024 Bonds or the operations (financial or otherwise) of the Borrower or the Charter School.

**No Proceedings Against the Authority.** In connection with the issuance of the Series 2024 Bonds, the Authority hereby represents that (and will deliver a certificate or certificates which will state that, as of the date of issuance of the Series 2024 Bonds), there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body pending or, to the best of its knowledge, threatened against the Authority restraining or enjoining the issuance or delivery of the Series 2024 Bonds or questioning or affecting the validity of the Series 2024 Bonds or the proceedings or authority under which they are to be issued, or in any manner questioning the right of the Authority to enter into the Indenture or Agreement or to issue and secure the Series 2024 Bonds in the manner provided in the Indenture and the Agreement.

## **TAX MATTERS**

### **Opinion of Bond Counsel**

The information which follows is a summary of Bond Counsel's opinion. This summary does not purport and should not be construed to be a complete recitation of Bond Counsel's opinion. The full text draft of Bond Counsel's opinion is appended hereto in Appendix E and reference is made hereto. On the Date of Delivery of the Series 2024 Bonds, King, Spry, Herman, Freund & Faul, LLC, as Bond Counsel, will issue an opinion to the effect that under existing statutes, regulations and judicial decisions, interest on the Tax Exempt Series 2024 Bonds is excluded from gross income for purposes of Federal income taxation and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code. This opinion of Bond Counsel will assume the accuracy of certifications made by the Charter School, the Borrower and the Authority and will be subject to the condition that the Charter School, the Borrower and the Authority will comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Tax Exempt Series 2024 Bonds in order that the interest thereon be, and continue to be, excluded from gross income for Federal income tax purposes. The Charter School, the Borrower and the Authority have covenanted to comply with all such requirements. Failure to comply with such requirements could cause interest on the Tax Exempt Series 2024 Bonds to be included in gross income retroactive to the date of issuance of the Tax Exempt Series 2024 Bonds. In the opinion of Bond Counsel, under the law of the Commonwealth of Pennsylvania, interest on the Series 2024 Bonds, shall at all times be free from taxation for state and local purposes within the Commonwealth of Pennsylvania but such exemption does not extend to gift, succession, or inheritance taxes, taxes on gain on the same or transfer thereof, or other taxes not levied or assessed directly on the Series 2024 Bonds or the interest thereon specifically, the interest on the Series 2024 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. All other discussions concerning the Code or tax consequences discussed within the Limited Offering Memorandum are not statements or comments of Bond Counsel and are not matters to which Bond Counsel will opine.

## **Pennsylvania Tax-Exemption**

In the opinion of Bond Counsel, under the laws of the Commonwealth of Pennsylvania as enacted and construed on the date of original issuance of the Series 2024 Bonds, interest on the Series 2024 Bonds is exempt from Pennsylvania personal income tax and corporate net income tax, and the Series 2024 Bonds are exempt from personal property taxes in Pennsylvania.

The personal income tax regulations promulgated by the Pennsylvania Department of Revenue (Pennsylvania Bulletin, vol. 26, No. 9, March 2, 1996) provide (i) any excess of a publicly offered obligation's stated redemption price at maturity over the first price at which a substantial amount of the obligations included in the issue is sold to the public will be treated as interest; (ii) unstated or imputed interest shall be computed for Pennsylvania personal income tax purposes in the same manner as it is computed for Federal income tax purposes; and (iii) the basis of a Pennsylvania state or local obligations shall be adjusted upward by the amount of unstated or imputed interest that would have been includible in the income of the holder but for the statutory exemption and shall be adjusted downward, but not below zero, by the amount of payments under the obligation, other than payments of stated interest.

### **Original Issue Premium Tax Language\***

For federal income tax purposes, original issue premium is amortizable periodically over the term of a Series 2024 Bond through reductions in the holder's tax basis for the Series 2024 Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortization of premium does not create a deductible expense or loss. Holders should consult their tax advisers for an explanation of the amortization rules.

### **Original Issue Discount Tax Language\***

Accruals of the original issue discount with respect to a Series 2024 Bond allocable to an owner of a Series 2024 Bond under a constant yield method of accrual (a) are not included in gross income for federal income tax purposes, and (b) are added to such owner's tax basis in the Series 2024 Bond for the purpose of determining gain or loss for federal income tax purposes upon sale, exchange, redemption and other disposition of the Series 2024 Bond. The opinions set forth above are subject to the condition that the Borrower and the Charter School comply with all the requirements of the Code that must be satisfied subsequent to the issuance of the Series 2024 Bonds in order that interest on and accruals of original issue discount with respect to the Series 2024 Bonds be (or continue to be) excluded from gross income for federal income tax purposes.

## **Tax Consequences Generally**

In addition to the matters addressed above, prospective purchasers of the Tax Exempt Series 2024 Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including without limitation financial institutions, property and casualty insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Tax Exempt Series 2024 Bonds should consult their tax advisers as to the applicability and impact of such consequences.

Bond Counsel's opinions represent its legal judgment based in part upon the representations and covenants referenced therein and its review of existing law but are not a guarantee of result or binding on the IRS or the courts. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may come to Bond Counsel's attention after the date of its opinions or to reflect any changes in law or the interpretation thereof that may occur or become effective after such date.

The IRS has a program to audit state and local government obligations to determine, as applicable, whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Tax Exempt

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\* Preliminary, subject to change.

Series 2024 Bonds, under current IRS procedures, the IRS will treat the Authority, the Borrower and the Charter School as the taxpayer and the owners of the Tax Exempt Series 2024 Bonds will have only limited rights, if any, to participate.

There are many events that could affect the value and liquidity or marketability of the Tax Exempt Series 2024 Bonds after their issuance, including but not limited to public knowledge of an audit of the Tax Exempt Series 2024 Bonds by the IRS, a general change in interest rates for comparable securities, a change in federal or state income tax rates, legislative or regulatory proposals affecting state and local government securities and changes in judicial interpretation of existing law. In addition, certain tax considerations relevant to owners of the Tax Exempt Series 2024 Bonds who purchase the Tax Exempt Series 2024 Bonds after their issuance may be different from those relevant to purchasers upon issuance. Neither the opinions of Bond Counsel nor this Limited Offering Memorandum purports to address the likelihood or effect of any such potential events or such other tax considerations and purchasers of the Tax Exempt Series 2024 Bonds should seek advice concerning such matters as they deem prudent in connection with their purchase of the Tax Exempt Series 2024 Bonds.

PROSPECTIVE PURCHASERS OF THE TAX EXEMPT SERIES 2024 BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE STATUS OF INTEREST ON THE TAX EXEMPT SERIES 2024 BONDS UNDER THE TAX LAWS OF ANY STATE OTHER THAN THE COMMONWEALTH.

### **Regulations, Future Legislation**

Under the provisions of the Code, the Treasury Department is authorized and empowered to promulgate regulations implementing the intent of Congress under the Code, which could affect the tax-exemption and/or tax consequences of holding tax-exempt obligations such as the Tax Exempt Series 2024 Bonds. In addition, legislation may be introduced and enacted in the future which could change the provisions of the Code relating to tax-exempt bonds of a state or local government unit, such as the Authority, or the taxability of interest in general, or otherwise prevent the holders of the Tax Exempt Series 2024 Bonds from realizing the full current benefit of the federal tax status of the interest thereon. No representation is made or can be made by the Authority, the Borrower or the Charter School, or any other party associated with the issuance of the Tax Exempt Series 2024 Bonds as to whether or not any other legislation now or hereafter introduced and enacted will be applied retroactively so as to subject interest on the Tax Exempt Series 2024 Bonds to federal income taxes or so as to otherwise affect the marketability or market value of the Tax Exempt Series 2024 Bonds.

THE ABOVE SUMMARY OF POSSIBLE TAX CONSEQUENCES IS NOT EXHAUSTIVE OR COMPLETE. ALL PURCHASERS OF THE SERIES 2024 BONDS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE POSSIBLE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE SERIES 2024 BONDS. ANY STATEMENTS REGARDING TAX MATTERS HEREIN CANNOT BE RELIED UPON BY ANY PERSON TO AVOID TAX PENALTIES.

### **CONTINUING DISCLOSURE**

The Borrower, on its own behalf and on behalf of the Members of the Obligated Group as the Obligated Group Representative, the Charter School, and School Improvement Partnership, LLC, as dissemination agent (the “Dissemination Agent”) will enter into and deliver a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) with respect to the Series 2024 Bonds. The Continuing Disclosure Agreement is made for the benefit of the registered and beneficial owners of the Series 2024 Bonds. See APPENDIX G – “SUBSTANTIALLY FINAL FORM OF CONTINUING DISCLOSURE AGREEMENT.”

In connection with the issuance of the Series 2017 Bonds and the Series 2022 Bonds, the Charter School entered into continuing disclosure agreements, which required certain annual financial and operating information, certain quarterly financial information, certain enrollment and waiting list information, and certain construction project information to be provided for the benefit of the registered and beneficial owners of the Series 2017 Bonds and the Series 2022 Bonds (collectively, the “Prior Continuing Disclosure Agreements”).

As of the date of this Limited Offering Memorandum, certain instances of the Borrower’s and the Charter School’s noncompliance with the Prior Continuing Disclosure Agreements within the past five years include:

- Failing to file the budget of the Borrower and the Charter School for the Fiscal Years ended June 30, 2020, 2021, 2022, 2023, 2024, and 2025;
- Failing to timely file the quarterly reports for the fiscal quarters ended September 30, 2021 (one day late), June 30, 2022 (one day late) and December 31, 2022 (one day late);
- Failing to file the notice of Charter Modification/Renewal/termination, or other material written communications from Authorizer regarding the School’s charter status, within 30 days of receipt of such information in connection with Charter renewal for the Fiscal Year ended June 30, 2019;
- Failing to timely file the audited financial statements of the Charter School for the Fiscal Year ended June 30, 2020 (three days late), June 30, 2021 (one day late), June 30, 2022 (eighty-three days late) and June 30, 2023 (forty-eight days late).
- Failing to file the audited financial statements of the Charter School for the Fiscal Year ended June 30, 2022 for the Series 2022 Bonds CUSIPs;
- Failing to file the unaudited financial statements of the Borrower and the Charter School for the Fiscal Years ended June 30, 2022 and 2023;
- Failing to file the financial and operating data for the Fiscal Year ended June 30, 2019 and failing to timely file the financial and operating data for the Fiscal Years ended June 30, 2020 (one day late) and June 30, 2021 (one day late);
- Failing to include the comparison of the unaudited financial information to the budget for such Fiscal Year in the quarterly reports for the fiscal quarters ended December 31, 2022, March 31, 2023, June 30, 2023, September 30, 2023, March 31, 2024, and June 30, 2024.
- Failing to file the overview of competitor schools for the Fiscal Year ended June 30, 2019;
- Failing to include the correct number of years of data in reporting for certain Fiscal Years, including historical enrollment by grade level (one year), projected enrollment by grade level (two years), waitlist (five years), attendance and retention rates (two years), and per pupil funding rate (two years), though all the aforementioned data has been previously disclosed;
- Failing to file a notice of the issuance of the Series 2022 Bonds for the Series 2017 Bonds CUSIPs; and
- Failing to file the Notice of Investor Call for the Fiscal Year ended June 30, 2023 investor call.

The Borrower and the Charter School have reviewed the instances of noncompliance with the Prior Continuing Disclosure Agreements with the Underwriter. In addition, the Borrower and the Charter School have negotiated terms of the Continuing Disclosure Agreement with the Underwriter and the Dissemination Agent to better align reporting requirements and their operations and have reviewed the Continuing Disclosure Agreement with their counsel, the Underwriter, and the Dissemination Agent.

Pursuant to the Continuing Disclosure Agreement, the Borrower and the Charter School will, for the benefit of the beneficial owners of the Series 2024 Bonds, compile and deliver certain financial information and operating data relating to the operations of the Charter School and each Member in annual reports, quarterly officer’s reports, interim officer’s reports and provide notices of the occurrence of certain enumerated events.

A failure by the Borrower or the Charter School to comply with the Continuing Disclosure Agreement will not constitute a default under the Indenture, the Agreement, the Lease, or the Master Indenture, and beneficial owners of the Series 2024 Bonds are limited to the remedies described in the Continuing Disclosure Agreement. A failure by the Borrower or the Charter School to comply with the Continuing Disclosure Agreement will be reported as therein described. Consequently, any failure may adversely affect the transferability and liquidity of the Series 2024 Bonds and their market price.

## **FINANCIAL STATEMENTS**

The audited financial statements of the Charter School, including the Borrower as a component unit, for the Fiscal Years ended June 30, 2021, 2022, and 2023 (the “Audited Financial Statements”) are included in this Limited

Offering Memorandum in APPENDIX B – “AUDITED FINANCIAL STATEMENTS OF THE BORROWER AND THE CHARTER SCHOOL FOR THE FISCAL YEARS ENDED JUNE 30, 2021, 2022, AND 2023.” The Audited Financial Statements have been audited by Gorman & Associates, P.C., independent certified public accountants (the “Auditor”), to the extent and for the period indicated in its reports thereon. The Audited Financial Statements have been included in reliance upon the reports of the Auditor. The Borrower and the Charter School are not aware of any facts that would make the Audited Financial Statements misleading and the Audited Financial Statements were prepared using the standards applicable to nonprofit entities. The Audited Financial Statements included in APPENDIX B are an integral part hereof and should be read in their entirety.

Certain unaudited financial statements of the Charter School for the Fiscal Years ended June 30, 2023, and 2024 are provided herein. Such unaudited financial statements have been prepared by Management and have not been examined or reviewed by the Auditor or any other independent certified public accountant. See APPENDIX A – “GENERAL INFORMATION REGARDING THE BORROWER AND THE CHARTER SCHOOL – CERTAIN FINANCIAL INFORMATION.”

### **FINANCIAL PROJECTIONS**

The Projections for the Fiscal Years ended June 30, 2025 through 2029 contained in APPENDIX C – “FINANCIAL PROJECTIONS OF THE CHARTER SCHOOL” were prepared by Management and have not been independently verified by any other party. See “RISK FACTORS – Reliance on Projections.”

### **RATING**

Moody’s Investors Service, Inc. (“Moody’s”), assigned a rating of “Baa3” to the Series 2024 Bonds. Such rating reflects only the view of Moody’s and an explanation of the significance of such rating may be obtained from Moody’s. The rating is not a recommendation to buy, sell or hold the Series 2024 Bonds, and there is no assurance that such rating will be maintained for any given period of time or that it will not be revised downward or withdrawn entirely by Moody’s, if in its judgment circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2024 Bonds.

See “RISK FACTORS – Rating on the Series 2024 Bonds” herein.

### **UNDERWRITING; LIMITED OFFERING**

The Series 2024 Bonds will initially be purchased by Raymond James & Associates, Inc. (the “Underwriter”). The Underwriter has agreed to purchase the Series 2024 Bonds at a price resulting in underwriter’s discount of \$\_\_\_\_\_, subject to the terms of a Bond Purchase Agreement (the “Bond Purchase Agreement”), among the Authority, the Borrower, the Charter School, and the Underwriter. The Bond Purchase Agreement provides that the Underwriter shall purchase all Series 2024 Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. The initial offering prices set forth on page (i) hereof may be changed from time to time by the Underwriter. The Borrower and the Charter School have agreed under the Bond Purchase Agreement to indemnify the Underwriter and the Authority against certain liabilities, including certain liabilities under federal and state securities laws.

INVESTMENT IN THE SERIES 2024 BONDS INVOLVES A DEGREE OF RISK AND EACH PROSPECTIVE INVESTOR SHOULD CONSIDER ITS FINANCIAL CONDITION AND THE RISKS INVOLVED TO DETERMINE THE SUITABILITY OF INVESTING IN THE SERIES 2024 BONDS.

### **CERTAIN RELATIONSHIPS**

Each of Ice Miller LLP and King, Spry, Herman, Freund & Faul, LLC has previously represented or currently represents the Bond Trustee, the Master Trustee, the Authority, and the Underwriter in transactions unrelated to the issuance of the Series 2024 Bonds. In addition, Fitzpatrick Lentz & Bubba, P.C. is serving as counsel to the Borrower and the Charter School.



## MISCELLANEOUS

### General

The Borrower and the Charter School have furnished the information in this Limited Offering Memorandum relating to the Borrower, the Charter School, and the Project and have reviewed the information related to the plan of financing and related documents and information. The Authority has furnished only the information in this Limited Offering Memorandum under the captions “THE AUTHORITY,” and “LEGAL MATTERS - Pending or Threatened Litigation - No Proceedings Against the Authority.” The Underwriter has furnished the information in this Limited Offering Memorandum with respect to the offering prices of the Series 2024 Bonds and the information under the caption “UNDERWRITING; LIMITED OFFERING.”

The foregoing summaries of the provisions of the Series 2024 Bonds, the Indenture, the Agreement, the Lease, the Master Indenture, the Subordination Agreement and the Mortgage and all other summaries and references to other materials not purporting to be quoted in full, are only brief outlines of certain provisions thereof and do not constitute complete statements of such documents relating to such matters, copies of which will be furnished by the Bond Trustee upon request. Insofar as any statements are made in this Limited Offering Memorandum involving matters of opinion, whether or not expressly so stated, they are made merely as such and not as representations of fact.

The appendices attached to this Limited Offering Memorandum are hereby expressly incorporated herein as a part hereof. This Limited Offering Memorandum has been duly approved by the Authority, the Borrower, and the Charter School, and the Authority, the Borrower, and the Charter School have authorized its distribution in connection with the underwriting of the Series 2024 Bonds. This Limited Offering Memorandum is not to be construed as a contract or agreement between or among the Authority, the Borrower, the Charter School, and the purchasers or holders of any of the Series 2024 Bonds.

ANY STATEMENTS MADE IN THIS LIMITED OFFERING MEMORANDUM INVOLVING MATTERS OF OPINION OR OF ESTIMATES, WHETHER OR NOT SO EXPRESSLY STATED, ARE SET FORTH AS SUCH AND NOT AS REPRESENTATIONS OF FACT, AND NO REPRESENTATION IS MADE THAT ANY OF THE ESTIMATES WILL BE REALIZED.

OTHER THAN WITH RESPECT TO INFORMATION CONCERNING THE AUTHORITY CONTAINED UNDER THE CAPTIONS “THE AUTHORITY,” AND “LEGAL MATTERS” – AS SUCH INFORMATION RELATES TO THE AUTHORITY, NONE OF THE INFORMATION IN THIS LIMITED OFFERING MEMORANDUM HAS BEEN SUPPLIED OR VERIFIED BY THE AUTHORITY, AND THE AUTHORITY MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO (I) THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION; (II) THE VALIDITY OF THE SERIES 2024 BONDS; OR (III) THE FEDERAL INCOME TAX STATUS OF THE INTEREST ON THE SERIES 2024 BONDS OR ANY STATE INCOME TAX STATUS OF THE SERIES 2024 BONDS.

The information contained above is neither guaranteed as to accuracy or completeness nor to be construed as a representation by the Authority or the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the Borrower, the Charter School, or the Authority from the date hereof.

The Limited Offering Memorandum is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose.

### Registration of Series 2024 Bonds

Registration or qualification of the offer and sale of the Series 2024 Bonds (as distinguished from registration of the ownership of the Series 2024 Bonds) is not required under the federal Securities Act of 1933, as amended. The Authority assumes no responsibility for qualification or registration of the Series 2024 Bonds for sale under the securities laws of any jurisdiction in which the Series 2024 Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred.

**Certification**

The preparation of this Limited Offering Memorandum and its distribution have been authorized by the Borrower, the Charter School, and the Authority. This Limited Offering Memorandum is not to be construed as an agreement or contract between the Borrower, the Charter School, or the Authority and any purchaser, owner or holder of any Series 2024 Bond.

**ALLENTOWN COMMERCIAL AND INDUSTRIAL  
DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXECUTIVE EDUCATION ACADEMY CHARTER  
SCHOOL FOUNDATION**

By: \_\_\_\_\_  
Robert Lysek, President

By: \_\_\_\_\_  
Selma Abi-Daher, Secretary

**EXECUTIVE EDUCATION ACADEMY CHARTER  
SCHOOL**

By: \_\_\_\_\_  
Barry Dobil, President

By: \_\_\_\_\_  
Tyrone Reed, Secretary

**APPENDIX A**  
**GENERAL INFORMATION REGARDING THE BORROWER AND THE CHARTER SCHOOL**

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## APPENDIX A

### GENERAL INFORMATION REGARDING THE BORROWER AND THE CHARTER SCHOOL<sup>1</sup>

#### INTRODUCTION

##### General

The Executive Education Academy Charter School Foundation (the “Borrower”) is a Pennsylvania nonprofit corporation and an organization exempt from federal income taxation pursuant to Section 501(a) of the Internal Revenue Code of 1986, as amended (the “Code”), as a result of the application of Section 501(c)(3) of the Code (a “501(c)(3) Organization”). The Borrower operates exclusively for the support and benefit of Executive Education Academy Charter School (the “Charter School”) and any affiliates of the Charter School or controlled organizations that are publicly supported charities, and the Charter School elects the Borrower’s board of trustees and also must approve certain actions by the Borrower.

The Charter School is a Pennsylvania nonprofit corporation, a charter school under 24 PS §17-1701-A et seq. (the “Charter School Law”) and a 501(c)(3) Organization. The Charter School was incorporated in 2012 as “Precision Schools.” In 2013 and 2014, the Charter School changed its name to “Executive Education Schools” and then “Executive Education Academy Charter School.” In May 2014, the Charter School received its original charter approval from the Allentown School District (the “District” or “ASD”) effective for a five-year term, commencing July 1, 2014 through June 30, 2019 (the “Charter”). The Charter was renewed in 2019 and on August 8, 2024, the Charter was renewed again for a five-year term commencing July 1, 2024, through June 30, 2029. See “The Charter School – The Charter” herein for additional information.

The Charter School commenced operations of the charter school known as Executive Education Academy Charter School (the “School”) in fall 2014 with 492 students in grades K-2 and 5-8. Management of the Charter School (“Management”) expanded the number of grades served at the School until it served grades K-12 by the 2018-19 school year. For the 2023-24 school year, the School served 1,446 students in grades K-12. As of October 1, 2024, it serves 1,500 students in grades K-12 for the 2024-25 school year. The Charter provides for a cap of 910 students from the District, with no cap on students from other school districts. There is no limit under the Charter on the number of students the School may enroll from other school districts.

The mission and vision of the Charter School is as follows:

Mission: “Executive Education Academy Charter School’s mission is to instill leadership skills and self-resiliency through a business education model in order to prepare students to be contributing members of society.”

Vision: “It is our vision that students graduate with the necessary skills to pursue post-secondary options.”

##### The Series 2017 Bonds and the Series 2022 Bonds

In August 2017, the Authority issued its Tax-Exempt Revenue Bonds (Executive Education Academy Charter School Foundation Project) Series A of 2017, in the original aggregate principal amount of \$34,180,000 and its Taxable Revenue Bonds (Executive Education Academy Charter School Foundation Project) Series B of 2017, in the original aggregate principal amount of \$6,865,000 (collectively, the “Series 2017 Bonds”). The proceeds of the Series 2017 Bonds were used, in part, to acquire, renovate, equip and construct additions to the school facilities located at 555 Union Boulevard, Allentown, Pennsylvania (the “Existing Facility”).

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<sup>1</sup>Capitalized terms used but not defined in this Appendix A shall have the same meanings given to them in the forepart of this Limited Offering Memorandum.

In October 2022, the Authority issued its Tax-Exempt Revenue Bonds (Executive Education Academy Charter School Foundation Project) Series of 2022, in the original aggregate principal amount of \$8,770,000 (the “Series 2022 Bonds”). The proceeds of the Series 2022 Bonds were used to (i) renovate, furnish and equip the Existing Facility and construct a fieldhouse addition to the Existing Facility, (ii) fund a debt service reserve fund for the Series 2022 Bonds, (iii) fund capitalized interest on the Series 2022 Bonds, and (iv) pay the costs of issuance of the Series 2022 Bonds.

On the date of issuance of the Series 2024 Bonds (the “Closing Date”), the Borrower will apply a portion of the proceeds of the Series 2024 Bonds to pay off the Series 2017 Bonds and the Series 2022 Bonds.

## Governing Boards

### *The Borrower*

The bylaws of the Borrower (“Borrower Bylaws”) establish a board of directors (“Borrower Board”) of no fewer than three and no more than nine members (each a “Borrower Director”). The Borrower Board meets quarterly. The Borrower Directors serve terms of up to three years and can serve successive terms without limit. The President of the Board of Trustees (as defined herein) and the Chief Executive Officer (“CEO”) of the Charter School serve as ex-officio members of the Borrower Board with full voting rights.

The Borrower Board has adopted and enforces a conflict-of-interest policy substantially similar to the sample conflict of interest policy recommended by the IRS for use by 501(c)(3) tax-exempt organizations. The table on the following page shows the current Borrower Directors and their office, if any, followed by biographical information for each. Currently, there is one Borrower Director that serves on the Board of Trustees for the Charter School.

Name	Title	Profession	Employer	Year Joined	Term Ends
Robert Lysek	President	Education	The School	2016	2025
Selma Chehouri Abi-Daher, Ed.D.	Secretary	Education	The School	2020	2026
Barry Dobil*	Treasurer	Food Manufacturing	Josh Early Candies	2016	2025
Keith Flickinger	Director	Entrepreneur	Precision Motor Cars, Inc.	2018	2025
Michael McCreary	Director	Entrepreneur	Lehigh Valley Grand Prix LLC and HangDog LV	2021	2027
Gabriel Rendon	Director	Information Technology	Ryan Consulting Group, Inc.	2021	2027
Robert Buckley	Director	Entrepreneur	Mizuno Golf	2022	2025
John Daddona	Director	Entrepreneur	Tiny Tot Sports and Penn Pizza Restaurant	2017	2025

\*Indicates Borrower Board Member on the Board of Trustees

**Robert Lysek, President** – See “THE CHARTER SCHOOL – Administration” for Mr. Lysek’s biographical information.

**Selma Chehouri Abi-Daher, Ed.D., Secretary** – See “THE CHARTER SCHOOL – Administration” for Dr. Abi-Daher’s biographical information.

**Barry Dobil, Treasurer** – See “The Charter School” below for Mr. Dobil’s biographical information. Mr. Dobil also serves as President of the Board of Trustees for the Charter School.

**Keith Flickinger** – Mr. Flickinger is the founder of Precision Motor Cars, Inc., an automotive restoration shop in Allentown, and curator of Mr. Nicola Bulgari’s private American car collection. He began his career in automotive restoration in high school and started Precision Motor Cars, Inc. in 1988. Known for his meticulous work, Mr. Flickinger restored many cars in the Bulgari collection, including the 1942 Buick Model 49 Special Estate Wagon.

His restorations have been featured at events like Amelia Island, Hilton Head, and Pebble Beach Concours d'Elegance. He is the Curator and Chief Advisor of The NB Center for American Automotive Heritage, a Curator and Steering Committee member at America's Car Museum, President of the Board for America On Wheels, and a mentor for the RPM Foundation.

**Michael McCreary** – Mr. McCreary is President of Lehigh Valley Grand Prix, LLC, an indoor karting and entertainment venue he founded as an undergraduate at Lehigh University in 2007. He also serves as President of Hangdog LV, an outdoor adventure ropes course. Mr. McCreary earned a Bachelor of Science in Business from Lehigh University in 2007. In 2008, he received the Lehigh Valley Business Journal's Top 20 Under 40 award for his contributions to the community. He served on the Allentown Chamber of Commerce board from 2008 to 2014, including as President from 2012 to 2014. In 2017, he was runner-up for the Leukemia & Lymphoma Society's Man of the Year award, raising over \$50,000 in a ten-week campaign to fight cancer.

**Gabriel Rendon** – Mr. Rendon, a native of Allentown, is the chief executive officer of Ryan Consulting Group, Inc. Rendon is a licensed insurance broker with over 25 years of experience in the financial services industry, including expertise in personal finance, business banking, lending, and insurance. As a nonprofit founder and small business consultant, Mr. Rendon has led partnerships with government leaders, K-12 administrators, and community stakeholders to increase financial literacy in Eastern Pennsylvania. He also provides advisory, bookkeeping, and IT services to entrepreneurs, helping them launch and grow their businesses.

**Robert Buckley** – Mr. Buckley is semi-retired and works as a Tech-Rep for Mizuno Golf. He coaches with First Tee of Lehigh Valley and Berks County and is SafeSport certified. Previously, he was Director of Programming and Competition for First Tee of Southern Nevada, where he taught life skills through golf to over 6,500 students annually. His hospitality experience includes roles as Beverage Manager at the Las Vegas Hilton, Food and Beverage Director at Bears Best Golf Club, and Sales Manager for the Tax- and Duty-Free Shops at Harry Reid Airport. He has also worked as a golf professional in North Carolina and Florida.

**John ("Jack") Daddona** – Mr. Daddona graduated from Allentown Central Catholic High School in 1988, where he earned three letters in football and baseball. He continued his football career at the University of Pittsburgh, graduating in 1993 with a Bachelor of Science degree. In 1995, he completed a master's level psychology program at Springfield College. He worked as a therapist with KidsPeace and Valley Youth House, specializing in sexually abused children. In 2004, he founded Tiny Tot Sports, a video production company. He also owns Penn Pizza Restaurant, which previously had four locations. Mr. Daddona has been a Senior Recruiting Specialist at NCSA College Recruiting and IMG Academy for the past five years.

### ***The Charter School***

The business affairs of the Charter School are controlled by the board of trustees (the "Board of Trustees") which meets monthly. The Board of Trustees consists of At-Large Trustees. At-Large Trustees have special powers to act for the Charter School in the general management of its business; the authority to employ, discharge and contract with employees and to change the Charter School's bylaws (the "School Bylaws"). At-Large Trustees are nominated by an At-Large trustee and are elected by a majority vote of all At-Large Trustees. There can be no less than the number of Trustees required by the Pennsylvania Charter School law, and each At-Large Trustee may serve three-year terms and may serve successive terms.

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Set forth below are the current voting members of the Board of Trustees and their office, if any, followed by biographical information for each.

Name	Title	Profession	Employer	Year Joined	Term End
Barry Dobil	President	Food Manufacturing	Josh Early Candies	2013	June-2026
Betsy Swope, Ph.D.	Vice President	Education	Lehigh Carbon Community College	2016	June-2025
Tracy Becker	Treasurer	Construction	Tracy Becker Construction, Inc.	2021	May-2027
Tyrone Reed	Secretary	Construction	Alvin H. Butz, Inc.	2014	July-2025
Jim Rivera	Trustee	Clergy	City Limits Assembly of God	2015	June-2027

**Barry Dobil, President** – Mr. Dobil is Vice President at Josh Early Candies, representing the fifth generation of family ownership. He specializes in production, finance, and marketing, and has introduced equipment that increased output by 60%. He also helped design Josh Early Candies’ e-commerce website and oversees online marketing, SEO, and social media. Mr. Dobil has developed successful products like Early Naturals and Josh Early Ultra. Under his leadership, the company has won “Best Chocolate” and “Top Workplace” awards. He earned a Bachelor of Science in Business and Economics from Lafayette College and has served as President of the Board of Trustees since 2014.

**Betsy Swope, Ph.D., Vice President** – Dr. Swope is an Associate Professor of Psychology at Lehigh Carbon Community College, focusing on data analysis for education decision-making. Her leadership training includes strategic planning and project management. Dr. Swope has received several professional recognitions, including awards from the American Association for Women in Community Colleges, the League for Innovation in Community Colleges, and the National Institute for Staff and Organizational Development. She serves on the external affairs committee of the Lehigh Valley Financial Literacy Center, the board of trustees for the Swope Foundation at West Chester University, and the Southeastern Pennsylvania Autism Resource Center, and reviews applications for the Eleanor and James Latta, Jr. Scholarship Foundation. Dr. Swope earned a Doctor of Philosophy in Psychology from Temple University and an undergraduate degree from West Chester University.

**Tracy Becker, Treasurer** – Ms. Becker is the President and Owner of Tracy Becker Construction, Inc. in Macungie, Pennsylvania, since 1997. With over 30 years in customer service and construction labor management, she holds contracts as an Authorized Service Provider with The Home Depot and Lowe’s Home Improvement. She and her team developed “Dragonfly,” an eco-friendly, paper-free work management system. Ms. Becker is a member of the Women’s Business Enterprise National Council and has supported The Home Depot’s national installation team and veteran’s projects. She is also Vice President of the Future Business Leaders of America, Region 7 chapter.

**Tyrone Reed, Secretary** – Mr. Reed is a Corporate Safety Officer and Loss Control Representative at Alvin H. Butz, Inc., where he ensures compliance with federal, state, and local regulations. Mr. Reed received the 1992-93 “Safety Professional of the Year” award from the American Society of Safety Engineers. He serves on the board of directors for the Boys and Girls Club Lehigh Valley and is a Founder and Member of the Andre Reed Foundation. His local safety credentials include founding the Lehigh Valley Safety Committee and serving on the Safety Advisory Council at Lehigh County Vocational Technical School. He earned a Bachelor of Arts in Public Relations and Speech Communications from Shippensburg University and an Advanced Safety certificate from the National Safety Council. He is Occupational Safety and Health Administration (“OSHA”) -certified and an OSHA Outreach Trainer.

**Jim Rivera, Trustee** – Pastor Rivera is the Founder and Senior Pastor of City Limits Assembly of God in Allentown. He earned a degree in Pastoral Theology from Berean University and has completed business studies at Reading Area Community College. He also founded Reach Community Services, which focuses on community revitalization and economic empowerment, including Timothy House, which mentors men with life-controlling issues in job and life skills. Pastor Rivera serves as a police and fire chaplain.



### ***Budget and Financial Management***

The fiscal year of the Charter School is July 1 of each year through June 30 of the following year (each, a “Fiscal Year”). Annual budgeting is developed in consultation with department heads, analysis of year-to-date budget-to-actual operational data and projected additional staff, equipment and other growth requirements. Although final State-mandated school district tuition rates are typically announced before the beginning of each academic year, historic patterns are useful in projecting such revenue (which is also the case with various sources of federal funding). Once the proposed budget is finalized and approved by the Chief Financial Officer and the CEO, it is submitted to the Board of Trustees for approval prior to end of each Fiscal Year.

### ***Conflict of Interest***

The Charter School adopted a conflict-of-interest policy to provide standards of conduct established to ensure that member of the Board of Trustees and employees avoid potential and actual conflicts of interest, as well as the perception of a conflict of interest. Each employee and Trustee are responsible to maintain standards of conduct that avoid conflicts of interest. The Board of Trustees prohibits Trustee and employees from engaging in conduct that constitutes a conflict of interest as outlined in the policy.

Organizational conflicts of interest may exist when due to the Charter School’s relationship with a subsidiary, affiliated or parent organization that is a candidate for award of a contract in connection with federally funded activities, the Charter School may be unable or appear to be unable to be impartial in conduction a procurement action involving a related organization. In the event of a potential organizational conflict, the potential conflict shall be reviewed by the Chief Executive Officer or designee to determine whether it is likely that the Charter School would be unable or appear to be unable to be impartial in making the award. If such likelihood exists, the does not disqualify the related organization, however, the organizational relationship must be disclosed as part of any notices to potential contractors, any Charter School employees or officials directly involved in the activities of the related organization are excluded from the selection/award process, a competitive bid, quote or other basis of valuation is considered and the Board of Trustees has determined that contracting with the related organization is in the best interests of the program involved.

No Trustee may take the oath of office or enter or continue upon his/her duties or receive any compensation from public funds, unless he/she has filed a statement of financial interests as required by law.

### ***Committees of the Board of Trustees***

The Board of Trustees may designate and appoint any number of executive committees which, provided by resolution, have and exercise the authority of the Board of Trustees between meetings of the Board of Trustees. There are currently no standing committees. Each member of a committee will serve until the next annual meeting of the Board of Trustees and until his/her successor is appointed, unless the committee is terminated, or the member is removed from the committee.

## **THE PROJECT AND THE FACILITIES**

### **The Project**

The proceeds of the Series 2024 Bonds will be used to fund a loan from the Authority to the Borrower in order to (i) pay off an existing loan (the “Existing Debt”) and refund the Series 2017 Bonds and the Series 2022 Bonds, (ii) fund various capital improvements for the Charter School, including, but not limited to, a project to renovate, and construct certain additions to, equip and furnish the Existing Facility, a certain facility located together with 413 Union Boulevard, Allentown, Pennsylvania (the “413 Facility”) and 921 North Bradford Street, Allentown, Pennsylvania (the “921 Facility”), a small parcel adjacent to the Existing Facility (collectively, the “Project Site”), and to construct a stadium on the Project Site (the “Series 2024 Facilities” and together with the Existing Facility, the 921 Facility, and the 413 Facility, the “Facilities”), (iii) pay costs in conjunction with the issuance of the Series 2024 Bonds, and (iv) fund any other costs related to the Series 2024 Bonds including, but not limited to, any reserve funds or capitalized interest (collectively, the “Project”).

On the Closing Date, the Borrower will use a portion of the proceeds of the Series 2024 Bonds to (i) refinance the Existing Debt, in full, in the aggregate amount of approximately \$900,000 and (ii) pay off the Series 2017 Bonds and the Series 2022 Bonds.

The Borrower expects to commence construction of the Series 2024 Facilities (the “Stadium Project”) in summer 2026. The Borrower estimates that the Stadium Project will be substantially complete by spring 2027 and estimates that it will not cost more than \$25 million to complete the Stadium Project. See “ – The Stadium Project” herein.

Proceeds of the Series 2024 Bonds allocable to the Stadium Project will be held in the Project Fund, and up to an aggregate amount of \$2,000,000 may be requisitioned from the Project Fund for the payment of soft costs related to the Stadium Project until the Borrower delivers to the Trustee a notice certifying the execution of the Construction Contract and receipt of the necessary approvals, pursuant to the Loan Agreement.

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## The Facilities

The Charter School currently leases a portion of the Existing Facility from the Borrower under a lease agreement and on the Closing Date, the Charter School’s existing lease of the Existing Facility will terminate and the Borrower and the Charter School will enter into the Lease Agreement dated as of the first day of the month of the Closing Date (the “Lease”), by and between the Borrower, as landlord, and the Charter School, as tenant, for the lease of the Existing Facility and the 921 Facility (collectively, the “Leased Facilities”). Certain portions of the Facilities not leased to the Charter School are leased and will continue to be leased to certain other organizations (the “Tenants”) pursuant to certain other individual leases (the “Other Leases”). See “THE TENANTS” herein for additional information on the Tenants.

*The Existing Facility.* The Existing Facility, consisting of approximately 445,000 square feet of net rentable space on two floors and a lower level, including an attached gymnasium and fieldhouse of approximately 16,000 and 30,000 square feet, respectively, is situated on 33.2 acres. In 2012, the prior owner divided the property into six condominium units, with the Charter School occupying Buildings 4 and 5 starting in 2014, and the Tenants occupying portions of the other buildings pursuant to Other Leases. The sixth condominium consists of parking lots. Before the Borrower acquired the Existing Facility in 2017, the prior owner made extensive repairs and improvements, including upgrades to HVAC, roofing, electrical, plumbing, and security systems, as well as adding a back-up generator, elevator, and LED lighting. Proceeds from the Series 2017 Bonds financed the Borrower’s acquisition of the Existing Facility, the renovation of Buildings 4 and 5, and the construction of a 16,000-square-foot gymnasium. Proceeds of the Series 2022 Bonds funded further improvements to the Existing Facility, including adding classrooms, a 30,000-square foot fieldhouse, and additional parking.

The Charter School currently leases all or portion(s) of Buildings 1, 2, 3, 4, 5, the gymnasium, and the fieldhouse. The Charter School portion includes 108 classrooms, 70 offices, four cafeterias and two kitchens, three libraries, nurses’ station, two weight rooms, athletic training rooms, a snack stand, an elementary school gymnasium located in Building 5 in addition to the large gymnasium and field house, and playground area. The following diagram details the approximate footprint of the Existing Facility and the approximate dividing line for each condominium, as well as the approximate location of the Series 2024 Facilities, as indicated by the blue box.



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The following table details the current Tenants in the Existing Facility, the current leased square footage, the approximate percentage of currently leased space based on entire square footage of the Existing Facility, and the annual rent for each Tenant for the Fiscal Year ending June 30, 2025.

Tenant Name	Space in Square Feet	Percentage of Facility Leased	Annual Rent <sup>2</sup>
Lehigh Valley Workforce Investment (CareerLink)	26,000	5.8%	453,948
Department of Human Services	24,868	5.6%	523,861
Community Services for Children, Inc.	19,088	4.3%	254,443
Department of Revenue	11,987	2.7%	216,698
Center for Humanistic Change	5,451	1.2%	78,777
Whitson’s Food Management, LLC	3,925	0.9%	49,769
AW Driving School, Inc.	3,157	0.7%	55,128
Lehigh Valley Children’s Centers	<u>14,760</u>	<u>3.4%</u>	<u>154,980</u>
<b>Total Other Tenants</b>	<b><u>109,236</u></b>	<b><u>24.6</u></b>	<b><u>1,787,604</u></b>
The Charter School	<u>335,420</u>	<u>75.4%</u>	<u>4,135,448</u>
<b>TOTAL<sup>2</sup></b>	<b><u>444,656</u></b>	<b><u>100.0%</u></b>	<b><u>5,923,052</u></b>

In addition to the Tenants in the Existing Facility, the Borrower also leases the entirety of the 413 Facility to Gummy Bears Learning Center LLC, a for-profit childcare provider. See “THE TENANTS” herein for more information.

### The Stadium Project

*General.* The Stadium Project is expected to include a multi-sport turf field for football, soccer, lacrosse, and field hockey, featuring logos, goal posts, netting, a scoreboard, PA system, and lighting, and will accommodate approximately 4,000 spectators. It may also offer additional parking, a drop-off/pick-up facility, gym restrooms, terrace concessions, a 16-seat press box, locker rooms (including a new basement team room), and a trainer’s room.

Robert Lysek will be the owner’s representative of the Borrower during the Stadium Project. See “THE CHARTER SCHOOL – Administration” herein for more information on Mr. Lysek.

*Construction Contract.* The Borrower anticipates that the construction of the Stadium Project will begin in summer 2026 and will be substantially complete by spring 2027. The Borrower obtained preliminary design and engineering specifications, as well as estimated project costs from Mohawk Contracting and Development, LLC (the “Contractor”). The Contractor will continue to develop formal construction plans and will pursue the necessary governmental approvals for the Stadium Project, and expects the plans and approvals to be completed by summer 2026. Upon receipt of such completed plans and approvals, the Borrower and the Contractor expect to enter into a construction contract (the “Construction Contract”) for a guaranteed maximum price (the “GMP”) of not to exceed \$25 million. The GMP is expected to include all hard and soft costs, furniture, fixtures, and equipment. The Construction Contract is not expected to include liquidated damages or payment and performance bonds.

There are certain necessary permits and approvals for the Stadium Project that have not been obtained. While the Borrower expects to obtain these permits and approvals on or prior to the commencement of applicable portions of the Stadium Project, there can be no assurance that the permits and approvals will be granted on or before such date or at all, or that the failure of the conditions necessary to obtain such permits will have a material adverse effect on the budget or schedule for, or economic feasibility of, the Stadium Project. Furthermore, the Borrower may fail to obtain approvals from parties with easement or usage rights in the Stadium Project area, which could result in further delays or legal challenges. The Borrower does not expect to obtain such permits and approvals on or before the Closing

<sup>2</sup> Totals may not foot due to rounding.

Date and it is not a condition to the issuance of the Series 2024 Bonds that such permits and approvals be obtained on or before the Closing Date. See “RISK FACTORS – Construction Risks.”

Management does not expect that any delay in the completion of the Stadium Project will impact the Charter School’s operations or any other Tenant, as the Stadium Project does not involve core academic functions or the operations of the Facilities. The Lease and the Other Leases do not provide for any rent relief because of any construction delay.

*The Contractor.* The Contractor was founded in 2016, is headquartered in Allentown and offers services including design/build, construction management, and general contracting services. The Contractor’s key personnel have over 100+ years of combined experience working in large construction management firms, managing over \$500,000,000 worth of projects. The Contractor also designed and constructed the gymnasium, the fieldhouse addition, and other interior renovations of the Existing Facility.

As of the date of this Limited Offering Memorandum, the Borrower has not yet engaged an architect for the Stadium Project and is currently evaluating prospective architects.

See “RISK FACTORS – Construction Risks.”

### **Mortgage**

In order to further secure the Obligations, the Borrower will (a) grant a mortgage lien on and security interest in its interest in the Facilities (defined herein) to the Master Trustee, for the benefit of the holders of the 2024 Note, pursuant to the Open-End Mortgage, Assignment of Leases and Income, Security Agreement and Fixture Filing, effective the Closing Date (the “Mortgage”), from the Borrower in favor of the Master Trustee and (b) assign its interest in the Lease to the Master Trustee pursuant to the Mortgage. See form of Mortgage in APPENDIX E – “SUBSTANTIALLY FINAL FORMS OF CERTAIN FINANCING DOCUMENTS.”

### **Environmental Reports**

The Facilities and any other properties the Borrower may acquire and own are and will be subject to various federal, State and local laws and regulations governing health and the environment. In general, these laws and regulations could result in liability for remediating adverse environmental conditions on or relating to the Facilities or such other properties, whether arising from pre-existing conditions or conditions arising as a result of activities conducted in connection with the ownership of and operations at the Facilities or such other properties. Costs incurred with respect to environmental remediation or liability could adversely affect the Borrower’s financial condition and the ability to generate revenues sufficient to permit the Borrower to meet its obligations under the Agreement and the Master Indenture.

HDR Inc. (the “Environmental Consultant”) conducted a Phase I Environmental Site Assessment of the Facilities and summarized its findings in a report dated September 26, 2024 (the “Phase I Report”). Certain Recognized Environmental Conditions (“RECs”) associated with the Facilities are described below.

*Groundwater impacted with chlorinated volatile organic compounds (“VOCs”) at concentrations above Pennsylvania Department of Environmental Protection (“PADEP”) Medium-Specific Concentrations (“MSCs”).*

A plume of groundwater contaminated with chlorinated VOCs, or which trichloroethylene (“TCE”) is the greatest compound of concern, originates from the location of former product and waste tanks in the northern portion of the current northern parking lot. The plume was characterized in 2012 and is believed to extend in a mostly westerly direction towards the Lehigh River. Following three rounds of injection treatments, in November 2020, dense, non-aqueous phase liquid (“DNAPL”) was discovered, which prompted the party responsible for the groundwater contamination, the former industrial property owner, to change the groundwater remedy from in situ bioremediation via injection of emulsified vegetable oil to the use of mulch bio-borings to provide an alternate source of long-term carbon substrate as a food source and electron donor for the established bacterial cultures to continue with the anaerobic reductive dechlorination of residual TCE. The results for the most recent groundwater sampling conducted

by the former industrial owner in April 2024 indicate that the site-specific standards for TCE and/or VC, continue to be exceeded at three monitoring wells at the Facilities. As of the latest exchange with the responsible party, Broadcom, and their consultant on this issue, attainment sampling had not begun and a timeline for it had not been established.

The Phase I Report notes that VOC-contaminated ground water is considered a REC because the extent of contaminated ground water with concentrations above PA Act 2 Statewide Health Standards has not been fully delineated.

*VOC-impacted groundwater from an unknown source upgradient of the Existing Facility property may be entering the Facilities from the northeast.*

Impacted groundwater with high concentrations of TCE and tetrachloroethylene (“PCE”) was detected during groundwater investigations at the nearby Tropicana Lehigh Valley/1115 American Parkway site in 2005-06. The highest TCE and PCE concentrations were detected in the southeast portion of that site at the upgradient boundary of the Facilities. Follow-up groundwater investigations in 2021-22 indicated considerably lower contaminant concentrations than in 2005-06, and a source for the impacted groundwater was not found at the suspected upgradient site. The well with the highest TCE and PCE concentrations in 2005-06 was located approximately 1,040 feet northeast of the northeast of Building 1 at the Existing Facility. This well was not sampled in 2021-22. Groundwater flow direction from the area of the well was to the southwest, towards the Facilities in both 2005-06 and 2021-22.

The Phase I Report notes that VOC-impacted upgradient groundwater is considered a REC because the extent of contaminated groundwater is unknown.

*Potential contamination of soil and groundwater from historic underground storage tank (“UST”) systems for which documentation of proper closure was not available.*

The USTs, some of which were installed as early as 1956, contained petroleum products (gasoline, fuel oil), sodium hydroxide, or served as spill containment tanks, and were closed or removed according to information in previous reports. Documentation such as for tank removal, analytical sampling results, no further action letters from regulatory agencies, etc., that could verify their proper closure is not available for these tanks (Tanks -001, -020, -021, -022, -027 and -028). The locations of the tanks in question appear to be in the area now covered by the rear parking lot or access roads and driveways.

The Phase I Report notes that the USTs are considered a REC because there is a high likelihood that there is contaminated soil and ground water from releases from the USTs.

*Potential vapor intrusion into the site building at 413 Facility is a concern because of uncertainty about the groundwater contamination.*

There is considerable uncertainty about the extent of the groundwater contamination plume moving from the Existing Facility towards the Lehigh River described in the first REC bullet above. Modeling suggested that a plume with considerable TCE concentrations may extend through both the City Parcel and the 413 Facility. The potential vapor intrusion at the 413 Facility is considered a REC.

*A 500-gallon gasoline UST system at the 413 Facility that was scheduled to be removed in 1999, and for which documentation of proper closure could not be obtained.*

The historic location of the 500-gallon gasoline UST is unknown. Because of the lack of documentation that could have been used to verify the proper closure of the system, the 500-gallon gasoline UST is considered a REC.

Certain historical RECs and controlled RECs affecting the property were described in the Phase I Report, including (i) 11 former USTs (Tank -002, -003a/b, and -004 through Tanks 005-011 received NFAs and PADEP reportedly acknowledged attainment of Statewide Health Standards for soil and ground water with respect to these tanks). The available information for the remaining tanks was not sufficient to determine whether Statewide Health Standards for soil and groundwater were attained.; (ii) several RECs identified in a 2021 Phase I environmental report

that were addressed by a soil sampling investigation, including potential soil contamination associated with the historic use as a coal and lumber yard, along a rail siding, limited-extent oil staining from automotive maintenance and repair activities, around the former location of a heating oil UST and at a cesspool; (iii) intrusion of soil vapor with TCE concentrations above residential indoor air screening values into Buildings 1-5, the gymnasium and field house. Regarding (iii) above, current and previous owners took various remedial actions to minimize vapor intrusion and air exchange between adjoining buildings, including sealing of cracks in floors and walls, filling of trenches, sealing off of former drain lines, and sealing of the walls between adjoining buildings. The TCE concentrations were reduced to levels to below the residential indoor air screening level. Compliance air sampling is being conducted for the Consent Order and Agreement (“COA”) areas four times a year. The COA initially covered Buildings 4 and 5 and was amended in 2020 to include Building 3 and the gymnasium. A COA amendment to include Buildings 1 and 2 and the field house are currently being pursued.

Based upon the identification of RECs controlled RECs, and historical REC at the Facilities, the Environmental Consultant recommended a limited Phase II environmental assessment of indoor air at the 413 Facility, the continuation of air quality management at the Existing Facility under the agreement with PADEP, and additional measures to support environmental compliance at the Facilities. See “RISK FACTORS – Environmental Report” and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS – The Agreement – Environmental Testing Covenant” hereto.

As a condition of certain controlled RECs identified by the Environmental Consultant for the Facilities, testing of indoor air in the areas used by the School is required four times per year. The most recent testing (March 2024) evidences an increased lifetime cancer risk due to the presence of benzene, carbon tetrachloride, chloroform, and trichlorethylene in the indoor air of Buildings 3, 4, 5 and the gymnasium. As detailed in the Environmental Consultants Risk Screening Memorandum for the March 2024 sampling round, the increased lifetime cancer risk is within PADEP’s acceptable risk ranges. Additionally, there is an increased non-cancer health risk due to presence of acrolein in Buildings 3, 4, 5 and the gymnasium.

### **Other Environmental Matters**

A sinkhole was observed in July 2005 during demolition of a building in the area of what is now the rear parking lot of the Property. The prior owner attributed the sinkhole to a leak in a storm drain and backfilled the area with concrete. An investigation unrelated to the Series 2024 Bonds of the area surrounding the sinkhole indicated that the leaking storm drain also ruptured an acid waste line, resulting in etching of the limestone in a small area of the sinkhole. While the prior owner collected soil samples for analysis and provided the results to PADEP, the cause and potential risks of the sinkhole have not been evaluated in connection with the Series 2024 Bonds. See “RISK FACTORS – Environmental Report.”

### **Appraisal**

Integra Realty Resources - Philadelphia (the “Appraiser”) prepared an appraisal of the Facilities and issued a report dated September 24, 2024 (the “Appraisal”). The Appraisal provided for a leased fee interest “market value as is” in the amount of \$51,700,000 as of September 5, 2024.

**The appraised “as is” value stated in the Appraisal is less than the aggregate amount of the Series 2024 Bonds to be issued. In the event of a foreclosure, there can be no assurance that the value of the Facilities or the amount received for the Facilities will be sufficient to pay the principal of and interest due on the Series 2024 Bonds.**

The summary of the Appraisal contained in this section is not meant to be exhaustive, and reference should be made to such report for a complete recital of its terms. The estimated value stated in the Appraisal represents only the opinion of the Appraiser, and only as of the effective date of the Appraisal. The Appraiser has not been engaged to update or revise the estimates contained in the Appraisal for the issuance of the Series 2024 Bonds and will not be engaged to update or revise the estimates contained in the Appraisal after its date. See “RISK FACTORS — Limitation on Value of the Facilities and to Remedies under the Mortgage – Value of Property May Fluctuate; Limitations of Appraisal.”

## THE TENANTS

### General

In addition to the Charter School, the table below depicts the Tenants that occupy the Existing Facility, including the building location, percentage of floor occupancy, and floor level for each respective Tenant. The Borrower does not currently anticipate seeking other tenant(s) for the Facilities. There is currently no vacant space, however, should vacant space become available, the Borrower may seek other tenant(s) or may designate the space for Charter School use. In addition to the Tenants in the Existing Facility, the Borrower leases the entire 413 Facility to Gummy Bears Learning Center LLC, a for-profit childcare provider, under a lease agreement until October 31, 2029, with a three-year extension option.

Building	Lower Level	Floor 1	Floor 2
1	Lehigh Valley Children’s Centers (100%)	Lehigh Valley Workforce Investment (80%) and The Charter School (20%)	Department of Human Services (82%) and Center for Humanistic Change (18%)
2	N/A	The Charter School (100%)	The Charter School (99%) and Center for Humanistic Change (1%)
3	Department of Revenue & Lottery (61%), AW Driving School, Inc. (16%), and The Charter School (23%)	The Charter School (100%)	The Charter School (100%)
4	The Charter School (100%)	The Charter School (100%)	The Charter School (100%)
5	Community Services for Children, Inc. (30%), Whitson’s Food Management, LLC (6%) and The Charter School (64%)	The Charter School (100%)	The Charter School (100%)

Other than a description of certain terms of the Other Leases, no information about the Tenants is provided in this Limited Offering Memorandum and no investor in the Series 2024 Bonds can evaluate whether any lease payments made by any Tenants under the Other Leases are likely to be available as a source of repayment of the Bonds. There can be no assurance that any of the Other Leases will be renewed or extended beyond their expiration dates, nor can there be any assurance that the Borrower will be able to find one or more new tenants after such dates. Further, there can be no assurance made as to the terms of any extension or replacement to any Other Lease.

See “RISK FACTORS – Risks Related to Other Leases.”

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The table below shows the Tenants lease terms.

Tenant	Lease Date	Square Footage	Lease Type	Term	Extension Options	Right of First Refusal	Assignment Consent by Tenant Required
Lehigh Valley Workforce Investment Board, Inc.	10/31/2023	26,000	Gross	10 yrs.	N/A	N/A	Yes
Department of Human Services	7/22/2015	24,868	Net	10 yrs.	2 options for 5 yrs. Each	N/A	Yes
Community Services for Children, Inc.	1/24/2017	19,088	Gross	15 yrs.	1 option for 5 yrs.	Tenant has ROFR, to lease 4,000 sq.ft. of adjacent space	None
Department of Revenue	7/22/2015	11,987	Net	10 yrs.	2 options for 5 yrs. each	N/A	Yes
Center for Humanistic Change	2/1/2024	5,451	Gross	3 yrs.	N/A	N/A	Yes
Whitsons Nutrition, LLC	12/1/2023	3,925	Gross	1 yr.	N/A	N/A	Yes
AW Driving School, Inc.	2/1/2024	3,157	Gross	5 yrs.	N/A	N/A	Yes
Lehigh Valley Children's Centers	5/26/2022	14,760	Gross	20 yrs.	N/A	N/A	Yes
Gummy Bears Learning Center, LLC	10/1/2019	7,258	Net	5 yrs.	1 option for 5 yrs; 1 option for 3 yrs.	N/A	None

### Coca-Cola Park and the Lehigh Valley IronPigs; Parking Easement Agreement

Adjacent to the Existing Facility is the Coca-Cola Park, home of the Lehigh Valley IronPigs (“IronPigs”), a minor league baseball triple-A affiliate of the Philadelphia Phillies. The IronPigs are a major local attraction, which in turn provides visible exposure for the Charter School since the parking area and stadium are directly behind the Existing Facility.

The Existing Facility’s parking lot is subject to a January 17, 2006 Parking Rights Easement Agreement recorded with the Lehigh County Recorder of Deeds on January 18, 2006 at Instrument Number 7319027 (the “Parking Easement”) between Agere Systems, Inc., a former owner of the Existing Facility, and Gracie Baseball L.P. (“Gracie”). Gracie leases Coca-Cola Park from Lehigh County. The Parking Easement allows Gracie and its permittees to use certain parking lots of the Existing Facility for parking vehicles in connection with events sponsored by Gracie at Coca-Cola Park. Although the easement likely prohibits the Borrower from constructing any improvements on the parking lots that diminish the availability of parking, it does not materially impair the Charter School’s or Tenants’ use of the parking lots and/or the airspace rights above the parking lots. Gracie and the Borrower will need to amend the Parking Easement in connection with the Stadium Project and the Borrower expects to amend the Parking Easement prior to commencing the applicable portion of the Stadium Project. See “– Stadium Project” herein and “RISK FACTORS – Construction Risks” attached hereto.

## THE SCHOOL

### The Charter

In May 2014, the Charter School received its original charter approval from the District effective for a five-year term, commencing July 1, 2014 through June 30, 2019 (the “Charter”). The Charter was renewed in 2019 and on August 8, 2024, the Charter was renewed again for a five-year term commencing July 1, 2024, through June 30, 2029. The Charter provides for a cap of 910 students from the District, with no cap on students from other school districts.

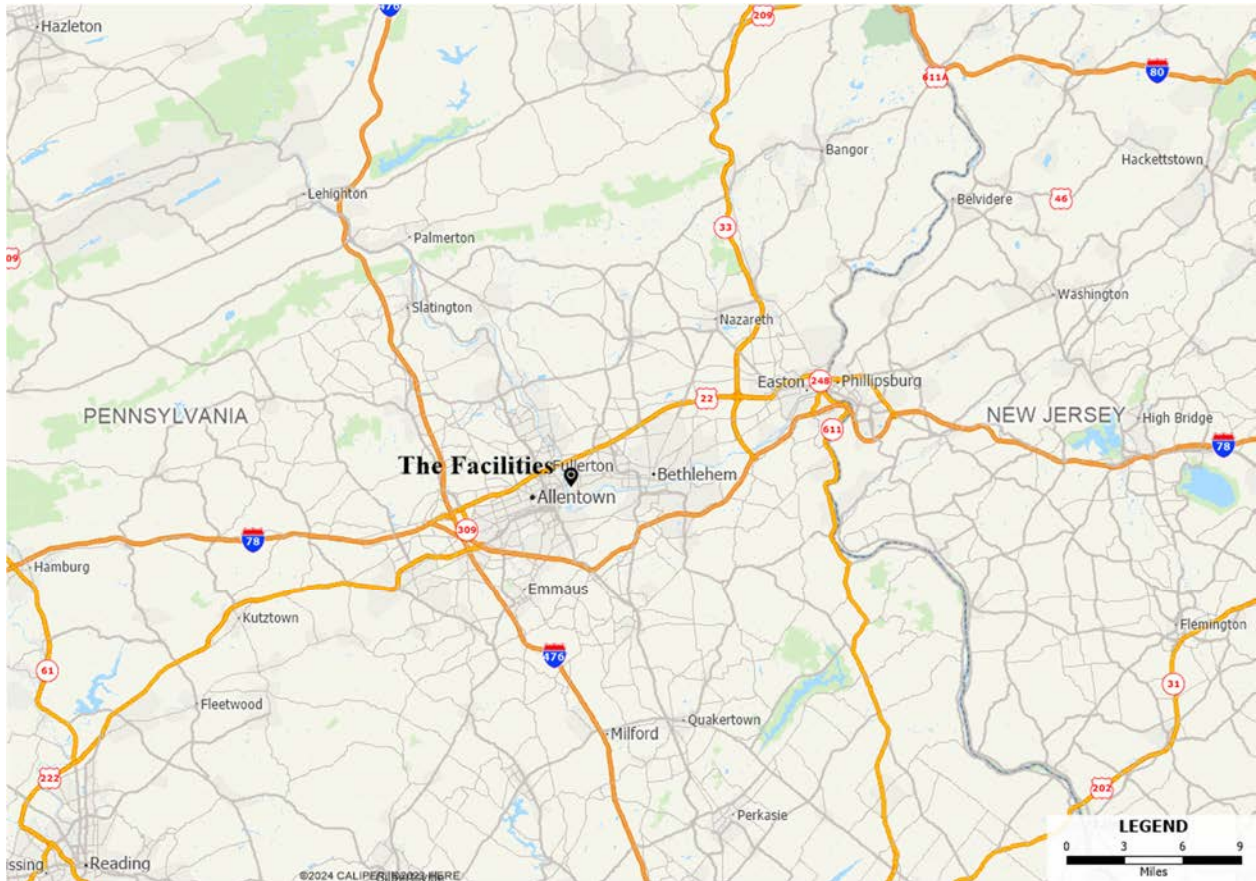
See “RISK FACTORS — Nonrenewal or Revocation of Charter.”

### Future Plans

The Borrower does not have any expansion plans for the Facilities other than what is described herein. The Borrower and the Charter School are permitted to incur other additional Indebtedness under certain circumstances, though neither have any current plans to do so. See “RISK FACTORS – Additional Indebtedness.”

### Map of Charter School Locations

The map below shows the location of the Facilities.



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## Service Area

The Charter School is located within the district served by the ASD but students who live outside of the District’s boundaries may be a student at the School so long as they reside in the Commonwealth. In such cases, the Charter School may request redirection from the Commonwealth in order to obtain payment from the school district of residence of its students.

*Population and Demographic Information.* The table below shows certain demographic statistics for Allentown, Lehigh County and Pennsylvania (the “State” or the “Commonwealth”) estimated by the U.S. Census Bureau.

	Allentown	Lehigh County	The State
Population, estimate, 2023	124,880	377,754	12,961,683
Population, census, 2020	125,845	374,557	13,002,700
Population, census, 2010	118,032	349,497	12,702,379
Population change (2010-23) (%)	5.8	8.1	2.0
Population change (2020-23) (%)	(0.8)	0.9	(0.3)
Persons <5 years, 2022 (%)	6.9	5.6	5.1
Persons <18 years, 2022 (%)	24.6	22.2	20.3

*Housing.* The table below shows housing demographics for Allentown, Lehigh County and the State reported by the U.S. Census Bureau.

	Allentown	Lehigh County	The State
Housing units, 2023	<i>Not Available</i>	152,161	5,839,963
Households, 2018-22*	45,553	142,160	5,193,727
Median value of owner-occupied housing units, 2018-22* (\$)	168,800	254,500	226,200
Owner-occupied housing unit rate, 2018-22* (%)	42.3	65.0	69.2
Median gross rent, 2018-22* (\$)	1,202	1,259	1,110
Building permits, 2023	<i>Not Available</i>	461	25,320

\* Yearly average over five-year period.

*Income and Employment.* The table below shows computer and internet access, income, poverty rate, and employment statistics Allentown, Lehigh County and the State reported by the U.S. Census Bureau.

	Allentown	Lehigh County	The State
Households with a computer, 2018-22* (%)	90.6	92.9	91.9
Households with a broadband internet subscription, 2018-22* (%)	84.0	87.9	87.1
Total percentage, population 16+ years (2018-22*)	64.3	64.9	62.8
Median household income, 2018-22* (\$)	52,449	74,973	73,170
Total employment, 2022	<i>Not Available</i>	191,163	5,584,830
Persons in poverty, 2022 (%)	21.4	11.3	11.8

\* Yearly average over five-year period.

The tables below show detailed information on personal income and its changes year-over-year for the State and Lehigh County, each as reported by the Bureau of Economic Analysis, U.S. Department of Commerce.<sup>3</sup>

Description	The State				
	2018	2019	2020	2021	2022
Personal Income (\$mils)	707,043	729,142	783,826	833,322	836,778
Population (# persons)	12,980,864	12,991,448	12,995,477	13,013,614	12,972,091
Per Capita Personal Income (\$)	54,468	56,125	60,315	64,035	64,506

Description	Lehigh County				
	2018	2019	2020	2021	2022
Personal Income (\$Ks)	19,009,122	20,255,191	22,047,195	23,434,611	23,662,485
Population (# persons)	371,581	372,819	374,477	375,760	376,317
Per Capita Personal Income (\$)	51,157	54,330	58,875	62,366	62,879

The table below shows the top ten employers for Lehigh County as reported by the Pennsylvania Department of Labor and Industry, as of the fourth quarter of 2023.

Rank	Company	Industry
1	Lehigh Valley Health Network	Healthcare
2	Saint Luke’s Hospital	Healthcare
3	Amazon.com Services Inc.	Retail
4	Lehigh Valley Physician Group	Healthcare
5	Mack Trucks Inc	Manufacturing
6	Saint Luke’s Physician Group Inc.	Healthcare
7	Allentown School District	Education
8	Air Products and Chemicals Inc.	Industrial Gas Supplier
9	Lehigh County	Local Government
10	B Braun Medical Inc.	Healthcare

*Education.* As of August 2024, the Pennsylvania Department of Education (“PDE”) reported that the State supported more than 1.7 million students in 500 school districts ranging from approximately 200 students to more than 140,000 students. In addition to “traditional public schools,” there were more the 160 “brick and mortar” charter schools and 14 cyber charter schools educating over 135,000 students.

### Competitor Schools

*Traditional Public Schools.* The Charter School is located within the district served by ASD. As of the 2022-23 school year, ASD served approximately 15,988 students in grades K-12 in 21 schools. Management has identified four traditional public schools as competitors of the School.

*Charter Schools.* Within the County there were eight charter schools, including the School, with approximately 4,790 students in the 2023-24 school year, according to Public School Review. Management has identified three charter schools as competitors of the School.

*Private Schools.* According to Private School Review, there were 50 private schools serving approximately 7,586 students in Lehigh County in the 2023-24 school year. Management has not identified any private schools as

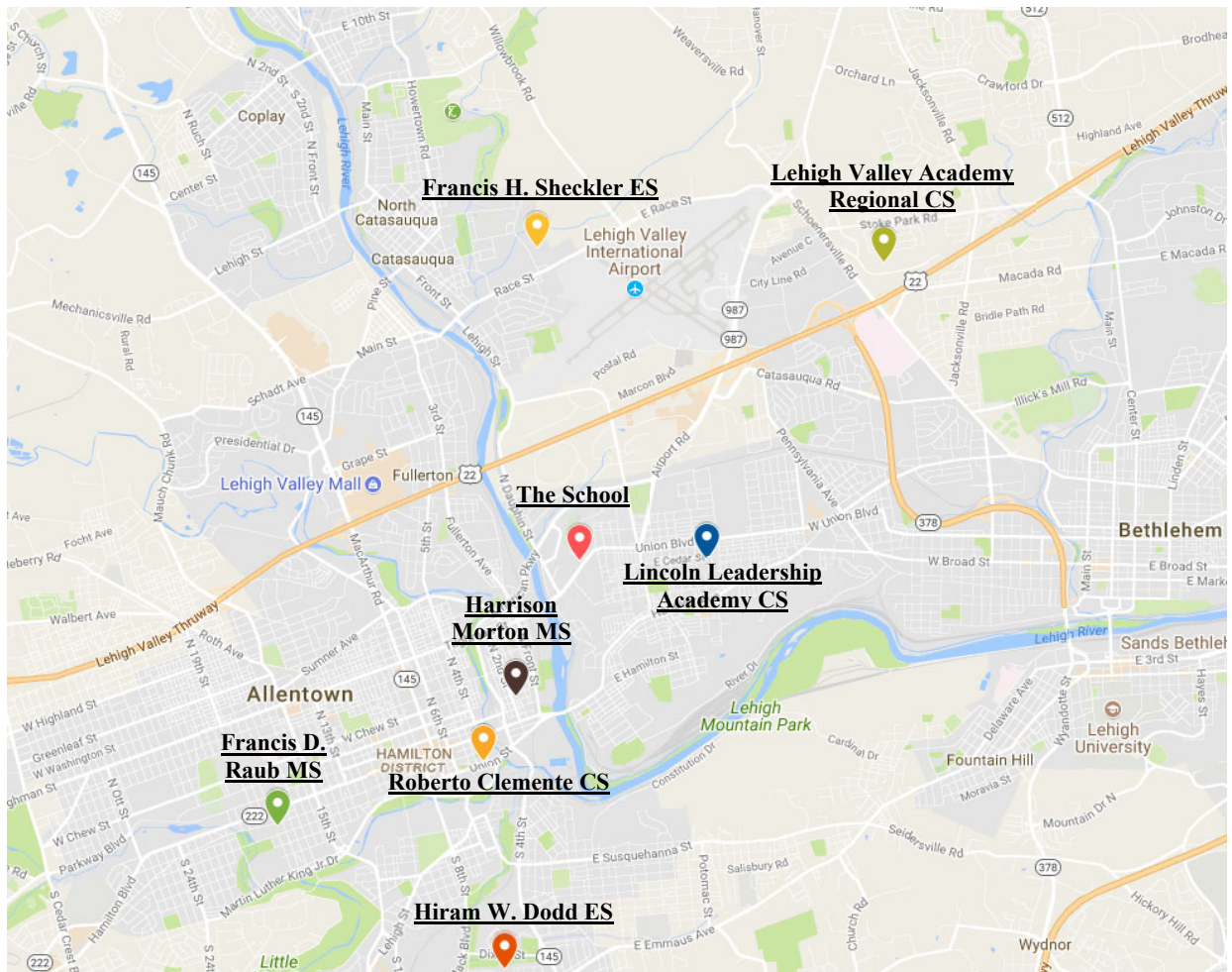
<sup>3</sup>State and county statistics were last updated in March 2024 and November 2023, respectively.

competitors of the School. Academic data for private schools is not readily available and is not provided in the chart below, however grades served and distance from the Facilities are included.

The table below shows certain basic information on the school’s Management has identified as competitors of the School. See “Academic Performance” for additional information regarding the School and the Pennsylvania System of School Assessment (“PSSA”) and the Keystone Exams.

School	Distance (miles)	Grades	Type
<b>The School</b>	-	<b>K-12</b>	<b>Charter</b>
Roberto Clemente Charter School	2.4	K-12	Charter
Lincoln Leadership Academy Charter School	1.1	K-12	Charter
Harrison-Morton Middle School	1.6	6-8	Traditional Public
Francis D. Raub Middle School	4.1	6-8	Traditional Public
Hiram W. Dodd Elementary School	4.2	K-5	Traditional Public
Francis H. Sheckler Elementary School	3.7	K-4	Traditional Public
Lehigh Valley Academy Regional Charter School	4.0	K-12	Charter

The following map shows the locations of the School in relations to the competitors listed above.



## **Administration**

The School's administration consists of Robert Lysek, CEO, Stephen Flavell, M.Ed., Chief Operations Officer ("COO"), Selma Chehouri Abi-Daher, Ed.D., Chief Financial Officer ("CFO"), Michael Ricciutti, M.Ed., Chief Staff Officer, Kiersten Yeakel, M.Ed., Chief School Director – Elementary School, Tamara Klas, M.Ed., Chief School Director-Middle School, and Matt Wiltrout, M.Ed., Chief School Director-High School. Brief biographies for each are provided below.

As of the date of this limited offering memorandum, the School does not have a Chief Academic Officer ("CAO") following the prior CAO's resignation in fall 2024. The CAO's duties will be divided among the chief school directors as outlined below. The elementary and high school chief directors are principal-certified, while the middle school chief is provisionally certified. The CAO's financial and business responsibilities will be managed by the CFO and her team. The School will reassess this arrangement after the winter break and post the CAO position if necessary.

**Robert Lysek, CEO** – Mr. Lysek has over twenty years of experience in education. He co-founded the Charter School in 2013 and currently consults for Burlington County Special Services. He has previously supported Pittsburgh Public Schools in developing services for alternative education. Before the Charter School, he co-founded Success Schools, serving as COO from April 2010 to August 2013, overseeing ten schools across multiple cities. He was also Vice President of Operations at Camelot Education from 2004 to 2010, managing twelve schools and supervising 3,000 students and 250 employees. His responsibilities included operations, human resources, budgeting, and compliance. Earlier, he held various administrative roles in education and has trained school personnel in culture, climate, and crisis management. He also has five years of experience as a police officer. Mr. Lysek earned a Bachelor of Applied Science in Education from Lock Haven University.

**Stephen Flavell, M.Ed., COO** – Mr. Flavell has worked in education his entire professional career. He implemented educational programs for at-risk populations throughout the Country and the Commonwealth of Pennsylvania. Mr. Flavell was the Chief School Administrator at Specialized Education Services where he managed 150 staff and over 1,500 students. Mr. Flavell has consulted with public schools, private schools, and charter schools developing turnaround initiatives to help improve the outcome data. Mr. Flavell has presented at numerous state and national conferences. He earned a Bachelor of Science in Secondary Education from Delaware Valley University and a Master of Science in Educational Leadership from Walden University and completed coursework to earn his letter of eligibility for superintendency.

**Selma Chehouri Abi-Daher, Ed.D., CFO** – Dr. Selma Chehouri Abi-Daher has been the CFO of the Charter School since May 2020, ensuring fiscal integrity and resource allocation to support academic goals. Before this role, she was the Controller of the Finance Office at the District for four years, managing an \$18 million budget, monitoring spending, and overseeing grant management for over \$1 million in funds. She also tracked revenues and collaborated with various entities to secure reliable funding sources. Dr. Chehouri Abi-Daher earned a Bachelor of Science in Professional Accountancy from Penn State University, a Master of Arts in Elementary Education from Cedar Crest College, and a Doctor of Education in Educational Leadership from Delaware Valley University. She has 19 years of experience in education and serves as Assistant Professor of Accounting at Cedar Crest College, teaching accounting and related subjects.

**Michael Ricciutti, M.Ed., Chief of Staff Officer** – Mr. Ricciutti has over 20 years of experience in education. He began his career in 1995 at the Glen Mills Schools, where he taught and developed curriculum. After 12 years, he joined Camelot Schools, teaching English and Language Arts and later becoming the Career Technical Education Coordinator. In 2010, he became a Program Director at Success Schools, overseeing program fidelity and staff training. He worked with multiple schools to ensure compliance and high standards. In 2014, he took on the role of Program Director at Memphis Street Academy Charter School, managing the safety and wellbeing of 880 students and 100 staff while collaborating with leadership to enhance educational quality. Mr. Ricciutti earned a Bachelor of Science in Psychology from Kutztown University and a master's degree in educational leadership and administration from Cabrini University.

**Kiersten Yeakel, M.Ed., Chief School Director – Elementary School** – Mrs. Yeakel graduated from Temple University with a Bachelor of Science in Education and Mathematics, with her teaching certification in Mathematics 7th-12th grade. She taught as a middle school math and science teacher in Kensington, Philadelphia at

John B. Stetson Charter School. She moved into the Lehigh Valley and taught at the School as a middle school math teacher while completing her Master of Education in Educational Leadership from Gwynedd Mercy University. Upon completing her Principal certification, she moved into the role of Director of Curriculum and Instruction, and in 2021 took over the elementary school as the Chief School Director for Kindergarten through 5th grade.

**Tamara Klas, M.Ed., Chief School Director – Middle School** – Ms. Klas, a native of Buenos Aires, Argentina, began her career in various fields before moving to Pennsylvania. At Calypso Elementary School, she served as Community School Coordinator and later as 21st CCLC Project Director, organizing and managing after-school programs and family engagement events. She worked with local colleges to provide tutoring and mentoring programs and led the Leadership Team and Advisory Boards at several schools. In 2014, she joined the School as a Lead Teacher and was promoted to Team Leader for Elementary. In 2017, she accepted the position of Chief School Director, overseeing daily operations for all elementary grades. Ms. Klas earned a bachelor’s degree in marketing and communication from the University of Palermo and a Master of Education in Educational Leadership from Lehigh University.

**Matthew Wiltrout, M.Ed., Chief School Director – High School** – Mr. Wiltrout began his career as a Counselor/Teacher at the Glen Mills Schools and joined Camelot Education in 2005 as a Behavior Specialist. He advanced to Team Leader in 2008 and Executive Director in 2011. In August 2021, he became the High School Chief School Director at the Charter School. Mr. Wiltrout earned a Bachelor of Science in Political Science and Government from Bloomsburg University, a Master of Education in Educational Leadership from Temple University, and his Pennsylvania Principal certification from Temple University in 2021.

**Faculty and Staff**

The table below shows staffing for the School for the listed school years.

	Historical			Current	Projected			
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Teachers	100	97	100	103	107	111	112	112
Support Staff	43	43	39	51	52	52	53	53
Administrative Staff	20	21	21	19	19	19	19	19
<b>Total Staffing</b>	<b>163</b>	<b>161</b>	<b>160</b>	<b>173</b>	<b>178</b>	<b>182</b>	<b>184</b>	<b>184</b>

The table below shows teacher retention for the School for the listed school years. Retention is calculated based on the percentage of teachers who returned to the School from the prior year.

	2021-22	2022-23	2023-24	2024-25
Teacher Retention Rate	82%	84%	83%	79%

The lower than usual teacher retention for the 2024-25 school year was due to 11 teachers leaving for personal reasons, including retirement, becoming new parents, moving out of state or country, and health reasons. The additional nine teachers left to work at other school districts.

The table below shows the percentage of teachers at the School who have earned the listed type of degree as their highest level of education and who are certified, as applicable, as of the 2024-25 school year.

Bachelor’s	Master’s	Doctorate	Certified
42%	59%	1%	90%

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The table below shows the average teacher salaries for the School, ASD, and the State for the listed school years.

	2021-22	2022-23	2023-24	2024-25
<b>The School (\$)</b>	53,540	58,777	58,797	61,191
ASD (\$)	55,460	56,907	58,705	58,705
The State (\$)	72,828	74,724	74,945	74,945

### **Educational Philosophy and Curriculum**

The Charter School’s values are:

- Achievement: “We foster a comprehensive approach where we expect children to achieve academically and socially.”
- Accountability: “We expect adults and students to be responsible for themselves, others and tasks.”
- Ownership: “We expect adults and students to own their own behavior and actions. Then using these behavior and actions to grow as an individual.”
- Relationships: “We expect adults and students to foster healthy working relationships to promote an environment where adults and students can achieve.”
- Safety: “Creating an educational atmosphere where students and staff feel safe from danger, damage and injury.”

Through the integration of business and leadership education into the instructional program, students at the School learn from and contribute to the business arena on many levels. The School partners with businesses, mentorship programs and community organizations to provide a unique educational experience for students to succeed in the business world. The School’s leadership program is designed to develop students’ soft skills, so that they will excel in areas of management, communication, and sustainability. In addition, one of the School’s goals is to close the achievement gap for all learners through shared decision-making, a rigorous curriculum, and student mobility based upon individual achievement, parent involvement, smaller class size, and highly qualified staffing.

Additionally, the School’s model addresses student resiliency. Students at risk of academic failure often face a complexity of problems due to poverty, health, and other social conditions that have made it difficult for them to succeed in school. The construct of “educational resilience” is not viewed at the School as an attribute but as something that can be promoted by focusing on “alterable” factors that can impact an individual’s success in school. This approach does not focus on attributes such as ability, but other attributes that have been found to influence resiliency in children. These attributes are social competence, problem-solving skills, autonomy, and a sense of purpose.

The School’s program has systems in place to support each of the four factors that influences resiliency. First, social competence is addressed within Guided Group Interaction (“GGI”). The School uses the Boys Town Social Skills Curriculum to teach and educate students in social skills and prosocial behavior. Secondly, the School addresses problem-solving skills, by teaching ten skills that are embedded into the academic program. These skills are utilized on a daily basis to teach students how to overcome barriers and condition students to become more resilient. Thirdly, the School develops autonomy in students through the School’s leadership and character development component, which teaches students to be self-reliant, leaders, self-disciplined, and take ownership of themselves and others. This helps students to create a sense of their own identity, and to have the ability to exert some control over their environment. Lastly, the School’s program helps create a sense of purpose. Goal setting is discussed on a daily basis in GGI, and the assembly process takes place twice a day. The assemblies motivate students to accomplish daily goals. The School’s rating system gives students the necessary feedback to make changes and it is oriented around success, aspirations, and a sense of a belief in a compelling and bright future. There are student systems in place to support the rating system, such as pledge logs, positive logs, and executive elections that help students become goal directed.



In addition, the School seeks to influence students' behavior through the School's signature normative culture. The normative culture model uses the intentional manipulation of norms to change anti-social behavior into pro-social behavior. According to Grissom & Dubnov (1989) the implementation of a normative culture rests on three norms: 1) treat others with respect, 2) redirect all negative behavior, and 3) support all redirections.

Academic Strategies. The School utilizes the following nine integrated principles to meet the demands of the common core and design the School's academic program. These were developed by a scan of design principles used by the New York City Department of Education. These principles are highly researched by high performing school networks and refined with the feedback and contributions of experienced educators. They integrate positive youth development to optimize student engagement and effort.

1. Prioritizes a mastery of rigorous standards aligned to college and career readiness.
2. Continuously improves its operations and model.
3. Develops and deploys collective strengths of staff.
4. Manages school operations effectively and efficiently.
5. Maintains an effective human capital strategy aligned with the school model and priorities.
6. Empowers and supports students through key transitions into and beyond high school.
7. Remains porous and connected (partnerships, access to community resources, knowledge sharing with other schools).
8. Creates a clear mission and coherent culture.
9. Personalizes student learning to meet student needs.

The School's vision in all instances is to develop an integrated K-12th grade system so that teaching and learning move steadily from early elementary towards college and career readiness. The School's curriculum, in alignment with the Common Core State Standards and PSSA, imbeds performance based assessments and activities. These provide many opportunities for students to demonstrate their understanding of the content as well as their ability to apply and transfer the new learning.

In order to prepare the students for success in the global workforce, every classroom is a 21st century learning environment. All content areas are enhanced through the incorporation of critical thinking, communication, collaboration, and creativity.

Throughout all subject areas, students are encouraged to consider a variety of ideas, viewpoints and perspectives that may be useful in finding solutions and alternatives to posed problems. A high priority is placed on teaching students how to reflect on their own learning and to recognize and voice when they are not understanding or comprehending the content. Not only are they taught various student-centered strategies, but students are encouraged to choose when to apply certain strategies and to share their rationale for doing so. The application of these skills is monitored and facilitated by the teachers through the use of modeling, questioning and sentence frames. As students become stronger in the areas of critical thinking, problem solving and communication, the teachers act as facilitators as groups collaborate and participate in discussions and hands-on activities.

The curriculum model highlights the importance of students learning to apply critical thinking and problem-solving skills across all content areas. Critical thinking and problem-solving skills are learned behaviors and therefore must be explicitly taught through modeling and the labeling of one's own thinking. The curriculum stresses the following types of critical thinking and problem-solving skills:

A. Critical Thinking Skills:

1. Analytical Thinking: students analyze, compare and contrast, and evaluate and explain information.
2. Practical Thinking: students use, apply and implement what they learn in real life scenarios.

3. Creative Thinking: students create, design, imagine and suppose.
  4. Research-based Thinking: students explore and review a variety of ideas, models and solutions to problems.
- B. Problem Solving Skills:
1. Abstraction: the process of considering in isolation a specific property of a complex object: students are taught to identify and use key ideas across different examples to solve a problem.
  2. Categorization: students analyze information, classify it and sort it into meaningful categories.
  3. Drawing Conclusions: students draw conclusions based on data presented to them in many forms, viewpoints, perspectives and quality.
  4. Predicting Outcomes: students make predictions and test the validity of those predictions.
  5. Observing and Experimenting: students develop hypotheses, collect, and observe data to draw conclusions.
  6. Justifying Solutions: students analyze several possible solutions, select the best solution and justify why it was chosen amongst others.
  7. Improving Solutions: students analyze a proposed solution to a problem and suggest ideas for improving it.
  8. Identifying Relevant/Irrelevant Information: when given relevant and irrelevant information, students identify what is relevant for solving a specific problem.
  9. Generating Ideas: students are taught how to look for analogies and to brainstorm ideas in order to identify the best possible solution.
  10. Creating and Designing: students are asked to create or design an experiment or problem for other students to evaluate or solve.

Students who are adept at problem solving are able to complete complex tasks at a higher level of learning. Consequently, the teachers provide many opportunities for students to learn and practice different problem-solving approaches. Initially, the teacher will model the thinking process, and label the types of thinking that are being used when solving a particular problem. As this skill is strengthened, students are expected to explain and discuss their methods for problem solving.

Interpersonal Communication. Management recognizes that it is crucial for every student to possess strong interpersonal skills if they are to be successful in the global workforce. Consequently, interpersonal skills are taught and practiced throughout all grades and courses of study, as well as in all facets of the School community. Teachers work with their small learning communities in order to develop and plan for the use of such skills throughout the curriculum and daily school activities.

The School has developed a set of Student Interpersonal Skills standards which provide a kindergarten to 12th grade continuum that prepares students to face the demands of adult life in society. The Student Interpersonal Skills standards encompass the following four categories of behavior:

1. *Self-Awareness and Self-Management*: skills to understand and manage behavior as a foundation for appropriate social interaction.
2. *Establishing and Maintaining Relationships*: skill components of healthy successful interactions with others.
3. *Decision Making and Responsible Behavior*: the knowledge and skills for making intelligent decisions, accepting the consequences of the choice, and engaging in positive social behavior.
4. *Literacy*: An Essential Component of all Instructional Activity

The School views reading as an essential activity for students in every subject area. Consequently, teachers from every discipline incorporate comprehension strategies into their curriculum. Having the opportunity to apply comprehension strategies across disciplines allows students to access complex texts and makes the learning meaningful.

In order to facilitate the enhancement of literacy skills, content teachers focus on the following key areas:

- Comprehension Strategies: improving the use of effective reading strategies before, during, and after reading.
- Discussion: providing opportunities for deeper, more sustained discussion of content from text.
- High standards: setting and maintaining high standards for the level of text, conversation, questions, and vocabulary reflected in discussions and in reading and writing assignments.
- Reading/writing connection: strengthening the reading/writing connection to improve student opportunities to reflect on the meaning of text and receive feedback on their reflections.
- Motivation and engagement: creating more engaging and motivating classrooms and interacting with students in a way that promotes internal motivation for reading.
- Content learning: teaching content knowledge to ensure learning of the most essential concepts by all students, even those who struggle to read the textbook.

### **Curriculum and Instructional Strategies**

English Language Arts. All English language arts (“ELA”) courses are aligned to the Pennsylvania State Standards (“PA State Standards”) and for those courses that correspond to PSSA and Keystone testing, the Eligible Content is the main focus of instruction.

*Elementary.* Beginning in kindergarten students are introduced to a wide range of genres in reading and writing. Students begin their literacy journey with a focus on basic skills in kindergarten with letter identification and sound/symbol correspondence, phonemic awareness, sight words, beginning spelling patterns, and basic writing skills with handwriting and transfer of knowledge from reading to actually writing words. As students’ progress in elementary school, they continue to build on these basic skills and apply them to more complex language patterns in reading and writing. The goal of the elementary language arts program is for students to be reading on grade level by the end of third grade. Students will not only practice and hone their reading and writing skills, but they will also develop critical speaking and listening skills through various activities in class with making and listening to presentations and read-aloud stories. The main resource used in grades K-3 is McGraw Hill Wonders and in grades 4 and 5 is Curriculum Associates’ Magnetic, both of which integrate reading, writing, vocabulary development and spelling pattern knowledge.

*Other Elementary Language Arts Resources.* Not all students reach their full potential at the same rate, so additional instruction and strategies may be needed for these students. The School uses small group instruction to develop daily habits of reading, writing and literacy independence, as students engage in centers that challenge them academically and help to build decision-making and independence. Students in grades K-5 are also exposed to additional resources provided by Step by Step through their diagnostic assessment and corresponding Small Group Automation Tool, now called FLITE. FLITE assesses students in various phonemic awareness skills and then places them in a category of support based on a systematic skill inventory and their largest area of need.

*Middle School.* The core instructional resource for ELA is Houghton Mifflin’s Into Literature. Students are introduced to a wide variety of text genres through the use of novels, short stories, plays, poems, essays, biographies and many other types of fiction and non-fiction texts. Students are exposed to texts at various independent and instructional levels to meet the needs of individual learners and to academically challenge them. At this level of instruction students are required to apply literacy skills and strategies that will enable them to comprehend increasingly challenging and more complex texts throughout all content areas.

Students are encouraged to read daily in and out of school utilizing weekly reading logs. Writing is incorporated into daily instruction as students continue to work on style, conventions, word choice and writing for different purposes. All skills and strategies taught in the classroom are aligned to the PA Standards Aligned System.

*High School.* The core instruction resource for ELA is Houghton Mifflin’s Into Literature for grades 9 and 10 as a continued support for vertical alignment into the Keystone tested grade levels. Students continue to read from a variety of text genres through the use of novels, short stories, plays, poems, essays, biographies and many other types of fiction and non-fiction texts. Students are exposed to texts at various independent and instructional levels to meet the needs of individual learners and to academically challenge them. At this level of instruction students focus on application of literacy skills and strategies that will enable them to comprehend increasingly challenging and more complex texts throughout all content areas and prepare them for post-secondary college and career. Writing is incorporated into daily instruction as students continue to work on style, conventions, word choice and writing for different purposes. The shift in high school writing is in creating a thesis statement and being able to support the thesis through context, research, and authors’ examples, while being able to appropriately cite others’ work. Students continue to build stamina for writing longer pieces such as research papers. All skills and strategies taught in the classroom are aligned to the PA Standards Aligned System. Students have the opportunity to expand their knowledge and participate in college level courses through Advanced Placement and Dual Enrollment classes.

Math. All math courses are aligned to the PA State Standards and for those courses that correspond to PSSA and Keystone testing, the Eligible Content is the main focus of instruction.

*Elementary School.* Students focus their attention on learning and mastering the basic concepts in math so they will be able to apply these skills to higher order challenging problems. Students use a variety of resources to assist with development of math skills. Manipulatives, and hands-on learning strategies are used throughout all elementary classrooms. Students are able to physically manipulate objects, work in cooperative groups and challenge themselves with all aspects of mathematics. An emphasis is placed on problem solving skills as students work through units on numbers and operations, algebraic concepts, geometry, measurement, data and probability. The main resource for elementary math is Zearn, an online platform that helps students “explore concepts, discover meaning and make sense of math.” Teachers also utilize other resources to help students reach academic proficiency in math through the use of eSpark and Numeracy Consultants: Primary Numeracy.

*Middle School.* The core instruction resource for math is Savvas enVision. Students begin to work on increasingly more complex problems with the introduction of variables and other pre-algebraic concepts. The focus is on application of previously learned skills through complex problem solving. Students use interactive notebooks to take notes, record examples and practice skills being taught in the instructional setting. Teachers and students utilize Savvas Math Curriculum which includes projects, opportunities for critical thinking and support with intervention and enrichment.

Students are assessed frequently for the purpose of identifying misconceptions and potential gaps in knowledge so teachers can be responsive in their instruction. Instruction follows the PA State Standards for math with a focus on the Eligible Content. Teachers have the flexibility to use additional resources and strategies to meet the individual needs of students in order to ensure success and build a strong foundation for higher level math courses encountered in high school. Supplemental math programs include IXL and USA Test Prep, along with assessment creation in PA SAS.

*High School.* All students are required to take Algebra 1 and the corresponding end of course Keystone Exam. The typical trajectory for a student at the School is Algebra 1, Algebra 2, and Geometry. Students are only required to complete three high school level math courses, but they have the option to continue their math endeavors through higher level math courses such as Probability and Statistics and Pre-Calculus. As with all courses at the School, math courses are aligned to the PA State Standards, and Algebra 1 utilizes the corresponding Eligible Content as a focus for planning and instruction.

Science. All science courses are aligned to the PA State Standards and for those courses that correspond to PSSA and Keystone testing, the Eligible Content is the main focus of instruction.

*Elementary and Middle School.* Students use the FOSS K-8 Phenomena-Based Science Program (“FOSS”) through middle school grade 8. FOSS focuses on investigation and discovery with the main mode of instruction being hands-on. Students complete scientific discoveries across a wide array of topics. They are engaged in active scientific experimentation, along with reading and writing like a scientist. FOSS provides rigorous content that is aligned to the Next Generation Science Standards (“NGSS”) which help to prepare students for the challenges of the 21st century.

*High School.* In the first high school science course students are introduced to a variety of topics which support all other science courses taught at the high school. Students are introduced to chemistry, physics, environmental science and biology. All science courses focus on scientific experimentation, following the scientific method, exploration, and discovery of how the sciences relate to each other and the world. All students are required to take biology and the corresponding end of course Keystone Exam. Students are required to have three years of science for graduation, but they have the option and are encouraged to take more if they are interested in pursuing a higher level of education. Students also engage in scientific reading and writing through scientific articles, textbooks, writing lab reports and responding to questions.

Science courses are aligned to the PA State Standards, with biology using the Eligible Content, and the NGSS standards. Students have the opportunity to expand their knowledge and participate in college level courses through Advanced Placement classes.

Social Studies. All social studies courses are aligned to the PA State Standards for history, geography, economics, and civics and government. In the upper grade levels, an emphasis is placed on the reading and writing standard for social studies.

*Elementary School.* Students are exposed to civics, geography, history and economics through the integration of social studies in the ELA curriculum.

*Middle School.* Students explore ancient civilizations, world geography and U.S. history up to the end of the Civil War. Through the social studies courses students are exposed to civics, economics, geography, and history. Teachers focus instructional strategies on reading and writing in social studies through the use of primary and secondary resources, videos, maps, and historical fiction.

*High School.* Students continue their study of U.S. history and complete courses in world history and government and civics. These courses build on the knowledge and skills students learned in middle school and challenge students with more rigorous readings, analyzing primary and secondary documents, comparing and contrasting documents and events, applying critical reading strategies, and writing for various purposes with the emphasis on citing evidence properly. Students have the opportunity to expand their knowledge and participate in college level courses through Advanced Placement classes.

#### World Languages.

*High School.* Students are required to complete two years of a foreign language. High school students take Spanish 1 and 2 as their foundational language course. Students who wish to expand their skills in a foreign language may continue on to Advanced Placement Spanish Language and Culture then on to Dual Enrollment Intermediate Spanish with Lehigh Carbon Community College.

#### Science, Technology, Engineering, and Mathematics (“STEM”).

*Elementary School.* Students are introduced to the fundamentals of the integration in STEM. The approach to this K-5 introductory program is pulling in these key educational subjects in an integrated way so that elements of each one apply to the others. Each grade level builds off the next so that students are building on their problem solving and application skills within their STEM experiences in the classroom.

*Middle School.* Students explore STEM concepts through hands-on opportunities with robots, building materials, and other technology. They participate in projects requiring them to think critically about what technology

is available to them and how to best utilize it in personal life and business. Teachers incorporate math, reading, research and writing into lessons and explorations.

*High School.* In this science elective course, students will employ engineering techniques in a group-setting, project-based learning environment. Students will learn and put into practice various engineering design principles and concepts. Students will employ the engineering design process in order to design and build various assigned projects. Utilizing TETRIX robotics kits, students will learn hands-on building and design skills. Students will also be introduced to computer programming utilizing a combination of TETRIX Prizm and the Arduino programming language. Students will be responsible for compiling a written engineering notebook throughout the duration of the course. Students will also be assessed daily on their ability to think creatively and collaborate with group members.

#### College and Career Readiness.

*Elementary, Middle, and High School.* SmartFutures.org is an online career planning and career portfolio platform that is used to: 1) meet the new requirements for Career Readiness Indicators that are part of the Future Ready PA Index, 2) integrate career education and social emotional learning curriculum to students from grades K-12, and 3) provide each student a personalized career plan and portfolio upon graduation.

#### Assessments.

*Elementary, Middle, and High School.* Renaissance STAR is used as a universal screening tool and administered to students quarterly. This assessment tool is used to monitor progress and as a predictor of student performance on state assessments.

*Elementary.* Elementary uses Acadience Reading as a universal screening and progress monitoring assessment that measures the acquisition of early literacy skills from grades K-5 at the School. The assessment consists of six brief measures that function as indicators of the essential skills that every child must master to become a proficient reader.

Students who are identified as not meeting the Acadience Reading benchmark standard are then given skill inventories using FLITE. This data allows the creation of student groups according to their Need for Support (as identified in the screener) and their specific skill gap as identified by FLITE. The size of the group, frequency of meeting, and duration of each lesson will be determined by the student's need for support and the resources available within the School. As intervention takes place, students showing mastery of the skill will be moved into the next skill. Weekly or bi-weekly data meetings allow teachers to discuss and make adjustments for students who are not showing growth during their intervention. This plan allows the School to tailor intervention to the needs of each student.

Elementary also uses Acadience Math as a universal screener and progress monitoring assessment which has measures that are brief, powerful indicators of math skills that enable teachers to: identify students needing math intervention support (universal screening) and validate areas to target instructional support. This additional screener helps determine which students require interventions, and in which area. Numeracy Consultants: Primary Numeracy baseline assessments are then used to appropriately group students to best support them in their areas of need.

### **Extracurricular Activities and Clubs**

In addition to the curriculum, the School offers a number of extracurricular activities and clubs for its students. The School participates in the Pennsylvania Interscholastic Athletic Association ("PIAA") program for its athletic programs held at the School. The School is included in PIAA District 11 members schools, which consists of approximately 118 member schools including the School. In February 2024, Saucon Valley High School filed a complaint with District XI alleging a PIAA rule violation by the School for not disqualifying a player in the next game after a disqualification. District XI imposed a 2-year probation on athletics in June 2024 after an April hearing. The School appealed in July, citing the penalty as excessive, but the PIAA upheld it in September. A separate admissions-related complaint was filed in August, to which the School responded. The probation does not affect the Charter, sports offerings, or enrollment.

The table below shows the extracurricular activities and clubs offered by the School for the 2024-25 school year.

Elementary School	Clubs	
	Middle School	High School
Chess Club	Art Club	Art Club
Dance Club	Baseball Club	
Spanish Club	Softball Club	
	Wrestling Club	

Fall	Athletics	
	Winter	Spring
Football	Basketball	Baseball
Volleyball	Wrestling	Softball

### Admissions, Lottery and Waitlist

*Admissions.* Students who were previously enrolled at the School are automatically re-enrolled in the subsequent school year, and no application is required for these students. Children that wish to enroll at the School are required to follow the admissions process, which is a two-step process. First, the child must complete and submit a pre-enrollment application (an “Application”); however, the completion of the Application is not a guarantee of admission to the School. Second, if the child’s parent/guardian is notified that the application is accepted or the child is selected through the lottery or waitlist, the child’s parent/guardian must complete all enrollment forms and submit all required documentation within the timeframe set by Management.

Pre-enrollment forms are to be submitted between March 1 and April 30 each year. As permitted by the Pennsylvania Charter School Law, preference is given to students that reside in ASD and to siblings of students presently enrolled in the School. The School is permitted to enroll no more than 910 children that reside in ASD. Preference may also be given to a child of a parent who actively participated in the development of the School. Applications may be accessed and completed through the School’s online portal, found on the School’s website. If a parent/guardian does not have access to the online portal, they may visit the Facilities via appointment during normal school hours to complete an Application on site.

*Lottery.* If as of April 30 each year, the total number of applicants for the subsequent school year exceeds the spaces available, a lottery will be held for those grades in which seats are available. A waitlist is generated by the same lottery where applicants exceed open seats. The lottery is held in May each year and the date is announced at least five days in advance on the School’s website. The lottery is open to the public but may be held virtually during any period when school is being conducted virtually.

The School conducts the lottery using a random selection process wherein each child who submitted a timely Application is assigned a number. On the date of the lottery, three School employees, including one employee who is part of the School’s Admissions Office and two employees who are not associated with the Admissions Office, will conduct the lottery using a random selection process computer or cellular device application or program that selects numbers at random. Each randomly selected number corresponds to a number assigned to each child applicant.

Once the lottery is conducted, the School will promptly notify the parent/guardian of any students chosen through the lottery by email and by a telephone call. Children who submitted Applications and were not selected for admission through the lottery will be notified of their position on the waitlist by email.

Any Application containing an address outside of ASD are placed on a separate non-ASD resident waitlist in the order determined by a separate lottery. Non-ASD resident children applying to the School will be considered only if enrollment for a particular grade is not full following the admission of ASD students. If a spot becomes available, the parent/guardian will be contacted and given seventy-two (72) hours to accept the slot by submitting the

enrollment information required. If the spot is declined or if no response is received, the enrollment slot will be forfeited and the next child on the waitlist will be contacted.

*Waitlist.* Children not selected in the lottery for enrollment are placed on a numbered waitlist in the order determined by the lottery. In addition, the name of any child who files an Application between May 1 and the last day of February will be added to the end of the current year’s waitlist. Names on the waitlist will remain there until the following year’s lottery occurs and a new waitlist is generated.

The table below shows the School’s waitlist, as of June 30 for the 2021-22 through 2023-24 school years and as of October 1, 2024 for the 2024-25 school year.

Grades	2021-22	2022-23	2023-24	2024-25
<b>K</b>	160	235	301	86
<b>1</b>	72	83	99	144
<b>2</b>	64	61	95	101
<b>3</b>	80	79	79	100
<b>4</b>	66	92	94	110
<b>5</b>	99	95	147	115
<b>6</b>	132	184	126	156
<b>7</b>	98	131	173	120
<b>8</b>	103	129	159	118
<b>9</b>	102	128	137	129
<b>10</b>	59	80	112	12
<b>11</b>	37	35	44	64
<b>12</b>	6	1	8	6
<b>Total</b>	<b>1,078</b>	<b>1,333</b>	<b>1,574</b>	<b>1,261</b>

### Demographics and Enrollment

*Student Body.* The table below shows the racial and ethnic diversity and other demographic information of the School’s student population from the listed school years. Historical data is as of October 1 each school year and as of October 1, 2024 for the 2024-25 school year.

	2021-22	2022-23	2023-24	2024-25
American Indian/Alaskan Native	0.2%	0.2%	0.2%	0.2%
Asian	0.4%	0.4%	0.5%	0.3%
African American/Black	17.7%	17.4%	17.1%	18.0%
Native Hawaiian/Pacific Islander	0.1%	0.1%	0.1%	0.0%
Hispanic	72.8%	74.2%	75.3%	74.2%
White	6.6%	6.1%	5.4%	5.3%
Two or more races	2.2%	1.6%	1.5%	1.9%
Economically disadvantaged	69.7%	67.0%	78.7%	78.1%
English Language Learners	4.0%	4.9%	5.2%	5.3%
Students with IEP	10.8%	8.8%	8.7%	11.9%



*Historical, Current, and Projected Enrollment.* The table below shows the historical enrollment for the 2021-22 through 2023-24 school years, current enrollment as of October 1, 2024 for the 2024-25 school year, and projected enrollment for the 2025-26 through 2028-29 school years. Historical enrollment counts are as of the October 1 enrollment headcount date. The Charter School has a cap of 910 students from ASD and has been fully enrolled to that level since fall 2018. There is no limit under the Charter on the number of students the School may enroll from other school districts.

Grades	Historical			Current	Projected			
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<b>K</b>	100	105	110	98	120	120	120	120
<b>1</b>	100	110	111	108	110	132	132	132
<b>2</b>	108	110	112	111	110	110	132	132
<b>3</b>	108	108	108	108	132	132	132	132
<b>4</b>	107	112	108	105	110	132	132	132
<b>5</b>	109	109	111	108	132	132	132	132
<b>6</b>	108	108	137	134	132	132	132	132
<b>7</b>	107	107	110	133	132	132	132	132
<b>8</b>	110	108	113	134	154	154	154	154
<b>9</b>	113	112	108	124	132	154	154	154
<b>10</b>	110	111	111	129	132	132	154	154
<b>11</b>	93	104	101	100	132	132	132	154
<b>12</b>	106	98	106	108	110	132	132	132
<b>Total</b>	<b>1,379</b>	<b>1,402</b>	<b>1,446</b>	<b>1,500</b>	<b>1,638</b>	<b>1,726</b>	<b>1,770</b>	<b>1,792</b>

*Student Retention.* The table below shows student retention for the listed school years. The student retention percentage is calculated based on the number of students who re-enrolled at the School from the prior school year.

	2021-22	2022-23	2023-24	2024-25
Student Retention Rate	84%	95%	95%	93%

*Student Attendance.* The table below shows the student attendance percentages for the listed school years based on the School’s entire population.

	2021-22	2022-23	2023-24
Student Attendance Rate	91.0%	92.7%	93.6%

## Academic Performance

*The Pennsylvania System of School Assessment.* The PSSA is an annual assessment administered in Commonwealth classrooms in grades 4 through 8. Every student in grades 3 through 8 is assessed in English language arts and mathematics. Every student in grades 4 and 8 is assessed in science.

*Educator Effectiveness.* Act 13, signed into law by Governor Tom Wolf on March 27, 2020 (“Act 13”), revises the Act 82 Educator Effectiveness (“EE”) process for evaluating professional and temporary professional employees in PK-12 education throughout Pennsylvania. The PDE collects EE data annually to comply with reporting requirements associated with the American Recovery and Reinvestment Act and U.S. Department of Education revised “EdFacts” regulations. The updated rating system applies to three categories of employees: classroom teachers, nonteaching professionals, and principals. Act 13 mandates that the PDE approve a rating tool for evaluating professional employees, including teachers and principals. Such tools must assess employees as “distinguished,” “proficient,” “needs improvement,” or “failing,” with ratings affecting potential dismissals and improvement plans.

Such assessment tools implement several different methodologies to evaluate professional employees, particularly if various schools within a district have different levels and types of teacher, classroom, or building-level data available.

The Building Level Score is a number that summarizes a school’s overall academic performance based on several factors, including student standardized test scores, student growth, graduation rates, and attendance rates. The Building Level Score is adjusted by a “challenge multiplier” to account for the percentage of economically disadvantaged students in a school. The Building Level Score is one component of an educator’s evaluation, making up no more than 10% of their overall rating. The score is intended to mitigate indicators that can unfairly penalize employees in struggling schools.

*Keystone Exams.* The Keystone Exams are end-of-course assessments designed to assess proficiency in the subject areas of Algebra I, Algebra II, Geometry, Literature, English Composition, Biology, Chemistry, U.S. History, World History, and Civics and Government. The Keystone Exams in Algebra I, Literature, and Biology were developed by PDE and made available for use by school districts, area vocational technical school, and charter schools (including cyber charter schools).

The Keystone Exams are one component of the State’s statewide high school graduation requirements. Keystone Exams will help school districts guide students toward meeting state standards. The Keystone Exams are used to help comply with accountability requirements in the ESSA. Each state is expected to achieve 95 percent participation on its statewide exams.

In the fall of 2018, the PDE released the first edition of the Future Ready PA Index, a comprehensive progress report that provides easy-to-understand information about the State’s schools and student success. At the end of 2019, the PDE reported additional state, local education agency, school, and student group-level data via the ESSA State Report Card. The ESSA State Report Card will be accessible via the Future Ready PA Index and will be updated as new data elements become available. See “BONDHOLDERS’ RISKS — Compliance with Federal and State Accountability Requirements.”

*Academic Results.* The table on the following page shows certain academic results provided by the Future Ready PA Index website, except as otherwise noted, for the School and the schools identified by Management as competitors of the School for the 2022-23 school year. Certain academic data of the School for the 2023-24 school year is provided below; however, statewide academic testing data for the 2023-24 school year is not yet publicly available as of the date of this Limited Offering Memorandum. All statistics presented are a percentage of the school population or of the tested population, as applicable.

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<u>2023-24</u>								
Indicator Name <sup>(1)</sup>	The School	Roberto Clemente Charter School	Lincoln Leadership Academy Charter School	Harrison-Morton Middle School	Francis D. Raub Middle School	Hiram W. Dodd Elementary School	Francis H. Sheckler Elementary School	Lehigh Valley Academy Regional Charter School
<b><u>State Assessment Measures</u></b>								
<i>Percent Proficient or Advanced:</i>								
ELA/Literature	39.2	25.6	25.1	22.8	13.3	31.5	36.9	59.7
Mathematics/Algebra 1	21.9	12.8	13.5	4.3	4.7	27.4	39.3	32.5
Science/Biology	48.5	38.7	27.1	27.1	15.5	61.2	71.4	59.4
<i>Meeting Annual Academic Growth Expectations:</i>								
ELA/Literature	98.2	78.5	63.0	98.0	50.0	100.0	78.0	58.3
Mathematics/Algebra 1	89.0	67.8	89.2	55.3	50.0	100.0	100.0	50.0
Science/Biology	80.7	74.3	50.0	52.0	53.0	95.0	100.0	66.7
<i>Advanced on State Assessments:</i>								
ELA/Literature	4.5	3.4	2.4	2.8	2.6	4.7	7.0	15.8
Mathematics/Algebra 1	4.7	3.1	2.7	1.4	0.4	6.4	9.8	8.6
Science/Biology	12.8	8.8	5.9	5.3	3.5	18.4	32.7	17.4
<b><u>On-Track Measures</u></b>								
English Language Growth and Attainment	36.2	26.6	46.7	4.8	7.0	46.5	IS	30.3
Students with Regular Attendance	69.6	60.1	68.7	45.5	45.3	55.1	90.0	70.1
<i>Early Indicators of Success:</i>								
Grade 3 Reading	38.7	14.6	21.8	N/A	N/A	27.5	81.9	58.6
Grade 7 Mathematics	7.8	6.3	7.5	3.4	3.2	N/A	N/A	26.4
<b><u>College and Career Measures</u></b>								
Career Standards Benchmark	99.7	95.7	98.6	93.9	78.6	98.3	N/A	95.5
Graduation 4-Year Cohort	94.1	84.1	96.2	N/A	N/A	N/A	N/A	97.8
Graduation 5-Year Cohort	95.3	97.6	93.5	N/A	N/A	N/A	N/A	98.0
Industry-Based Learning	7.1	0.0	0.0	N/A	N/A	N/A	N/A	0.0
Advanced on Industry Standards-Based Competency Assessments	0.0	0.0	0.0	N/A	N/A	N/A	N/A	0.0
Rigorous Courses of Study	38.8	39.5	54.5	N/A	N/A	N/A	N/A	100.0
Post Secondary Transition to School, Military, or Work	71.8	75.6	80.5	N/A	N/A	N/A	N/A	88.3
<b>Building Level Score <sup>(2)</sup></b>	<i>Not Available</i>	<i>Not Available</i>	<i>Not Available</i>	<i>Not Available</i>	<i>Not Available</i>	<i>Not Available</i>	<i>Not Available</i>	<i>Not Available</i>

(1) Statistics above may have the following meanings: "IT" = insufficient testers, "IS" = insufficient sample, or "N/A" = not applicable or does not apply to the school.

(2) Source (not incorporated by reference): <https://www.education.pa.gov/Teachers%20-%20Administrators/Educator%20Effectiveness/Pages/Act13BuildingLevelScore.aspx>

<u>2022-23</u>		Roberto Clemente Charter School	Lincoln Leadership Academy Charter School	Harrison-Morton Middle School	Francis D. Raub Middle School	Hiram W. Dodd Elementary School	Francis H. Sheckler Elementary School	Lehigh Valley Academy Regional Charter School
Indicator Name	The School							
<b><u>State Assessment Measures</u></b>								
<i>Percent Proficient or Advanced:</i>								
ELA/Literature	<b>36.0</b>	26.9	29.7	22.9	16.2	22.5	34.9	59.4
Mathematics/Algebra 1	<b>15.8</b>	9.9	7.3	2.5	2.5	20.1	33.8	30.0
Science/Biology	<b>40.3</b>	33.1	28.7	13.9	7.4	52.0	63.0	56.8
<i>Meeting Annual Academic Growth Expectations:</i>								
ELA/Literature	<b>92.6</b>	87.0	50.0	IS	IS	IS	71.0	58.3
Mathematics/Algebra 1	<b>94.8</b>	91.7	79.3	72.7	50.0	100.0	100.0	50.0
Science/Biology	<b>69.7</b>	73.7	64.3	52.0	50.0	IS	85.0	65.7
<i>Advanced on State Assessments:</i>								
ELA/Literature	<b>2.5</b>	2.8	2.1	3.1	2.2	3.9	5.1	15.6
Mathematics/Algebra 1	<b>3.3</b>	1.8	1.0	0.3	0.6	6.0	8.7	7.4
Science/Biology	<b>11.6</b>	7.5	6.1	3.1	1.0	13.5	33.0	23.6
<b><u>On-Track Measures</u></b>								
English Language Growth and Attainment	<b>13.7</b>	20.0	IS	2.6	0.7	37.5	IS	24.3
Students with Regular Attendance	<b>81.3</b>	73.8	57.0	56.0	51.0	70.4	92.4	91.0
<i>Early Indicators of Success:</i>								
Grade 3 Reading	<b>40.6</b>	21.3	35.6	N/A	N/A	25.5	74.2	50.7
Grade 7 Mathematics	<b>4.0</b>	2.2	0.0	4.1	1.0	N/A	N/A	16.2
<b><u>College and Career Measures</u></b>								
Career Standards Benchmark	<b>97.1</b>	97.2	94.9	69.7	73.2	93.1	N/A	94.7
Graduation 4-Year Cohort	<b>88.2</b>	97.6	93.2	N/A	N/A	N/A	N/A	93.9
Graduation 5-Year Cohort	<b>94.0</b>	97.2	100.0	N/A	N/A	N/A	N/A	100.0
Industry-Based Learning	<b>1.9</b>	0.0	2.0	N/A	N/A	N/A	N/A	IS
Advanced on Industry Standards-Based Competency Assessments	<b>0.0</b>	0.0	0.0	N/A	N/A	N/A	N/A	IS
Rigorous Courses of Study	<b>46.2</b>	25.0	92.2	N/A	N/A	N/A	N/A	IS
Post Secondary Transition to School, Military, or Work	<b>53.2</b>	77.8	72.7	N/A	N/A	N/A	N/A	93.1
<b>Building Level Score</b>	<b>72.1</b>	60.7	59.2	55.6	45.1	75.5	76.8	63.6

## NO LITIGATION

As of the date of this Limited Offering Memorandum, neither the Borrower nor the Charter School is the subject of any pending or threatened litigation or administration proceedings related to its operations. Litigation may arise in the normal course of business for either the Borrower or the Charter School. See “RISK FACTORS — Litigation” for an explanation of risks associated with any potential litigation that may arise in the normal course of business for the Borrower or the Charter School.

## CERTAIN FINANCIAL INFORMATION

### Revenues

Charter schools in the Commonwealth do not charge tuition, but instead receive funding from the school district in which each charter school student lives based on a statutory formula (derived from budgeted costs for each such school district for the preceding school year). See APPENDIX D — “CHARTER SCHOOL LAWS AND FINANCING IN PENNSYLVANIA — Funding for Charter Schools.”

The table below shows the regular education and special education per pupil funding rates for ASD and Bethlehem Area School District (“BASD”). Since fall 2018, the Charter School has enrolled approximately 910 students (the enrollment cap pursuant to the Charter) from ASD and expects to do so in future years. In fall 2024, approximately 240 students will come from BASD and the remaining from approximately 18 other area school districts. There is no enrollment cap for BASD or any other districts. Each district has a different funding rate. BASD (along with 8 of the other districts) has announced funding rates for the 2024-25 school year, which are shown in the table below. The others, including ASD, have not yet announced funding rates. The table below reflects an increase of 3% over the 2023-24 funding rate for ASD. The weighted average 2024-25 regular education and special education funding rates for the other districts.

	2021-22	2022-23	2023-24	2024-25
ASD Regular Ed. Rate (\$)	10,986	10,780	11,318	11,658
BASD Regular Ed. Rate (\$)	13,393	13,624	14,508	15,306
ASD Special Ed. Rate (\$)	27,866	27,274	29,527	30,412
BASD Special Ed. Rate (\$)	29,616	30,736	31,980	35,086

The table below shows the School’s projected funding rates for both regular and special education for the 2025-26 through 2028-29 school years, as provided by Management. The projected rates reflect 3% annual increases and are based upon weighted average rates for expected future enrollment. ASD’s annual rate increase has averaged 3.0% over the past 4 years. BASD’s rate increased 5.5% for 2024-25, and an average of 4.1% over the past 5 years.

	2025-26	2026-27	2027-28	2028-29
Regular Ed. Rate (\$)	13,268	13,666	14,076	14,499
Special Ed. Rate (\$)	33,456	34,460	35,494	36,559

See “RISK FACTORS — Commonwealth of Pennsylvania Finances,” “— Changes in Law; Annual Appropriation; Inadequate School District Payments,” and “— Executive Actions.”

### Indebtedness

As of the Closing Date, after payment of the Series 2017 Bonds and the Series 2022 Bonds in full, the Borrower and the Charter School will have no Indebtedness outstanding other than in connection with the Series 2024 Bonds. Under certain circumstances, the Borrower and the Charter School are permitted to incur additional Indebtedness. APPENDIX E — “SUBSTANTIALLY FINAL FORMS OF CERTAIN FINANCING DOCUMENTS.”

## **Financial Statements**

The audited financial statements of the Charter School, including the Borrower as a component unit, for the Fiscal Years ended June 30, 2021, 2022, and 2023, included in this Limited Offering Memorandum in APPENDIX B — “AUDITED FINANCIAL STATEMENTS OF THE BORROWER AND THE CHARTER SCHOOL FOR THE FISCAL YEARS ENDED JUNE 30, 2021, 2022, AND 2023,” have been audited by Gorman & Associates, P.C. (the “Auditor”), to the extent and for the period indicated in its reports thereon. Such financial statements have been included in reliance upon the reports of the Auditor. The Borrower and the Charter School are not aware of any facts that would make such financial statements misleading. These financial statements were prepared using the standards applicable to nonprofit entities. The audited financial statements included in APPENDIX B are an integral part hereof and should be read in their entirety.

Certain unaudited financial statements of the Charter School for the Fiscal Years ended June 30, 2023 and 2024, are provided herein. Such unaudited financial statements have been prepared by Management and have not been examined or reviewed by the Auditor or any other independent certified accountant.

## **Statement of Net Position and Statement of Activities of the Charter School**

The following Statement of Net Position summary for the Charter School presents a summary of the Charter School’s financial position as of June 30 of each listed Fiscal Year. The Summary of Revenues, Expenses and Changes in Net Position for the Charter School presents a summary of the Charter School’s financial activities for the Charter School during the Fiscal Year, thereby reconciling the beginning and end of year net asset positions contained in the Statement of Net Position summary. Such summary statements are based on the audited financial statements of the Charter School for the Fiscal Years ended June 30, 2021, 2022, and 2023.

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**Statement of Net Position**

	<b><u>2021</u></b>	<b>As of <u>2022</u></b>	<b><u>2023</u></b>
	(Audited)	(Audited)	(Audited)
<b>Current Assets</b>			
Unrestricted Cash and cash equivalents	\$ 4,098,202	\$ 3,961,843	\$ 4,865,645
Investments	37,868	79,161	-
Due from component unit	100,000	318,973	1,265,130
Due from other governments	1,816,422	3,118,836	3,143,766
Other receivables, net	1,500	6,540	70,746
Inventories	27,367	37,030	54,228
Prepaid expenses	-	353,438	6,690
Other current assets	<u>-</u>	<u>-</u>	<u>79,161</u>
<b>Total current assets</b>	<b>6,081,359</b>	<b>7,875,821</b>	<b>9,485,366</b>
<b>Non-Current Assets</b>			
Furniture and equipment (net of depreciation)	261,656	417,186	383,016
Building and building improvements	-	185,910	-
Leasehold improvements	70,763	66,593	271,222
Right to use assets (net of amortization)	-	54,293,625	52,393,164
Construction in progress	-	69,940	1,724,551
Security deposit	<u>675,000</u>	<u>675,000</u>	<u>675,000</u>
<b>Total non-current assets</b>	<b>1,007,419</b>	<b>55,708,254</b>	<b>55,446,953</b>
<b>Total assets</b>	<b>\$ 7,088,778</b>	<b>\$ 63,584,075</b>	<b>\$ 64,932,319</b>
<b>Liabilities</b>			
Current Liabilities:			
Due to other governments	\$ 6,305	\$ 12,334	\$ 1,437
Due to component unit	-	101,324	52,790
Accounts payable	369,557	309,068	448,087
Current portion of long-term obligations	-	931,592	975,508
Accrued salaries and benefits	1,385,250	1,451,641	1,245,233
Unearned revenues	5,691	20,205	865,025
Non-Current Liabilities:			
Lease obligations	<u>-</u>	<u>54,188,279</u>	<u>53,212,771</u>
<b>Total liabilities</b>	<b>1,766,803</b>	<b>57,014,443</b>	<b>56,800,851</b>
<b>Net Position</b>			
Invested in capital assets	334,419	55,033,253	54,771,951
Other restrictions	675,000	675,000	675,000
Unrestricted (deficit)	<u>4,312,556</u>	<u>(49,138,621)</u>	<u>(47,315,483)</u>
<b>Total Net Position</b>	<b>5,321,975</b>	<b>6,569,632</b>	<b>8,131,468</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 7,088,778</b>	<b>\$ 63,584,075</b>	<b>\$ 64,932,319</b>

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**Statement of Activities****Fiscal Year Ended****June 30,**

	<u>2021</u> (Audited)	<u>2022</u> (Audited)	<u>2023</u> (Audited)
<b>Revenue</b>			
Receipts from other local education agencies	\$ 17,427,968	\$ 17,775,491	\$ 18,271,722
Investment earnings	10,118	10,498	20,738
Miscellaneous income	<u>20,676</u>	<u>14,844</u>	<u>301,400</u>
<b>Total Revenues</b>	17,458,762	17,800,833	18,593,860
<b>Expenses</b>			
Instruction	8,044,604	6,990,205	6,967,998
Instruction student support	615,877	813,464	679,743
Administrative & financial support services	3,033,714	3,024,280	3,171,344
Operation & maintenance of plant services	4,023,853	2,954,833	2,975,151
Pupil transportation	6,193	28,416	20,582
Student activities	229,898	413,759	441,419
Community services	112,126	127,010	134,479
Interest on long-term debt	28,012	2,469,030	2,641,999
Unallocated depreciation expense	-	-	1,133
Food service	<u>25,123</u>	<u>(267,821)</u>	<u>(1,824)</u>
<b>Total Expenses</b>	16,119,400	16,553,176	17,032,024
<b>Net Position</b>	1,339,362	1,247,657	1,561,836
Net position - beginning	3,982,613	5,321,975	6,569,632
Net position - ending	\$ 5,321,975	\$ 6,569,632	\$ 8,131,468

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## Historical Balance Sheet and Profit and Loss

The following tables show the Charter School's unaudited financial statements including the historical balance sheet and historical profit and loss for the Fiscal Years ended June 30, 2023, and 2024.

<b>Balance Sheet</b>	<b>As of</b>	
	<b>2023</b>	<b>2024</b>
	(Unaudited)	(Unaudited)
<b>Assets</b>		
Current assets	\$ 4,319,752	\$ 4,218,950
Accounts receivable	2,077,488	1,971,419
Due from Commonwealth-Lease	11,978	-
Federal subsidies receivable	1,008,819	431,665
Due from component unit	1,265,130	1,408,170
Other current assets	151,501	682,393
Inventory	80,856	30,836
Prepaid expenses	6,690	-
Security deposit	675,000	675,000
Other assets	<u>79,161</u>	<u>79,161</u>
<b>Total assets</b>	<b>\$ 9,676,375</b>	<b>\$ 9,497,594</b>
<b>Liabilities and Equity</b>		
Accounts payable	\$ 262,653	\$ 382,796
Intergovernmental accounts payable	1,437	-
Due to component unit	48,621	-
Salaries and benefits payable	1,245,233	1,322,948
Unearned revenue	<u>864,516</u>	<u>-</u>
Total liabilities	2,422,459	1,705,744
<b>Equity</b>		
Nonspendable fund balance	\$ 712,546	\$ 712,546
Restricted fund balance	1,000	1,000
Assigned fund balance	31,434	31,434
Unassigned fund balance	2,740,868	2,740,868
Unrestricted net assets	2,824,660	3,718,068
Net Income	<u>893,408</u>	<u>587,934</u>
Net Income	7,203,916	7,791,850
<b>Total Liabilities and Capital</b>	<b>\$ 9,626,375</b>	<b>\$ 9,497,594</b>

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<b>Profit and Loss</b>	<b>Fiscal Year Ended</b>	
	<b>June 30,</b>	
	<b><u>2023</u></b>	<b><u>2024</u></b>
	(Unaudited)	(Unaudited)
<b>Revenue</b>		
Local	\$ 18,460,293	\$ 20,879,692
State	223,275	261,301
Federal	5,271,888	3,058,518
Other	—	—
<b>Total Revenues</b>	<b>23,955,456</b>	<b>24,199,510</b>
<b>Expenditures</b>		
Instruction	11,922,272	12,783,488
Support services	10,716,560	5,762,280
Operation of non-instructional services	676,304	740,961
Facilities acquisition, construction	-	80,720
Other expenditures and finance uses	—	4,201,150
<b>Total Expenditures</b>	<b>23,315,137</b>	<b>23,568,599</b>
<b>Net Income (Loss)</b>	<b>\$ 640,319</b>	<b>\$ 630,911</b>

**Borrower’s Cash Position**

The table below shows the cash position of the Borrower for the 2020-21 through 2023-24 Fiscal Years. The information provided in the table below cannot be derived from the audited financial statements, however, this information will be included in the audited financial statements beginning with the 2023-24 Fiscal Year and each year thereafter.

	2020-21 (\$)	2021-22(\$)	2022-23(\$)	2023-24(\$)
Total cash	5,351,228	5,626,692	12,029,065	7,830,228
Restricted	4,984,741	4,933,657	10,539,108	5,980,789
Unrestricted	366,487	693,035	1,489,957	1,849,439

**Financial Projections**

Payment by the Borrower of principal of and interest on the Series 2024 Bonds is dependent upon the Charter School’s ability to make payments of Base Rent to the Borrower and the Borrower’s ability to make payments on the Series 2024 Bonds. The Charter School’s ability to make rental payments when due under the Lease depends on the timely receipt of School District Payments.

Capitalized terms used but not otherwise defined herein shall have the same meaning as in the forepart of this Limited Offering Memorandum.

The Charter School commenced operations of the School for the 2014-15 school year. The Charter School’s projections of revenues and expenses for the Fiscal Years ended June 30, 2025 through 2029 (the “Projections”) contained in this APPENDIX C — “FINANCIAL PROJECTIONS OF THE CHARTER SCHOOL” were prepared by Management and have not been independently verified by any other party. No feasibility studies have been conducted with respect to operations of the School pertinent to the Series 2024 Bonds. The Projections prepared by the Borrower and the Charter School are “forward-looking statements” and are subject to the general qualifications and limitations described under “INTRODUCTION — Forward-Looking Statements” with respect to such statements. Neither the Authority nor the Underwriter has independently verified such projections, and each make no representations nor give any assurances that such projections, or the assumptions underlying them, are complete or correct. Further, the Projections relate only to a limited number of Fiscal Years and consequently do not cover the entire period that the Series 2024 Bonds will be outstanding.

The Projections are derived from the actual operations of the School and from assumptions made by Management about future student enrollment. There can be no assurance that the actual enrollment, revenues and expenses for the School will be consistent with the assumptions underlying the Projections contained herein. Moreover, no guarantee can be made that the Projections of revenues and expenses contained herein will correspond with the results actually achieved in the future because there is no assurance that actual events will correspond with the assumptions made by Management. Actual operating results may be affected by many factors, including, but not limited to, increased costs, lower than anticipated Pledged Revenues or Gross Revenues (as a result of insufficient enrollment, reduced School District Payments, or otherwise), employee relations, changes in taxes, changes in applicable government regulation or legislation, changes in demographic trends, factors associated with education, competition for students, changes in local or general economic conditions.

No assurance can be given that the results described in the Projections will be achieved, or that there has been no change in underlying considerations since the date of this Limited Offering Memorandum. See below to review the Projections, their underlying assumptions, and the various factors that could cause actual results to differ significantly from projected results.

NO GUARANTEE CAN BE MADE THAT THE PROJECTIONS CONTAINED HEREIN WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE BECAUSE THERE CAN BE NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE ASSUMPTIONS UNDERLYING SUCH PROJECTED INFORMATION. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY FACTORS, INCLUDING, BUT NOT LIMITED TO, INCREASED PERSONNEL, OPERATING, OR OTHER COSTS, LOWER THAN ANTICIPATED REVENUES (AS A RESULT OF INSUFFICIENT ENROLLMENT, REDUCED STATE OR FEDERAL AID PAYMENTS, OR OTHERWISE), EMPLOYEE RELATIONS, CHANGES IN TAXES, CHANGES IN APPLICABLE GOVERNMENTAL REGULATION, CHANGES IN DEMOGRAPHIC TRENDS, CHANGES IN EDUCATION COMPETITION, AND LOCAL OR GENERAL ECONOMIC CONDITIONS.

See “RISK FACTORS — Reliance on Projections.”

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**APPENDIX B**  
**AUDITED FINANCIAL STATEMENTS OF THE BORROWER AND THE CHARTER SCHOOL**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021, 2022, AND 2023**

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**REPORT ON  
EXECUTIVE EDUCATION  
ACADEMY CHARTER SCHOOL  
SINGLE AUDIT REPORT  
FISCAL YEAR ENDED JUNE 30, 2023**

EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL

Single Audit Report

For the Fiscal Year Ended June 30, 2023

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EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL

Single Audit Report

For the Fiscal Year Ended June 30, 2023

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## INTRODUCTORY SECTION



# GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of  
American Institute of Certified Public Accountants  
Pennsylvania Institute of Certified Public Accountants

Board of Trustees  
Executive Education Academy Charter School  
555 Union Boulevard  
Allentown, PA 18109

We have performed the Single Audit of the Executive Education Academy Charter School for the fiscal year ended June 30, 2023, and have enclosed the Single Audit reporting package.

The Single Audit was done to fulfill the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, which entailed:

1. An audit of the basic financial statements, and our opinion thereon;
2. A review of compliance and of internal control over financial reporting based on an audit of the financial statements performed in accordance with Governmental Auditing Standards, and our report thereon;
3. An examination of the Schedule of Expenditures of Federal Awards and our report thereon; and,
4. An opinion on compliance with requirements applicable to each major program, and a review of internal control over compliance in accordance with the Uniform Guidance, explained above, and our report thereon.

Respectfully submitted,

*Gorman & Associates, P.C.*

December 21, 2023

***REPORT DISTRIBUTION LIST***

The Executive Education Academy Charter School has distributed copies of the Single Audit Act Package to the following:

**ONE COPY TO:**  
**(Submitted Electronically)**

FEDERAL AUDIT CLEARINGHOUSE  
GENERAL SERVICES ADMINISTRATION

**ONE COPY TO:**  
**(Submitted Electronically)**

COMMONWEALTH OF PENNSYLVANIA  
BUREAU OF AUDITS

**ONE COPY TO:**

CARBON-LEHIGH INTERMEDIATE UNIT #21  
4210 INDEPENDENCE DRIVE  
SCHNECKSVILLE, PA 18078

**FINANCIAL SECTION**



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of  
American Institute of Certified Public Accountants  
Pennsylvania Institute of Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Executive Education Academy Charter School  
555 Union Boulevard  
Allentown, PA 18109

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Executive Education Academy Charter School, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Executive Education Academy Charter School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Executive Education Academy Charter School, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Executive Education Academy Charter School 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 opinions.

#### **Change in Accounting Principle**

As described in Note 2-G to the financial statements, in 2022-23, the District adopted new accounting guidance, GASB Statement No. 96, SBITA's. Our opinion is not modified with respect to this matter.

#### **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 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 Executive Education Academy Charter School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

1825 Franklin Street  
Northampton, Pennsylvania 18067 - 1573  
tele) 610/ 262/ 1280 fax) 610/ 262/ 1756  
www.gaapc.com

***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 opinions. 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Executive Education Academy Charter School'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 Executive Education Academy Charter School'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.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Executive Education Academy Charter School's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures

## **EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL**

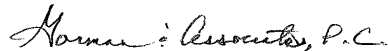
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of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2023, on our consideration of the Executive Education Academy Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Executive Education Academy Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Executive Education Academy Charter School's internal control over financial reporting and compliance.

Respectfully submitted,



Northampton, Pennsylvania  
November 21, 2023



**EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Required Supplemental Information (RSI)  
(UNAUDITED)  
For the Year Ended June 30, 2023**

---

The discussion and analysis of Executive Education Academy Charter School's financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2023 and 2022. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the School's financial performance.

In this fiscal year the Executive Education Academy Charter School's increased its student enrollment from 1,379 to 1,402 students. Since student enrollment is directly related to revenues, this, along with federal grants, helped account for an increase in revenues of \$2,661,682 for total revenues of \$24,154,828 (excluding other financing sources).

### **Overview of the Financial Statements**

This annual report consists of three parts-management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the school.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the School's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short-and long-term financial information about the activities the government operates like businesses, such as food service.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of supplemental information that further explains and supports the information in the financial statements.

### **Government-wide Statements**

The government-wide statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the School's net position and how they have changed. Net position - the difference between the School's assets and liabilities - is one way to measure the School's financial health or position. Over time, increases or decreases in the School's net position are an indication of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the School include the Governmental Activities. Most of the School's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development and general administration. Subsidies from local school districts and grants finance most of these activities.

**EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL**  
**Management's Discussion and Analysis**

**Fund Financial Statements**

The fund financial statements provide detailed information about the School's most significant funds – not the School as a whole. Funds are accounting devices that the School uses to track specific sources of funding and spending for particular purposes.

Some funds are required by State law. The School Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain subsidies and grants.

The School has the following type of funds:

- Governmental funds – Most of the School's activities are reported in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on a subsequent page that explains the relationship (or differences) between them.
- Proprietary funds – Services for which the School charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

**FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE**

The Statement of Net Position provides the perspective of the School as a whole. The School's net position as of June 30, 2023 and 2022 were as follows:

**Table A-1**  
**Net Position**  
**As of June 30, 2023 and June 30, 2022**

	2023			2022		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 8,951,375	\$ 611,408	\$ 9,485,366	\$ 7,426,308	\$ 534,584	\$ 7,875,821
Non Current Assets	55,363,095	83,858	55,446,953	55,629,398	78,856	55,708,254
Deferred Outflows of Resources	-	-	-	-	-	-
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<b>\$ 64,314,470</b>	<b>\$ 695,266</b>	<b>\$ 64,932,319</b>	<b>\$ 63,055,706</b>	<b>\$ 613,440</b>	<b>\$ 63,584,075</b>
Current and Other Liabilities	\$ 3,397,968	\$ 267,529	\$ 3,588,080	\$ 2,722,394	\$ 188,841	\$ 2,826,164
Long-term Liabilities	53,212,771	-	53,212,771	54,188,279	-	54,188,279
Deferred Inflows of Resources	-	-	-	-	-	-
<b>Total Liabilities &amp; Deferred Inflows of Resources</b>	<b>\$ 56,610,739</b>	<b>\$ 267,529</b>	<b>\$ 56,800,851</b>	<b>\$ 56,910,673</b>	<b>\$ 188,841</b>	<b>\$ 57,014,443</b>
<b>Net Position</b>						
Net Investment in Capital Assets	\$ 54,688,093	\$ 83,858	\$ 54,771,951	\$ 54,954,397	\$ 78,856	\$ 55,033,253
Restricted	675,000	-	675,000	675,000	-	675,000
Unrestricted	(47,659,362)	343,879	(47,315,483)	(49,484,364)	345,743	(49,138,621)
<b>Total Net Position</b>	<b>\$ 7,703,731</b>	<b>\$ 427,737</b>	<b>\$ 8,131,468</b>	<b>\$ 6,145,033</b>	<b>\$ 424,599</b>	<b>\$ 6,569,632</b>

**EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL**  
**Management's Discussion and Analysis**

As of June 30, 2023, the Executive Education Academy Charter School had total assets of \$64,932,319 with 0% of those assets being deferred outflows of resources, 7% being in cash and 7% being in receivables. The remaining 86% represent prepaid expenditures and the net value of capital assets. Due to the implementation of GASB 87, \$53,212,771 was for right to use assets. Total liabilities of \$56,800,851 includes trade accounts payable, accrued expenses, salaries and benefits, and obligations from existing financial arrangements. The resulting net position of \$8,131,468 includes unrestricted assets of \$7,456,468 and restricted assets of \$675,000, in net investments in capital assets.

As of June 30, 2022, the Executive Education Academy Charter School had total assets of \$63,584,075 with 0% of those assets being deferred outflows of resources, 6% being in cash and 5% being in receivables. The remaining 89% represent prepaid expenditures and the net value of capital assets. Due to the implementation of GASB 87, \$54,293,625 was for right to use assets which were not shown in the previous year ended June 30, 2021. Total liabilities of \$57,014,443 includes trade accounts payable, accrued expenses, salaries and benefits, and obligations from existing financial arrangements. The resulting net position of \$6,569,632 includes unrestricted assets of \$5,894,632 and restricted assets of \$675,000, in net investments in capital assets.

The statement of Activities shows the revenues, expenses and changes in net position for fiscal years 2023 and 2022. The summarized figures are as follows:

**Table A-2**  
**Changes in Net Position**  
**Fiscal Years ended June 30, 2023 and June 30, 2022**

	<u>2023</u>			<u>2022</u>		
	Govern- mental Activities	Business -type Activities	Total	Govern- mental Activities	Business -type Activities	Total
<b>REVENUES</b>						
<i>Program Revenues</i>						
Charges for Services	\$ 96,383	\$ -	\$ 96,383	\$ 67,507	\$ -	\$ 67,507
Operating grants and contributions	5,459,815	1,607,202	7,067,017	59,813,014	1,676,653	61,489,667
<i>General Revenues</i>						
Receipt from Other LEAs	18,271,722	-	18,271,722	17,775,491	-	17,775,491
State grants and subsidies	-	-	-	-	-	-
Investment Earnings	19,424	-	19,424	9,885	-	9,885
Miscellaneous	307,484	-	307,484	21,336	-	21,336
Special Item - Gain (loss) on sale of capital assets	-	-	-	-	-	-
Fund Transfers	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 24,154,828</b>	<b>\$ 1,607,202</b>	<b>\$ 25,762,030</b>	<b>\$ 77,687,233</b>	<b>\$ 1,676,653</b>	<b>\$ 79,363,886</b>
<b>EXPENSES</b>						
Instruction	\$ 12,205,892	\$ -	\$ 12,205,892	\$ 10,386,813	\$ -	\$ 10,386,813
Instructional and Administrative						
Support Services	3,875,783	-	3,875,783	3,862,389	-	3,862,389
Operation and Maintenance	3,194,314	-	3,194,314	3,180,922	-	3,180,922
Student Activities	542,531	-	542,531	487,759	-	487,759
Community Services	134,479	-	134,479	127,010	-	127,010
Debt Service	2,643,131	-	2,643,131	58,663,117	-	58,663,117
Unallocated Depreciation	-	-	-	-	-	-
Food Service	-	1,604,064	1,604,064	-	1,408,219	1,408,219
Services	-	-	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>\$ 22,596,130</b>	<b>\$ 1,604,064</b>	<b>\$ 24,200,194</b>	<b>\$ 76,708,010</b>	<b>\$ 1,408,219</b>	<b>\$ 78,116,229</b>
<b>Increase (decrease) in net position</b>	<b>\$ 1,558,698</b>	<b>\$ 3,138</b>	<b>\$ 1,561,836</b>	<b>\$ 979,223</b>	<b>\$ 268,434</b>	<b>\$ 1,247,657</b>

**EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL**  
**Management's Discussion and Analysis**

---

The governmental activity revenue for the 2022-2023 school year from the Executive Education Academy Charter School came from three major program sources. These program sources included subsidies from school districts for instructional services \$18,271,722, grants from Federal Programs of \$5,315,949 and subsidies from the State of \$246,333. In addition, the School received \$320,824 from other resources including miscellaneous income, fundraising activities, investment earnings, and student activities. Revenue from business-type activities (food service) amounted to \$1,607,202.

The governmental activity revenue for the 2021-2022 school year from the Executive Education Academy Charter School came from three major program sources. These program sources included subsidies from school districts for instructional services \$17,775,491, grants from Federal Programs of \$3,217,490 and subsidies from the State of \$222,318. In addition, the School received \$277,847 from other resources including miscellaneous income, fundraising activities, investment earnings, and student activities. Revenue from business-type activities (food service) amounted to \$268,434.

**MAJOR FINANCIAL ISSUES**

***Building Space***

In August 2017, the Executive Education Academy Charter School Foundation purchased the property housing the Executive Education Academy Charter School. This resulted in the Charter School entering into a new lease agreement with the separate foundation entity as landlord. The foundation is shown as a Component Unit of the Executive Education Academy Charter School in these financial statements.

***Technology***

During the year ended June 30, 2023, the School did not enter in new financing agreements.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

At June 30, 2023, the School had a net value of \$54,771,953 of capital assets that consisted office furniture, computer equipment, leasehold improvements, and right to use assets. Due to the implementation of GASB 87, \$52,393,164 was for right to use assets. The School's policy requires the capitalization of individual furniture and equipment purchases of \$2,500 or more.

At June 30, 2022, the School had a net value of \$55,033,254 of capital assets that consisted office furniture, computer equipment, leasehold improvements, and right to use assets. Due to the implementation of GASB 87, \$54,293,625 was for right to use assets which were not shown in the previous year ended June 30, 2021. The School's policy requires the capitalization of individual furniture and equipment purchases of \$2,500 or more.

***Long - Term Debt***

In addition to the recording of the intangible right-to use assets required by the implementation of GASB 87, long-term lease obligations were recorded in the statement of net position. The long-term lease obligations for the leasing of facility land, buildings and equipment as of June 30, 2023 was \$53,212,771.

In addition to the recording of the intangible right-to use assets required by the implementation of GASB 87, long-term lease obligations were recorded in the statement of net position. The long-term lease obligations for the leasing of facility land, buildings and equipment as of June 30, 2022 was \$55,119,870.

**EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL**  
**Management's Discussion and Analysis**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Charter School expects to continue its growth, as the fiscal year 2023-2024 budget has been prepared using a revenue amount of approximately \$22.06 million based on a projected enrollment of 1,350 students. Expenditures have been budgeted to be approximately \$22.06 million in this fiscal year.

**CONTACTING THE SCHOOL FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the School's Business Services Department.

**BASIC FINANCIAL STATEMENTS**

**Executive Education Academy Charter School**  
**Statement of Net Position**  
As of June 30, 2023

	PRIMARY GOVERNMENT			DISCRETELY PRESENTED COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	EXECUTIVE EDUCATION FOUNDATION
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 4,323,090	\$ 542,555	\$ 4,865,645	\$ 12,029,065
Investments	-	-	-	-
Receivables, Net	-	-	-	-
Lease Receivables	-	-	-	66,018,392
Internal Balances	77,417	-	(1)	-
Due from Component Unit	1,265,130	-	1,265,130	-
Due from Primary Government	-	-	-	52,790
Due From Other Governments	3,098,285	45,481	3,143,766	-
Other Receivables, Net	70,746	-	70,746	7,904
Inventories	30,856	23,372	54,228	-
Prepaid Expenses	6,690	-	6,690	-
Other Current Assets	79,161	-	79,161	-
<b>Total Current Assets</b>	<b>8,951,375</b>	<b>611,408</b>	<b>9,485,366</b>	<b>78,108,151</b>
<b>Non-Current Assets:</b>				
Land	-	-	-	7,613,000
Site Improvements (net of depreciation)	-	-	-	579,205
Furniture and Equipment (net of depreciation)	299,158	83,858	383,016	136,694
Building and Building Improvements (net of depreciation)	-	-	-	28,298,227
Leasehold Improvements (net of depreciation)	271,222	-	271,222	-
Right to Use Assets (net of amortization)	52,393,164	-	52,393,164	-
Construction in Progress	1,724,551	-	1,724,551	3,890,357
Security Deposit	675,000	-	675,000	-
Other Long-Term Receivables	-	-	-	-
<b>Total Non-Current Assets</b>	<b>55,363,095</b>	<b>83,858</b>	<b>55,446,953</b>	<b>40,517,483</b>
<b>Total Assets</b>	<b>64,314,470</b>	<b>695,266</b>	<b>64,932,319</b>	<b>118,625,634</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 64,314,470</b>	<b>\$ 695,266</b>	<b>\$ 64,932,319</b>	<b>\$ 118,625,634</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Internal Balances	\$ -	\$ 77,417	\$ -	(1) \$ -
Due to Other Governments	1,437	-	1,437	-
Due to Component Unit	48,621	4,169	52,790	-
Due to Primary Government	-	-	-	1,265,130
Accounts Payable	262,653	185,434	448,087	1,076,078
Current Portion of Long-Term Obligations	975,508	-	975,508	626,769
Accrued Salaries and Benefits	1,245,233	-	1,245,233	-
Interest Payable	-	-	-	1,546,770
Security Deposits	-	-	-	725,634
Unearned Revenues	864,516	509	865,025	38,625
<b>Total Current Liabilities</b>	<b>3,397,968</b>	<b>267,529</b>	<b>3,588,080</b>	<b>5,279,006</b>
<b>Non-Current Liabilities</b>				
Long-Term Portion of Compensated Absences	-	-	-	-
Bonds Payable	-	-	-	47,568,141
Lease Obligations	53,212,771	-	53,212,771	-
Mortgage Notes Payable	-	-	-	945,071
<b>Total Liabilities</b>	<b>56,610,739</b>	<b>267,529</b>	<b>56,800,851</b>	<b>53,792,218</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows of Resources - Leases	-	-	-	66,018,392
Deferred Inflows of Resources - Diff. in Projected vs Actual Contributions	-	-	-	-
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>56,610,739</b>	<b>267,529</b>	<b>56,800,851</b>	<b>119,810,610</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	54,688,093	83,858	54,771,951	-
<b>Restricted For:</b>				
Capital Projects	-	-	-	-
Other Restrictions	675,000	-	675,000	-
Unrestricted (Deficit)	(47,659,362)	343,879	(47,315,483)	(1,184,976)
<b>TOTAL NET POSITION</b>	<b>7,703,731</b>	<b>427,737</b>	<b>8,131,468</b>	<b>(1,184,976)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 64,314,470</b>	<b>\$ 695,266</b>	<b>\$ 64,932,319</b>	<b>\$ 118,625,634</b>

The Accompanying Notes are an integral part of these financial statements.

(1) Internal balances represent the amount owed to or from the two types of activities within the Primary Government. Since internal balances do not represent assets or liabilities of the total Primary Government, their balances are eliminated in the "total" column (GASB Statement No. 34, para. 58).

**Executive Education Academy Charter School  
Statement of Activities  
For the Year Ended June 30, 2023**

FUNCTION/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			DISCRETELY PRESENTED COMPONENT UNIT
		CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	EXECUTIVE EDUCATION FOUNDATION
<b>GOVERNMENTAL ACTIVITIES:</b>								
Instruction	\$ 12,205,892	\$ 1,355	\$ 5,236,539	\$ -	\$ (6,967,998)	\$ -	\$ (6,967,998)	
Instructional Student Support	704,438	-	24,695	-	(679,743)	-	(679,743)	
Admin. & Fin'l Support Services	3,171,344	-	-	-	(3,171,344)	-	(3,171,344)	
Oper. & Maint. Of Plant Svcs.	3,173,732	-	198,581	-	(2,975,151)	-	(2,975,151)	
Pupil Transportation	20,582	-	-	-	(20,582)	-	(20,582)	
Student activities	542,531	95,028	6,084	-	(441,419)	-	(441,419)	
Community Services	134,479	-	-	-	(134,479)	-	(134,479)	
Interest on Long-Term Debt	2,641,999	-	-	-	(2,641,999)	-	(2,641,999)	
Unallocated Depreciation Expense	1,133	-	-	-	(1,133)	-	(1,133)	
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>22,596,130</b>	<b>96,383</b>	<b>5,465,899</b>	<b>-</b>	<b>(17,033,848)</b>	<b>-</b>	<b>(17,033,848)</b>	
<b>BUSINESS-TYPE ACTIVITIES:</b>								
Food Service	1,604,064	11,577	1,594,311	-	-	1,824	1,824	
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 24,200,194</b>	<b>\$ 107,960</b>	<b>\$ 7,060,210</b>	<b>\$ -</b>	<b>\$ (17,033,848)</b>	<b>\$ 1,824</b>	<b>\$ (17,032,024)</b>	
<b>COMPONENT UNITS:</b>								
Executive Education Foundation	<u>5,988,743</u>	<u>2,139,985</u>	<u>30,661</u>	<u>-</u>				<u>(3,818,097)</u>
<b>GENERAL REVENUES:</b>								
Grants, subsidies, & contributions not restricted				\$ -	\$ -	\$ -	\$ -	
Receipts from Other Local Education Agencies				18,271,722	-	18,271,722	-	
Investment Earnings				19,424	1,314	20,738	3,501,581	
Miscellaneous Income				301,400	-	301,400	1,146	
Special item - Gain (Loss) on sale of capital assets				-	-	-	-	
Extraordinary Items				-	-	-	-	
Transfers				-	-	-	-	
<b>TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS</b>				<u>18,592,546</u>	<u>1,314</u>	<u>18,593,860</u>	<u>3,502,727</u>	
<b>CHANGES IN NET POSITION</b>				1,558,698	3,138	1,561,836	(315,370)	
<b>NET POSITION - BEGINNING</b>				<u>6,145,033</u>	<u>424,599</u>	<u>6,569,632</u>	<u>(869,606)</u>	
<b>NET POSITION - ENDING</b>				<b>\$ 7,703,731</b>	<b>\$ 427,737</b>	<b>\$ 8,131,468</b>	<b>\$ (1,184,976)</b>	

The Accompanying Notes are an integral part of these financial statements.



**Executive Education Academy Charter School**  
**Balance Sheet**  
**Governmental Funds**  
**As of June 30, 2023**

	<u>GENERAL</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,323,090	\$ -	\$ 4,323,090
Investments	-	-	-
Due from Component Unit	1,265,130	-	1,265,130
Due from other funds	77,417	-	77,417
Due from Other Governments	3,098,285	-	3,098,285
Other Receivables	70,746	-	70,746
Inventories	30,856	-	30,856
Prepaid Expenditures	6,690	-	6,690
Security Deposits	675,000	-	675,000
Other Current Assets	79,161	-	79,161
<b>TOTAL ASSETS</b>	<b>9,626,375</b>	<b>-</b>	<b>9,626,375</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 9,626,375</b>	<b>\$ -</b>	<b>\$ 9,626,375</b>
<b>LIABILITIES:</b>			
Due to Other Funds	\$ -	\$ -	\$ -
Due to Component Unit	48,621	-	48,621
Due to Other Governments	1,437	-	1,437
Accounts Payable	262,653	-	262,653
Accrued Salaries and Benefits	1,245,233	-	1,245,233
Other Current Liabilities	864,516	-	864,516
<b>TOTAL LIABILITIES</b>	<b>2,422,460</b>	<b>-</b>	<b>2,422,460</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>2,422,460</b>	<b>-</b>	<b>2,422,460</b>
<b>FUND BALANCES:</b>			
Nonspendable	712,546	-	712,546
Restricted	1,000	-	1,000
Assigned	31,434	-	31,434
Unassigned	6,458,935	-	6,458,935
<b>TOTAL FUND BALANCES</b>	<b>7,203,915</b>	<b>-</b>	<b>7,203,915</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 9,626,375</b>	<b>\$ -</b>	<b>\$ 9,626,375</b>
The Accompanying Notes are an integral part of these financial statements.			

**Executive Education Academy Charter School  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
As of June 30, 2023**

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** \$ 7,203,915

**Amounts reported for governmental activities in the statement  
of net position are different because:**

Capital assets used in governmental activities are not financial resources and therefore they are not reported as assets in governmental funds. The cost of the assets is \$59,412,619 and the accumulated depreciation is \$4,724,524. 54,688,095

Long-term liabilities, including lease obligations, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of: (54,188,279)

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** **\$ 7,703,731**

The Accompanying Notes are an integral part of these financial statements.

**Executive Education Academy Charter School**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

	<b>GENERAL</b>	<b>NON-MAJOR GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>REVENUES</b>			
Local Sources	\$ 18,818,751	\$ -	\$ 18,818,751
State Sources	246,333	-	246,333
Federal Sources	5,089,744	-	5,089,744
<b>TOTAL REVENUES</b>	<b>24,154,828</b>	-	<b>24,154,828</b>
	-----	-----	-----
<b>EXPENDITURES</b>			
Instruction	12,189,599	-	12,189,599
Support Services	5,133,313	-	5,133,313
Operation of Non-Instructional Services	676,305	-	676,305
Capital Outlay	1,688,612	-	1,688,612
Debt Service	3,573,590	-	3,573,590
<b>TOTAL EXPENDITURES</b>	<b>23,261,419</b>	-	<b>23,261,419</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>893,409</b>	-	<b>893,409</b>
	-----	-----	-----
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfers Out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-
<b>SPECIAL/EXTRAORDINARY ITEMS</b>			
Extraordinary Items	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>893,409</b>	-	<b>893,409</b>
<b>FUND BALANCES - BEGINNING</b>	<b>6,310,506</b>	-	<b>6,310,506</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 7,203,915</b>	-	<b>\$ 7,203,915</b>

The Accompanying Notes are an integral part of these financial statements.

**Executive Education Academy Charter School  
 Reconciliation of the Governmental Funds  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 to the Statement of Activities  
 For the Year Ended June 30, 2023**

**NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ 893,409

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which depreciation/amortization exceeded capital outlays in the current period.

Depreciation/Amortization expense	\$ 1,970,072	
less - capital outlays	<u>1,703,769</u>	(266,303)

Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

931,592

**CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 1,558,698**

The Accompanying Notes are an integral part of these financial statements.

**Executive Education Academy Charter School  
Statement of Fund Net Position  
Proprietary Funds  
As of June 30, 2023**

	<u><b>FOOD SERVICE FUND</b></u>
<b><u>ASSETS</u></b>	
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 542,555
Due From Other Governments	45,481
Inventory	<u>23,372</u>
<b>TOTAL CURRENT ASSETS</b>	611,408
-----	
<b>NON-CURRENT ASSETS:</b>	
Machinery & Equipment (net)	<u>83,858</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>83,858</u>
<b>TOTAL ASSETS</b>	<b>\$ 695,266</b>
 <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
	-
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 695,266</u></b>
 <b><u>LIABILITIES</u></b>	
<b>CURRENT LIABILITIES:</b>	
Due to Other Funds	\$ 77,417
Due to Component Unit	4,169
Accounts Payable	185,434
Prepayments from Students	<u>509</u>
<b>TOTAL CURRENT LIABILITIES</b>	267,529
-----	
<b>NON-CURRENT LIABILITIES:</b>	
Long-Term Portion of Compensated Absences	<u>-</u>
<b>TOTAL LIABILITIES</b>	267,529
 <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
	-
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<u>267,529</u>
-----	
<b><u>NET POSITION</u></b>	
Net Investment in Capital Assets	83,858
Unrestricted	<u>343,879</u>
<b>TOTAL NET POSITION</b>	<u>427,737</u>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	 <b><u>\$ 695,266</u></b>

The Accompanying Notes are an integral part of these financial statements.

**Executive Education Academy Charter School**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

	<b>FOOD SERVICE FUND</b>
<b>OPERATING REVENUES:</b>	
Charges for Services	\$ 11,577
<b>TOTAL OPERATING REVENUES</b>	11,577
	-----
<b>OPERATING EXPENSES:</b>	
Salaries	70,700
Employee Benefits	6,717
Purchased Property Service	114,338
Other Purchased Services	1,193,905
Supplies	208,553
Depreciation	9,851
<b>TOTAL OPERATING EXPENSES</b>	1,604,064
<b>OPERATING INCOME (LOSS)</b>	(1,592,487)
	-----
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>	
Earnings on Investments	1,314
State Sources	46,948
Federal Sources	1,547,363
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	1,595,625
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	3,138
Transfers in (out)	-
<b>CHANGES IN NET POSITION</b>	3,138
<b>NET POSITION - BEGINNING</b>	424,599
<b>NET POSITION - ENDING</b>	\$ 427,737

The Accompanying Notes are an integral part of these financial statements.

**Executive Education Academy Charter School**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**As of June 30, 2023**

	<b>FOOD SERVICE FUND</b>	<b>DISCRETELY PRESENTED COMPONENT UNIT EXECUTIVE EDUCATION FOUNDATION</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Users	\$ 11,786	\$ 5,312,590
Cash Received from Other Operating Revenue	-	31,807
Cash Payments to Employees for Services	(77,417)	-
Cash Payments to Suppliers for Goods and Services	(1,309,628)	(1,254,985)
Cash Payments to Other Operating Expenses	-	(201,420)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>(1,375,259)</b>	<b>3,887,992</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
State Sources	48,125	-
Federal Sources	1,490,641	-
Advances from Primary Government	-	946,157
<b>NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES</b>	<b>1,538,766</b>	<b>946,157</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Facilities Acquisition/Const./Improvement Svcs.	(14,853)	(4,266,309)
Payments on Bond Principal	-	(545,000)
Payments on Financing Agreements Principal	-	(35,412)
Payments on Bond Interest	-	(2,685,877)
Payments on Financing Agreements Interest	-	(40,609)
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(14,853)</b>	<b>1,196,793</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Earnings on Investments	1,314	371,431
<b>NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>	<b>1,314</b>	<b>371,431</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>149,968</b>	<b>6,402,373</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>392,587</b>	<b>5,626,692</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 542,555</b>	<b>\$ 12,029,065</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
<b>OPERATING INCOME (LOSS)</b>	<b>\$ (1,592,487)</b>	<b>\$ 2,039,685</b>
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
Donated Commodities Used	99,269	-
Depreciation	9,851	701,196
Bond Issuance Costs	-	-
Amortization of Bond Discount	-	2,125
<b>CHANGE IN ASSETS AND LIABILITIES:</b>		
(Increase) Decrease in Accounts Receivable	-	(6,705)
(Increase) Decrease in Lease Receivable	-	2,040,855
(Increase) Decrease in Advances from Other Funds	30,276	48,534
(Increase) Decrease in Inventory	(856)	-
Increase (Decrease) in Accounts Payable	59,687	820,515
Increase (Decrease) in Interfund Payable	18,792	-
Increase (Decrease) in Interest Payable	-	282,017
Increase (Decrease) in Prepayments from Persons or Firms	209	-
Increase (Decrease) in Deferred Inflows of Resources - Leases	-	(2,040,855)
Increase (Decrease) in Unearned Revenue	-	625
<b>TOTAL ADJUSTMENTS</b>	<b>217,228</b>	<b>1,848,307</b>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>\$ (1,375,259)</b>	<b>\$ 3,887,992</b>

The Accompanying Notes are an integral part of these financial statements.

**Executive Education Academy Charter School**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -**  
**General Fund**  
**For the Year Ended June 30, 2023**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>AMOUNTS</b>	<b>FINAL BUDGET</b>
			<b>GAAP BASIS</b>	<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Local Sources	\$ 17,917,448	\$ 17,917,448	\$ 18,818,751	\$ 901,303
State Sources	205,000	205,000	246,333	41,333
Federal Sources	1,109,312	1,109,312	5,089,744	3,980,432
<b>TOTAL REVENUES</b>	<u>19,231,760</u>	<u>19,231,760</u>	<u>24,154,828</u>	<u>4,923,068</u>
<b>EXPENDITURES</b>				
Regular Instruction	8,649,351	6,999,155	11,028,814	(4,029,659)
Special Programs	1,278,850	1,160,785	1,160,785	-
Community/Junior College Ed. Programs	1,000	-	-	-
Pupil Personnel Services	113,235	90,059	90,059	-
Instructional Staff Services	801,394	367,414	367,414	-
Administrative Services	2,650,039	2,502,320	2,502,320	-
Pupil Health	297,174	246,965	246,965	-
Business Services	405,384	344,354	344,354	-
Operation & Maintenance of Plant Services	4,111,902	1,312,427	1,312,427	-
Student Transportation Services	20,000	20,582	20,582	-
Central Support Services	263,915	249,192	249,192	-
Student Activities	493,233	541,826	541,826	-
Community Services	146,283	134,479	134,479	-
Facilities, Acquisition and Construction	-	1,688,612	1,688,612	-
Debt Service	-	3,573,590	3,573,590	-
<b>TOTAL EXPENDITURES</b>	<u>19,231,760</u>	<u>19,231,760</u>	<u>23,261,419</u>	<u>(4,029,659)</u>
Excess (deficiency) of revenues over expenditures	-	-	893,409	893,409
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds From Leases	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-	-
Extraordinary Items	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	-	-	893,409	893,409
<b>FUND BALANCE - JULY 1, 2022</b>	<u>4,190,529</u>	<u>4,190,529</u>	<u>6,310,506</u>	<u>2,119,977</u>
<b>FUND BALANCE - JUNE 30, 2023</b>	<u>\$ 4,190,529</u>	<u>\$ 4,190,529</u>	<u>\$ 7,203,915</u>	<u>\$ 3,013,386</u>

The Accompanying Notes are an integral part of these financial statements.



**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2023**

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**Note 1 - Description of the School and Reporting Entity**

***School***

The Executive Education Academy Charter School (the School) was established to operate a Charter School within the Allentown School District through June 30, 2024 in accordance with the provisions of the Charter School Law, 24 P.S. 17 17-01-A et seq. The School is regulated by the Pennsylvania Department of Education. The charter may be renewed for additional periods of five years and can only be terminated in accordance with the provisions of applicable law.

Executive Education Academy Charter School established in September 2014, is a non-profit, K-12 public charter school presently serving over 1,300 students. As a charter school, EEACS is funded by public dollars and represents an alternative choice for parents/guardians to education available in public school districts.

Executive Education Academy Charter School utilizes the 10 integrated principles to meet the demands of the common core and design our academic program. These were developed by a scan of design principles used by New York City Department of Education. These principles are highly researched by high performing school networks, and refined with the feedback and contributions of experienced educators, integrates positive youth development to optimize student engagement and effort.

What encapsulates all of the design principles is our signature normative culture. Our normative culture model uses the intentional manipulation of norms to change anti-social behavior into pro-social behavior.

The School's financial statements are prepared in accordance with generally accepted accounting principles, (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing (GAAP) for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

***Board of Trustees***

As part of Executive Education Academy Charter School's governing board, trustees are volunteers who support the continued success of Executive Education Academy Charter School (EEACS) by contributing their experience and expertise to the oversight of school operations and accountability.

Members of the Board of Trustees are charged with setting overall policy and direction for the Executive Education Academy Charter School. Specific duties are listed in the school's By Laws and the term of office for At Large Trustees is three years. Each Trustee is required to attend monthly Board Meetings and to serve as a liaison to various school committees and organizations.

***Administration***

The Chief Executive Officer (CEO) shall administer the School in conformity with Board policies and the School Laws of Pennsylvania. The CEO shall be directly responsible to, and therefore appointed by, the Board of Trustees. The CEO shall be responsible for the overall administration, supervision, and operation of the School.

The Chief Financial Officer, recommended by the CEO and appointed by the Board of Trustees, shall supervise and coordinate all business aspects of the School. In this capacity, he or she shall be responsible to ensure that all work accomplished by him/her, or by personnel under his/her supervision, is in the best interests of the Executive Education Academy Charter School. The Chief Financial Officer is directly responsible to the Chief Executive Officer.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2023**

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***Reporting Entity***

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School. For Executive Education Academy Charter School, this includes general operations, food service, and student related activities of the School.

Executive Education Academy Charter School governed by an appointed five-member board. As required by generally accepted accounting principles, these financial statements are to present Executive Education Academy Charter School (the primary government) and organizations for which the primary government is financially accountable. The School is financially accountable for an organization if the School appoints a voting majority of the organization's governing board and (1) the School is able to significantly influence the programs or services performed or provided by the organization; or (2) the School is legally entitled to or can otherwise access the organization's resources; the School is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School is obligated for the debt of the organization. Component units may also include organizations that are financially dependent on the School in that the School approved the budget, the issuance of debt, or the levying of taxes. The Executive Education Academy Charter School has one component unit.

***Component Unit***

As defined by generally accepted accounting principles established by the GASB, the financial reporting entity consists of the primary government, as well as its component unit The Executive Education Academy Charter School Foundation (the Foundation). The Foundation is a legally separate, nonprofit corporation and is considered a component unit of the School. The Foundation is a tax exempt organization under the Internal Revenue Code. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the School in support of its programs. Per its organizing documents, the Foundation has been established to operate exclusively for the support and benefit of the School. The activities of the Foundation are reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a not-for-profit organization that reports its financial results in accordance with Financial Accounting Standard Board (FASB) Codification. Most significant to the Foundation's operations and reporting model are FASB ASC 958-605 related to revenue recognition and FASB ASC 958-205 related to presentation of financial statements. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and revenue features. Modifications have been made to the Foundation's financial information in the School's financial reporting entity for these differences; however, note disclosures significant to the Foundation's financial statements have been incorporated into the School's notes to the financial statements.

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the School have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced. GASB Statement No. 62 was issued to include all prior Financial Accounting Standards Board's statements and interpretations, along with predecessors' statements and interpretations, pertaining to governments into the hierarchy of the Governmental Accounting Standards Board's jurisdiction.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2023**

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**A. Basis of Presentation**

The School's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-wide Financial Statements** The statement of net position and the statement of activities display information about the School as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the School at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School's governmental activities, and for one business-type activity of the School, and the discretely presented component unit. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School, and the component unit, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business activity or governmental function is self-financing or draws from the general revenues of the School or the component unit.

**Fund Financial Statements** During the year, the School segregates transactions related to certain School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

**B. Fund Accounting**

The School uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Deferred Outflows of Resources is recorded in a particular governmental fund where costs are spent for a future period. Current Liabilities are assigned to the governmental fund from which they will be paid. Deferred Inflows of Resources is recorded in a particular governmental fund that has received resources for a future period. The difference between the sum of assets and deferred outflows of resources minus the sum of liabilities and deferred inflows of resources is reported as fund balance. The following are the School's major governmental funds:

**General Fund**

The general fund should be used to account for and report all financial resources not accounted for and reported in another fund.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2023**

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**Proprietary Funds** Proprietary funds focus on the determination of changes in net position, financial position and cash flows and are classified as enterprise funds. The Proprietary Funds of the School have operating and nonoperating revenues and/or expenses. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are reported as nonoperating revenues and/or expenses, including subsidies received from the state and federal government for school lunches, donated commodities, and amounts received for fica and retirement subsidies. Operating revenues reported are consistent with the fees or charges incurred based on the intent of the individual proprietary fund.

### **Enterprise Funds**

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School's major enterprise fund is:

#### *Food Service Fund*

This fund accounts for the financial transactions related to the food service operations of the School.

**Fiduciary Funds** Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: Pension (and other employee benefit) trust funds, investment trust funds, Private-purpose trust funds and Custodial funds. The School District has two Fiduciary Funds.

### **C. Measurement Focus**

**Government-wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the School are included on the statement of net position.

The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation's with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all enterprise funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities, including required deferred outflows of resources or required deferred inflows of resources, associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School finances and meets the cash flow needs of its enterprise activities.

### **D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

**Executive Education Academy Charter School**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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**Revenues - Exchange and Non-Exchange Transactions** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**E. Budgetary Process**

An operating budget is adopted prior to the beginning of each year for the General Fund on the modified accrual basis of accounting.

The Pennsylvania School Code dictates specific procedures relative to adoption of the School's budget and reporting in its financial statements, specifically:

- The School is required to prepare a proposed operating budget for the following fiscal year. The budget is prepared on a form prescribed the Pennsylvania Department of Education.
- The Board of Trustees may make transfers of funds appropriated to any particular item of expenditure by legislative action. There were no supplemental budget amendments for the year ended June 30, 2023.
- Fund balances in budgetary funds may be appropriated based on resolutions passed by the Board of Trustees, which authorize the School to make expenditures. Appropriations lapse at the end of the fiscal period. The level of control or the level on which expenditures may not legally exceed appropriations is the fund. Included in the General Fund budget are program budgets as prescribed by the state and federal agencies funding the program. These budgets are approved on a program-by-program basis by the state or federal funding agency.
- A Proprietary fund budget is not adopted.

**F. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**G. Changes in Accounting Principles**

During the 2022-23 fiscal year the School District implemented the following new generally accepted accounting principles:

GASB Statement No. 81 (Conduit Debt Obligations). The objective of this Statement is providing a single method of reporting conduit debt obligations by issuers associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2023**

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GASB Statement No. 94 (PPP's). The objectives of the statement are to improve financial reporting related to public-private and public-public partnership arrangements (PPPs). A PPP is defined in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

GASB Statement No. 96 (SBITA's). - This statement provided guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to use subscription asset – and intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

GASB Statement No. 99 (Omnibus 2022). The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

#### **H. Pensions**

The School established a 403 (b) plan, known as the PSERS Alternative Plan, which is available to all eligible employees.

#### **I. Assets, Liabilities, and Net Position**

##### *Cash and Cash Equivalents*

For purposes of the Statement of Cash Flows, the Proprietary Fund type considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

##### *Investments*

In accordance to GASB Statement No. 72, investments generally are to be measured at fair value. An investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has the present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools, investments in life insurance contracts, common stock meeting the criteria for applying the equity method, unallocated insurance contracts, and synthetic guaranteed investment contracts.

A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share of the investment.

This Statement requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets. These assets were previously required to be measured at fair value.

Fair Value is measured using a hierarchy of inputs using valuation techniques. The hierarchy has three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs.

**Executive Education Academy Charter School**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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The valuation techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts (such as cash flows or income and expenses) to a single current (discounted) amount.

*Receivables and Payables*

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

*Prepaid Expenses*

In both the government-wide and fund financial statements, prepaid expenses are recorded as assets in the specific governmental fund in which future benefits will be derived.

*Capital Assets*

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The School maintains a capitalization threshold of two-thousand five hundred (\$2,500) dollars. The School does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2023**

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All reported capital assets except land, certain land improvements and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

**PRIMARY GOVERNMENT**

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<b><u>Description</u></b>	<b><u>Governmental Activities Estimated Lives</u></b>	<b><u>Business-Type Activities Estimated Lives</u></b>
Leasehold Improvements	5 years	5 years
Equipment	5 years	5 years
Furniture & Fixtures	7 years	7 years
Right to Use Assets	Length of Lease	Length of Lease

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**COMPONENT UNIT - FOUNDATION**

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<b><u>Description</u></b>	<b><u>Foundation Activities Estimated Lives</u></b>
Buildings	50 years
Building Improvements	20 to 25 years
Equipment	5 to 15 years
Furniture & Fixtures	5 to 15 years

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**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2023**

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*Compensated Absences*

The School provides paid sick leave benefits to all eligible employees for periods of temporary absence due to illnesses or injuries.

Sick leave benefits will be calculated based on the employee's base pay rate at the time of absence and will not include any special forms of compensation, such as incentives, commissions, bonuses, or shift differentials.

Unused sick leave benefits or paid time off benefits are allowed to accumulate up to a specific annual limit per written policy. Upon termination, other than at year-end contract completion, employees are not eligible for reimbursement of any unused personal time off.

*LEASES*

Lessee:

The Executive Education Academy Charter School is a lessee for noncancellable leases of equipment, real estate, and building space. The School recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School recognizes lease liabilities with an initial, individual value of \$20,000 or more.

At the commencement of a lease, the School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the School determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School is reasonably certain to exercise.

The School monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position.

Lessor:

The Executive Education Academy Charter School is a lessor for several noncancellable lease of building space. The School recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the School initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

**Executive Education Academy Charter School**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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Key estimates and judgments include how the School determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The School uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The School monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

*SBITAs (Subscription Based Information Technology Arrangements)*

Occasionally the District enters into Subscription-Based Information Technology Arrangements. These arrangements grant the District the right to access use of software that is hosted by third-party vendors over a specified contract term. Unlike traditional software, the District does not take physical possession of or have the right to control the software; instead, it accesses the uses the software remotely.

In the entity-wide financial statements, SBITAs are reported as intangible assets based on the present value of future subscription payments to be made over the life of the arrangement. Correspondingly, a liability is recognized for the future payments, and it is amortized over the life of the SBITA. The amortization expense related to the intangible asset and any interest expense associated with the recognized liability are reported in the Statement of Activities.

In the fund financial statements, under the modified accrual basis of accounting, expenditures are recognized for SBITA payments when they are due. Therefore, no intangible asset or corresponding liability is reported in the governmental fund statements. The expenditures related to SBITA payments are recognized in the fund's Statement of Revenues, Expenditures, and Changes in Fund Balances in the period they payment is due.

*Other Long-Term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, which consists of capital leases, are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. The discretely presented component unit (Foundation) reports taxable and tax exempt revenue bonds.

In the fund financial statements, the face amount of debt issued is reported as other financing sources while debt payments are reported as expenditures.

*Reclassification*

Certain amounts have been reclassified to conform to the June 30, 2021, presentation of government-wide financial statements on the accrual basis of accounting versus the governmental fund financial statements reported on the modified accrual basis of accounting.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2023**

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*Net Position*

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net Investment in Capital Assets component of Net Position is comprised of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, any deferred outflows of resources and/or deferred inflows of resources related to such capital assets or liabilities associated with the capital assets should also be added to or deducted from the overall Net Investment in Capital Assets. The restricted component of Net Position is used when there are limitations imposed on their use either through the enabling legislation adopted by a higher governmental authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining component of Net Position is unrestricted.

The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

*Fund Balance Categories*

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Below are the potential categories of fund balance the government may use with their definitions, the actual categories used is explained in Note 8 to the financial statements.

*Nonspendable Fund Balance*

This category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted Fund Balance*

Fund balance should be reported as restricted when constraints placed on the use of resources are externally imposed by creditors, grantors, contributors, or other government laws or regulations, or the constraint is imposed by enabling legislation or constitutional provisions.

*Committed Fund Balance*

This category pertains to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action.

This government's governing body is the School Board and the formal action taken to commit resources is done by resolution.

*Assigned Fund Balance*

This category includes all remaining amounts that are reported in governmental funds, except the general fund, that are not classified in one of the above-mentioned categories. In the general fund, this category represents the School's intent to use resources for a specific purpose, which does not require formal action by the governing body.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2023**

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*Unassigned Fund Balance*

This category of fund balance represents the residual classification for the general fund after segregating resources used in the other categories listed above. Unassigned fund balance will only be shown in other governmental funds if those governmental funds have a negative net fund balance.

The School's policy on fund balance does not dictate which category of unrestricted fund balance is spent first, when resources are available to be spent in various categories. As such, committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts. The School's policy also does not dictate whether restricted (nonspendable or restricted) or unrestricted (committed, assigned, and unassigned) is spent first when resources are available in both categories. As such, in these circumstances, restricted will be assumed to have been spent first followed by the unrestricted categories.

*Contributions of Capital*

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The proprietary funds received no capital contributions during this fiscal year.

**Note 3 - Reconciliation of Government-Wide and Fund Financial Statements**

**A. *Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.***

The governmental fund balance sheet includes a reconciliation between "fund balance - total governmental funds" and "net position - governmental activities" as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including lease payable, are not due and payable in the current period and therefore are not reported in the funds".

The details of the \$54,188,279 difference are:

Lease Obligations	\$ 54,188,279
Net Pension Liability	-
Net adjustment to reduce "fund balance - total governmental funds" to arrive at "net position - governmental activities"	<b><u>\$ 54,188,279</u></b>

**B. *Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities.***

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and School-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. Differences between the governmental funds statement of revenues, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown in the columns below represent:

- a) Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expenses reported below recognize the change in vested employee benefits.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
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- b) Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording of depreciation expense on those items as recorded in the statement of activities.

Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability; principal payments are recorded as a reduction of liabilities.

**Explanation of Differences between Governmental Fund Statements and School-Wide Statements**

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM REVENUES/ EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTIONS	TOTAL FOR STATEMENT OF ACTIVITIES
<b>REVENUES AND OTHER SOURCES</b>					
<b>LOCAL SOURCES:</b>					
Interest and investment earnings	\$ 19,424	\$ -	\$ -	\$ -	\$ 19,424
Miscellaneous	-	-	-	-	-
Contributions and Donations	301,400	-	-	-	301,400
Charges for Services	96,383	-	-	-	96,383
Receipts from Other LEAs	18,271,722	-	-	-	18,271,722
<b>INTERMEDIATE SOURCES:</b>					
Operating grants and contributions	6,084	-	-	-	6,084
<b>STATE SOURCES:</b>					
Operating grants and contributions	246,333	-	-	-	246,333
<b>FEDERAL SOURCES:</b>					
Operating grants and contributions	5,213,482	-	-	-	5,213,482
<b>TOTAL REVENUES</b>	<u>24,154,828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,154,828</u>
<b>EXPENDITURES/EXPENSES</b>					
Instruction	12,189,599	-	16,292	-	12,205,891
Instructional Student Support	704,438	-	-	-	704,438
Admin. & Fin'l Support Services	3,095,866	-	75,479	-	3,171,345
Oper. & Maint. Of Plant Svcs.	1,312,427	-	1,861,305	-	3,173,732
Pupil Transportation	20,582	-	-	-	20,582
Student Activities	541,826	-	705	-	542,531
Community Services	134,479	-	-	-	134,479
Capital Outlay	1,688,612	-	(1,688,612)	-	-
Debt Service	3,573,590	-	-	(931,591)	2,641,999
Depreciation - unallocated	-	-	1,133	-	1,133
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>23,261,419</u>	<u>-</u>	<u>266,302</u>	<u>(931,591)</u>	<u>22,596,130</u>
<b>NET CHANGE FOR THE YEAR</b>	<u>\$ 893,409</u>	<u>\$ -</u>	<u>\$ (266,302)</u>	<u>\$ 931,591</u>	<u>\$ 1,558,698</u>

**Note 4 - Stewardship, Compliance, and Accountability**

**A. Compliance with Finance Related Legal and Contractual Provisions**

The School has no material violations of finance related legal and contractual provisions.

**B. Deficit Fund Balance or Net Position of Individual Funds**

No individual fund contains a deficit fund balance or net position at June 30, 2023, except the executive education foundation has \$1,184,976 in deficit net position.

**C. Excess of Expenditures over Appropriations in Individual Funds**

During the reported fiscal period, the General Fund, guided by its legally established budget, recorded expenditures that surpassed the budgeted appropriations by \$4,029,659. A notable contributor to this

**Executive Education Academy Charter School  
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discrepancy was the unanticipated additional allocation of \$4,021,765 from Federal & State funding that have time constraints on when to be spent. Given these funds' post-budget inception, they were not accounted for in the original budget projections. Importantly, the PA School Code's Section 609 provides a provision allowing for such expenditure surpluses when additional, unbudgeted Federal and State funds are introduced.

The residual over-expenditures stemmed from additional monies needed for instructional purposes from the additional students that attended the Charter School during the 22-23 school year that were not in the original budget projections.

**D. Budgetary Compliance**

The School's only legally adopted budget is for the General Fund. All budgetary transfers were made within the last nine months of the fiscal year. The School cancels all purchase orders open at year-end; therefore, it does not have any outstanding encumbrances at June 30, 2023.

**Note 5 - Detailed Notes on All Funds and Account Groups**

**Assets**

*Cash – Charter School*

*Custodial Credit Risk - Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2023, \$4,839,735 of the District's bank balance of \$4,870,419 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,108
Collateralized with securities held by the pledging financial institution	-
Uninsured and collateral held by the pledging bank's trust department not in the School's name	4,836,627
<b>TOTAL</b>	<b>\$ 4,839,735</b>

*Reconciliation to Financial Statements*

Uncollateralized Amount Above	\$ 4,839,735
Plus: Insured Amount	30,683
Less: Outstanding Checks	(224,270)
Carrying Amount - Bank Balances	4,646,148
Plus: Petty Cash	230
Deposits in Investment Pools Considered Cash Equivalents	-
Negative Balances Flipped to Accounts Payable	219,267
Less: Certificates of Deposit considered Investment by School Code	-
<b>TOTAL CASH PER FINANCIAL STATEMENTS</b>	<b>\$ 4,865,645</b>

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
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*Cash – Component Unit Foundation*

*Custodial Credit Risk - Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Foundation does not have a policy for custodial credit risk. As of June 30, 2023, \$11,574,659 of the Foundation's bank balance of \$12,074,659 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 257,983
Collateralized with securities held by the pledging financial institution	-
Uninsured and collateral held by the pledging bank's trust department not in the School's name	11,316,676
<b>TOTAL</b>	<b><u>\$ 11,574,659</u></b>

*Reconciliation to Financial Statements*

Uncollateralized Amount Above	\$ 11,574,659
Plus: Insured Amount	500,000
Less: Outstanding Checks	<u>(45,594)</u>
Carrying Amount - Bank Balances	12,029,065
Plus: Petty Cash	-
Deposits in Investment Pools Considered Cash Equivalents	-
Less: Certificates of Deposit considered Investment by School Code	-
<b>TOTAL CASH PER FINANCIAL STATEMENTS</b>	<b><u>\$ 12,029,065</u></b>

*Investments*

Permitted investments for Executive Education Academy Charter School are defined in the Public School Code of 1949, as amended by Act 10 of 2016 as:

1. United States Treasury Bills;
2. Short-term obligations of the United States Government or its agencies or instrumentalities;
3. Deposits in savings accounts or time deposits or share accounts of institutions insured by the F.D.I.C; and,
4. Obligations of the United States of America or any of its agencies or instrumentalities, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities.
5. Obligations, participations or other instruments of any Federal Agency, instrumentality or United States government sponsored enterprise, including those issued or fully guaranteed as the principal and interest by Federal agencies, instrumentalities or United States government sponsored enterprises, if the debt obligations are rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
6. Repurchase agreements with respect to United States Treasury bills or obligations, participations or other instruments of or guaranteed by the United States or any Federal agency, instrumentality or United States government sponsored enterprise.

**Executive Education Academy Charter School**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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7. Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less, issued by a nationally or State-chartered bank, a Federal or State savings and loan association or a State-licensed branch of a foreign bank. For obligations with a maturity of one year or less, the debt obligations of the issuing institution or its parent must be rated in the top short-term rating category by at least two nationally recognized statistical ratings organizations. For obligations with a maturity in excess of one year, the senior debt obligations of the issuing institution or its parent must be rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
8. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
9. Commercial paper issued by corporations or other business entities organized in accordance with Federal or State law, with a maturity not to exceed 270 days, if the paper is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
10. Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933 and, if all of the following conditions are met:
  - The investments of the company are the authorized investments listed above.
  - The investment company is managed in accordance with 17 CFR 270.2a-7 (related to money market funds).
  - The investment company is rated in the highest category by a nationally recognized rating agency.
11. Savings or demand deposits placed in accordance with the following conditions:
  - The money is initially deposited and invested through a federally insured institution having a place of business in this Commonwealth, which is selected by the public corporation or municipal authority.
  - The selected institution arranges for the redeposit of the money in savings or demand deposits in one or more financial institutions insured by the Federal Deposit Insurance Corporation, for the account of the public corporation or municipal authority.
  - The full amount of principal and any accrued interest of each such deposit is insured by the Federal Deposit Insurance Corporation.
  - On the same date that the money is redeposited pursuant to above, the selected institution receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of money initially invested through the selected institution by the public corporation or municipal authority.

**Fair Value Reporting**

The Charter School and Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.



**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
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The Charter School and Foundation did not have any recurring or non-recurring fair value investments at June 30, 2023.

As of June 30, 2023, the School had the following investments:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
PLGIT		\$ -
PSDLAF		-
Total Investments		<u>\$ -</u>

Interest Rate Risk

The Charter School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Charter School has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2023, the School did not have any investments.

Concentration of Credit Risk

The Charter School places no limit on the amount the school may invest in any one issuer.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Chart School will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Charter School has no investments subject to custodial credit risk.

Reconciliation to Financial Statements

Total Investments Above	\$ -
Less: Deposits in Investment Pools Considered Cash Equivalents	-
Deposits in money Money Market Mutual Funds Considered Cash Equivalents	<u>-</u>
Total Investments, per financial statements	<u>\$ -</u>

As of June 30, 2023, the Component Unit Foundation had the following investments:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
PLGIT		\$ -
PSDLAF		-
Total		<u>\$ -</u>

Interest Rate Risk

The Foundation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Foundation has no investment policy that would limit its investment choices to certain credit ratings.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2023**

Concentration of Credit Risk

The Foundation places no limit on the amount the entity may invest in any one issuer. The Foundation did not have any investments as of June 30, 2023.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Foundation has no investments subject to custodial credit risk.

Reconciliation to Financial Statements

Total Investments Above	\$	-
Less: Deposits in Investment Pools Considered Cash Equivalents		-
Deposits in money Money Market Mutual Funds Considered Cash Equivalents		-
Total Investments, per financial statements	\$	-

*Receivables*

Receivables, as of year-end, for the government's individual major funds and non-major and fiduciary funds, in the aggregate, including the applicable allowances for uncollectible accounts, are:

**Schedule on Receivables for major, nonmajor, and fiduciary funds**

	GENERAL FUND	FOOD SERVICE FUND	NON- MAJOR FUNDS	TOTAL
<b>RECEIVABLES:</b>				
Interest	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Accounts	70,746	-	-	70,746
Intergovernmental	3,098,285	45,481	-	3,143,766
<b>GROSS RECEIVABLES</b>	3,169,031	45,481	-	3,214,512
Less: Allowance for Uncollectibles	-	-	-	-
<b>NET RECEIVABLES</b>	<b>\$ 3,169,031</b>	<b>\$ 45,481</b>	<b>\$ -</b>	<b>\$ 3,214,512</b>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds.

<b>Primary Government</b>		
	<u>UNAVAILABLE</u>	<u>UNEARNED</u>
Grants drawdowns prior to meeting eligibility requirements	-	-
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Component Unit</b>		
	<u>UNAVAILABLE</u>	<u>UNEARNED</u>
Related to Leases	-	66,018,392
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ 66,018,392</b>

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2023**

*Capital Assets*

Capital asset balances and activity for the year ending June 30, 2023, were:

Charter School

**CAPITAL ASSET BALANCES AND CURRENT YEAR ACTIVITY**

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
<b>GOVERNMENTAL ACTIVITIES:</b>				
Capital Assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	69,940	1,654,611	-	1,724,551
Total Capital Assets not being depreciated	<u>69,940</u>	<u>1,654,611</u>	<u>-</u>	<u>1,724,551</u>
Capital Assets being depreciated/amortized:				
Leasehold Improvements	279,369	34,000	-	313,369
Equipment	669,351	-	-	669,351
Furniture & Fixtures	496,105	15,156	-	511,261
Right-To-Use Assets	56,194,087	-	-	56,194,087
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED</b>	<u>57,638,912</u>	<u>49,156</u>	<u>-</u>	<u>57,688,068</u>
Less accumulated depreciation/amortization for:				
Leasehold Improvements	(26,866)	(15,281)	-	(42,147)
Equipment	(421,067)	(35,054)	-	(456,121)
Furniture & Fixtures	(406,059)	(19,274)	-	(425,333)
Right-To-Use Equipment	(1,900,462)	(1,900,461)	-	(3,800,923)
<b>TOTAL ACCUMULATED DEPRECIATION/AMORTIZATION</b>	<u>(2,754,454)</u>	<u>(1,970,070)</u>	<u>-</u>	<u>(4,724,524)</u>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED NET OF ACCUMULATED DEPRECIATION/AMORTIZATION</b>	<u>54,884,458</u>	<u>(1,920,914)</u>	<u>-</u>	<u>52,963,544</u>
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION/AMORTIZATION</b>	<u>\$ 54,954,398</u>	<u>\$ (266,303)</u>	<u>\$ -</u>	<u>\$ 54,688,095</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Capital Assets being depreciated:				
Equipment	\$ 105,023	\$ 14,853	\$ -	\$ 119,876
Less accumulated depreciation	(26,167)	(9,851)	-	(36,018)
<b>BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS,</b>				-
<b>NET OF ACCUMULATED DEPRECIATION</b>	<u>\$ 78,856</u>	<u>\$ 5,002</u>	<u>\$ -</u>	<u>\$ 83,858</u>

**\* DEPRECIATION EXPENSE WAS CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:**

Instruction	\$ 16,292
Instructional Student Support	-
Admin. & Fin'l Support Services	75,479
Oper. & Maint. Of Plant Svcs.	1,861,305
Pupil Transportation	-
Student activities	15,861
Community Services	-
Depreciation - unallocated	1,133
<b>TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 1,970,070</u></u>

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2023**

Component Unit - Foundation

**CAPITAL ASSET BALANCES AND CURRENT YEAR ACTIVITY**

	<b>BEGINNING BALANCE</b>	<b>INCREASES</b>	<b>DECREASES</b>	<b>ENDING BALANCE</b>
<b>GOVERNMENTAL ACTIVITIES:</b>				
Capital Assets not being depreciated:				
Land	\$ 7,613,000	\$ -	\$ -	\$ 7,613,000
Construction in Progress	33,500	4,048,466	(191,609)	3,890,357
Total Capital Assets not being depreciated	<u>7,646,500</u>	<u>4,048,466</u>	<u>(191,609)</u>	<u>11,503,357</u>
Capital Assets being depreciated:				
Site Improvements	352,710	269,209	-	621,919
Building	26,799,467	-	-	26,799,467
Building Improvements	4,949,933	23,640	-	4,973,573
Equipment	34,990	116,603	-	151,593
Furniture & Fixtures	-	-	-	-
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED</b>	<u>32,137,100</u>	<u>409,452</u>	<u>-</u>	<u>32,546,552</u>
Less accumulated depreciation for:				
Site Improvements	(15,788)	(26,926)	-	(42,714)
Building	(2,154,807)	(483,556)	-	(2,638,363)
Building Improvements	(654,907)	(181,543)	-	(836,450)
Equipment	(5,728)	(9,171)	-	(14,899)
Furniture & Fixtures	-	-	-	-
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<u>(2,831,230)</u>	<u>(701,196)</u>	<u>-</u>	<u>(3,532,426)</u>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED NET OF ACCUMULATED DEPRECIATION</b>	<u>29,305,870</u>	<u>(291,744)</u>	<u>-</u>	<u>29,014,126</u>
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION</b>	<u>\$ 36,952,370</u>	<u>\$ 3,756,722</u>	<u>\$ (191,609)</u>	<u>\$ 40,517,483</u>

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2023**

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**Lease receivables - Foundation**

*AW Driving School*

Effective July 1, 2021, the Foundation was leasing building space with AW Driving School. The lease is for over 3 years, with an initial term through December 31, 2024 and a five-year option to extend that is reasonably certain to be exercised. The Foundation will receive monthly payments of \$4,333. The Foundation recognized \$40,216 in lease revenue and \$10,244 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the Foundation's receivable for lease payments was \$308,562. Also, the Foundation has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$308,562.

*Center for Humanistic Change*

Effective July 1, 2021, the Foundation was leasing building space with the Center for Humanistic Change. The lease is for over 3 years, with an initial term through December 31, 2024 and a three-year option to extend that is reasonably certain to be exercised. The Foundation will receive monthly payments of \$6,072. The Foundation recognized \$62,557 in lease revenue and \$6,979 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the Foundation's receivable for lease payments was \$298,332. Also, the Foundation has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$298,332.

*Community Services for Children*

Effective July 1, 2021, the Foundation was leasing building space with the Community Services for Children. The lease is for over 10 years, with an initial term through December 31, 2032 and a five-year option to extend that is reasonably certain to be exercised. The Foundation will receive monthly payments of \$21,204. The Foundation recognized \$135,329 in lease revenue and \$119,114 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the Foundation's receivable for lease payments was \$2,874,606. Also, the Foundation has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$2,874,606.

*Food Management Services Inc.*

Effective July 1, 2021, the Foundation was leasing building space with Food Management Services, Inc. The lease is for over 2 years, with an initial term through December 31, 2023. The Foundation will receive monthly payments of \$3,952. The Foundation recognized \$30,795 in lease revenue and \$605 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the Foundation's receivable for lease payments was \$15,615. Also, the Foundation has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$15,615.

*Department of Revenue*

Effective July 1, 2021, the Foundation was leasing building space with the Department of Revenue. The lease is for 5 years, with an initial term through March 31, 2026 and two five-year options to extend that are reasonably certain to be exercised. The Foundation will receive monthly payments of \$17,898. The Foundation recognized \$120,199 in lease revenue and \$89,331 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the Foundation's receivable for lease payments was

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2023**

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\$2,285,337. Also, the Foundation has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$2,285,337.

*Department of Human Services*

Effective July 1, 2021, the Foundation was leasing building space with the Department of Human Services. The lease is for 5 years, with an initial term through March 31, 2026 and two five-year options to extend that are reasonably certain to be exercised. The Foundation will receive monthly payments of \$43,206. The Foundation recognized \$293,641 in lease revenue and \$214,947 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the Foundation's receivable for lease payments was \$5,496,530. Also, the Foundation has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$5,496,530.

*Lehigh Valley Workforce Investment Board*

Effective July 1, 2021, the Foundation was leasing building space with the Lehigh Valley Workforce Investment Board. The lease is for over one year, with an initial term through September 30, 2023. The Foundation will receive monthly payments of \$38,625. The Foundation recognized \$455,985 in lease revenue and \$5,640 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the Foundation's receivable for lease payments was \$115,576. Also, the Foundation has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$115,576.

*Gummy Bears Learning Center*

Effective July 1, 2021, the Foundation was leasing building space with the Gummy Bears Learning Center. The lease is for over 3 years, with an initial term through October 31, 2024 and two three-year options to extend that are reasonably certain to be exercised. The Foundation will receive monthly payments of \$5,750. The Foundation recognized \$44,133 in lease revenue and \$24,867 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the Foundation's receivable for lease payments was \$666,710. Also, the Foundation has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$666,710.

*Executive Education Academy Charter School (Primary Government)*

Effective July 1, 2021, the Foundation was leasing building space with the Charter School at 555 Union Boulevard. The lease is for 30 years, with an initial term through August 15, 2052. The Foundation will receive monthly payments of \$286,763. The Foundation recognized \$818,843 in lease revenue and \$2,622,313 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the Foundation's receivable for lease payments was \$53,399,433. Also, the Foundation has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$53,399,433.

Effective July 1, 2021, the Foundation was leasing additional real estate located at 413 Union Boulevard with the Charter School. The lease is for over 13 years, with an initial term through October 31, 2034. The Foundation will receive monthly payments of \$5,000. The Foundation recognized \$39,155 in lease revenue and \$20,845 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the Foundation's receivable for lease payments was \$557,691. Also, the Foundation has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$557,691.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2023**

The future lease payments as of June 30, 2023, were as follows:

FISCAL YEAR	AW Driving	CHC	CSC	FMS	DOR	DHS
2023-24	\$ 41,481	\$ 63,883	\$ 140,899	\$ 15,615	\$ 124,847	\$ 304,996
2024-25	44,135	65,238	146,698	-	129,675	316,790
2025-26	46,895	66,621	152,735	-	139,080	338,395
2026-27	48,369	68,034	159,021	-	157,883	380,083
2027-28	49,890	34,556	165,566	-	163,988	394,781
2028-33	77,792	-	940,640	-	947,481	2,273,362
2033-38	-	-	1,169,047	-	622,383	1,488,124
2038-43	-	-	-	-	-	-
2043-48	-	-	-	-	-	-
2048-52	-	-	-	-	-	-
<b>Totals</b>	<b>\$ 308,562</b>	<b>\$ 298,332</b>	<b>\$ 2,874,606</b>	<b>\$ 15,615</b>	<b>\$ 2,285,337</b>	<b>\$ 5,496,530</b>

FISCAL YEAR	LV Workforce	Gummy Bears	EEACS - 555	EEACS - 413	Totals
2023-24	\$ 115,576	\$ 45,748	\$ 859,625	\$ 40,588	\$ 1,753,258
2024-25	-	48,878	902,433	42,074	1,695,921
2025-26	-	51,408	947,376	43,614	1,786,124
2026-27	-	53,289	994,560	45,210	1,906,449
2027-28	-	55,240	1,044,089	46,865	1,954,975
2028-33	-	316,752	6,054,174	261,344	10,871,545
2033-38	-	95,396	7,719,544	77,996	11,172,489
2038-43	-	-	9,843,019	-	9,843,019
2043-48	-	-	12,550,616	-	12,550,616
2048-52	-	-	12,483,997	-	12,483,997
<b>Totals</b>	<b>\$ 115,576</b>	<b>\$ 666,710</b>	<b>\$ 53,399,433</b>	<b>\$ 557,691</b>	<b>\$ 66,018,394</b>

**Commitments**

*Encumbrances*

Any encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. The General Fund Budget is maintained on the modified accrual basis of accounting, except that budgetary basis expenditures include any encumbrances issued for goods or services not received at year-end and not terminated.

The actual results of operations are presented in accordance with GAAP and the School's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. If budgetary encumbrances exist at year-end, they are included in the fund financial statements to reflect actual revenues and expenditures on a budgetary basis consistent with the School's legally adopted budget.

The Foundation had the following construction commitments at year end:

	CONTRACT AMOUNT	EXPENDED TO DATE	ENDING BALANCE
<b><u>SCHOOL PROJECTS</u></b>			
<b>Lower Level Gym</b>			
Mohawk Contracting	\$ 237,842	\$ 225,950	\$ 11,892
<b><u>FOUNDATION PROJECTS</u></b>			
<b>FieldHouse Addition</b>			
Mohawk Contracting	\$ 7,365,750	\$ 2,859,576	\$ 4,506,174
<b>TOTAL COMMITMENTS</b>	<b>\$ 7,603,592</b>	<b>\$ 3,085,526</b>	<b>\$ 4,518,066</b>

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2023**

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**Short-term Debt**

Interfund balances between funds represent temporary loans recorded at year end subsequent to a final allocation of expenses. The balances generally are paid shortly after year end. Transfers represent funds set aside for the anticipation of future capital needs.

*Interfund receivables and payables*

The following interfund receivables and payables existed on June 30, 2023:

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	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 1,342,547	\$ 48,621
Foundation	52,790	1,265,130
Food Service Fund	-	81,586
<b>TOTAL</b>	<b>\$ 1,395,337</b>	<b>\$ 1,395,337</b>

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*Interfund Transfers*

The School made the following interfund transfers during the fiscal year ended June 30, 2023:

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	<u>TRANSFER IN</u>	<u>TRANSFER OUT</u>
General Fund	\$ -	\$ -
Food Service Fund	-	-
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ -</b>

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**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2023**

**Long-Term Liabilities**

Long-term liability balances and activity for the year ended June 30, 2023, were:

Primary Government-Charter School

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
<b><u>Governmental Activities</u></b>					
<i>Other liabilities:</i>					
Lease Obligations	\$ 55,119,870	\$ -	\$ 931,591	\$ 54,188,279	\$ 975,508
Vested employee benefits:					
Vacation Pay	-	-	-	-	-
<b>TOTAL GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES</b>	<b><u>\$ 55,119,870</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 931,591</u></b>	<b><u>\$ 54,188,279</u></b>	<b><u>\$ 975,508</u></b>
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>					
<i>Other liabilities:</i>					
Vested employee benefits:					
Vacation pay	\$ -	\$ -	\$ -	\$ -	\$ -
Sick pay	-	-	-	-	-
<b>TOTAL BUSINESS-TYPE ACTIVITY LONG-TERM LIABILITIES</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

Payments on leases are made by the general fund. Vested employee benefits will be liquidated by governmental and proprietary funds. The School currently does not have any leases payable in business-type activities.

Total Interest paid and accrued during the year:

<b>GOVERNMENTAL ACTIVITIES:</b>	<b>EXPENSE</b>	<b>PAID</b>
Lease Interest	\$ 2,641,999	\$ 2,641,999
Refund of Prior Year Receipts	-	-
<b>TOTAL INTEREST FOR GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 2,641,999</u></b>	<b><u>\$ 2,641,999</u></b>

Component Unit- Foundation

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
<b><u>Foundation Debt:</u></b>					
Series A of 2017 Bonds - Tax Exempt	\$ 34,810,000	\$ -	\$ -	\$ 34,810,000	\$ -
Series B of 2017 Bonds - Taxable	5,121,016	2,125	545,000	4,578,141	590,000
Series of 2022 Bonds - Tax Exempt	-	8,770,000	-	8,770,000	-
<b>Total revenue bond debt</b>	<b><u>39,931,016</u></b>	<b><u>8,772,125</u></b>	<b><u>545,000</u></b>	<b><u>48,158,141</u></b>	<b><u>590,000</u></b>
<i>Other liabilities:</i>					
Mortgage Payable (QNB Loan)	1,017,251	-	35,411	981,840	36,769
Vested employee benefits:					
Vacation Pay	-	-	-	-	-
<b>Total other liabilities</b>	<b><u>1,017,251</u></b>	<b><u>-</u></b>	<b><u>35,411</u></b>	<b><u>981,840</u></b>	<b><u>36,769</u></b>
<b>LONG-TERM LIABILITIES</b>	<b><u>\$ 40,948,267</u></b>	<b><u>\$ 8,772,125</u></b>	<b><u>\$ 580,411</u></b>	<b><u>\$ 49,139,981</u></b>	<b><u>\$ 626,769</u></b>

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2023**

Total interest paid and accrued during the year for the Foundation:

<b>COMPONENT UNIT - FOUNDATION</b>	<b>EXPENSE</b>	<b>PAID</b>
Revenue Bonds	\$ 2,970,019	\$ 2,685,877
QNB Mortgage	40,609	40,609
<b>TOTAL INTEREST FOR COMPONENT UNIT FOUNDATION</b>	<b>\$ 3,010,628</b>	<b>\$ 2,726,486</b>

**Primary Government – Charter School - Debt**

*Lease – Toshiba E-Studio Printers*

On July 1, 2021, the Charter School entered into a 60-month lease as lessee for the acquisition and use of Toshiba E-Studio printers. An initial lease liability was recorded in the amount of \$377,395 during the current fiscal year. As of June 30, 2023, the value of the lease liability was \$231,155. Executive Education Academy Charter School is required to make monthly fixed payments of \$6,650. The lease has an interest rate of 2.29%. The Equipment has a five-year estimated useful life. The value of the right to use asset as of June 30, 2023 was \$377,395 with accumulated amortization of \$150,958.

The future principal and interest lease payments as of June 30, 2023, are as follows:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2023-24	\$ 75,296	\$ 4,506	\$ 79,802
2024-25	77,038	2,764	79,802
2025-26	78,821	981	79,802
<b>TOTAL OUTSTANDING</b>	<b>\$ 231,155</b>	<b>\$ 8,251</b>	<b>\$ 239,406</b>

*Lease – Foundation (Component Unit) – 555 Union Boulevard*

On July 1, 2021, The Charter School entered into a 31-year lease as lessee for the acquisition and use of building space. An initial lease liability was recorded in the amount of \$55,192,647 during the current fiscal year. As of June 30, 2023, the value of the lease liability was \$53,399,434. The Charter School is required to make monthly fixed payments of \$286,763. The lease has an interest rate of 4.87%. The building space has a 39-year estimated useful life. The value of the right to use asset as of June 30, 2023 was \$55,192,647 with accumulated amortization of \$3,560,816.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2023**

The future principal and interest lease payments as of June 30, 2023, are as follows:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2023-24	\$ 859,624	\$ 2,581,533	\$ 3,441,157
2024-25	902,435	2,538,722	3,441,157
2025-26	947,378	2,493,779	3,441,157
2026-27	994,559	2,446,598	3,441,157
2027-28	1,044,089	2,397,067	3,441,157
2028-33	6,054,174	11,151,609	17,205,783
2033-38	7,719,544	9,486,239	17,205,783
2038-43	9,843,019	7,362,764	17,205,783
2043-48	12,550,616	4,655,167	17,205,783
2048-52	12,483,997	1,280,629	13,764,626
<b>TOTAL OUTSTANDING</b>	<b>\$ 53,399,434</b>	<b>\$ 46,394,108</b>	<b>\$ 99,793,541</b>

*Lease – Foundation (Component Unit) – 413 Union Boulevard*

On July 1, 2021, the Charter School entered into a 13-year lease as lessee for the acquisition and use of certain real estate located at 413 Union Blvd., Allentown, PA. An initial lease liability was recorded in the amount of \$624,046 during the current fiscal year. As of June 30, 2023, the value of the lease liability was \$557,691. The Charter School is required to make monthly fixed payments of \$5,000. The lease has an interest rate of 3.60%. The real estate has an indefinite estimated useful life. The value of the right to use asset as of June 30, 2023 was \$624,046 with accumulated amortization of \$89,149.

The future principal and interest lease payments as of June 30, 2023, are as follows:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2023-24	\$ 40,588	\$ 19,412	\$ 60,000
2024-25	42,074	17,926	60,000
2025-26	43,614	16,386	60,000
2026-27	45,210	14,790	60,000
2027-28	46,865	13,135	60,000
2028-33	261,344	38,656	300,000
2033-35	77,996	2,004	80,000
<b>TOTAL OUTSTANDING</b>	<b>\$ 557,691</b>	<b>\$ 122,309</b>	<b>\$ 680,000</b>

**Component Unit – Foundation Debt**

*Lease Revenue Bonds – Series A of 2017*

On August 9, 2017, the Executive Education Academy Charter School Foundation issued \$34,810,000 of Tax Exempt Revenue Bonds – Series A of 2017. The purposes of this issue are to: (1) acquire, renovate, and equip a facility to be used, in part, as a charter school facility, and the construction of additions or other capital expenditures with respect to such facility; (2) the funding of a debt service reserve fund for the bonds, and (3) pay the costs of issuance. Certain portions of the facility not leased to the Charter School will be leased to certain other organizations pursuant to certain other individual leases. These bonds are special limited obligations of the Allentown Commercial and Industrial Development Authority and are

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2023**

payable solely from the revenue and property of the Borrower (Foundation) and the Charter School pledged under the Agreement. The Revenue Bonds were purchased by Zions Bank and mature between July 1, 2029 and July 1, 2047, at interest rates ranging from 5.875% to 6.25%, with total interest indebtedness of \$50,342,257.

The remaining debt service obligations at June 30, 2023, are:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2023-24	\$ -	\$ 2,144,425	\$ 2,144,425
2024-25	-	2,144,425	2,144,425
2025-26	-	2,144,425	2,144,425
2026-27	-	2,144,425	2,144,425
2027-28	-	2,144,425	2,144,425
2028-33	3,870,000	10,307,057	14,177,057
2033-38	6,675,000	8,630,565	15,305,565
2038-43	8,985,000	6,247,031	15,232,031
2043-48	15,280,000	2,867,500	18,147,500
<b>TOTAL OUTSTANDING</b>	<b>\$ 34,810,000</b>	<b>\$ 38,774,278</b>	<b>\$ 73,584,278</b>

*Lease Revenue Bonds – Series B of 2017*

On August 9, 2017, the Executive Education Academy Charter School Foundation issued \$6,865,000 of Taxable Revenue Bonds – Series B of 2017. The purposes of this issue are to: (1) acquire, renovate, and equip a facility to be used, in part, as a charter school facility, and the construction of additions or other capital expenditures with respect to such facility; (2) the funding of a debt service reserve fund for the bonds, and (3) pay the costs of issuance. Certain portions of the facility not leased to the Charter School will be leased to certain other organizations pursuant to certain other individual leases. These bonds are special limited obligations of the Allentown Commercial and Industrial Development Authority and are payable solely from the revenue and property of the Borrower (Foundation) and the Charter School pledged under the Agreement. The Revenue Bonds were purchased by Zions Bank and mature between July 1, 2018 and July 1, 2029, at interest rates ranging from 8.0% to 8.25%, with total interest indebtedness of \$3,825,822.

The remaining debt service obligations at June 30, 2023, are:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2023-24	\$ 590,000	\$ 345,988	\$ 935,988
2024-25	640,000	296,788	936,788
2025-26	690,000	243,588	933,588
2026-27	745,000	186,188	931,188
2027-28	805,000	124,188	929,188
2028-30	1,115,000	66,619	1,181,619
<b>TOTAL OUTSTANDING</b>	<b>\$ 4,585,000</b>	<b>\$ 1,263,359</b>	<b>\$ 5,848,359</b>
Less: Unamortized Discount	(6,859)		
<b>GRAND TOTAL</b>	<b>\$ 4,578,141</b>		

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2023**

*Lease Revenue Bonds – Series of 2022*

On October 3, 2022, The Foundation through the Allentown Commercial and Industrial Development Authority issued \$8,770,000 of Tax-Exempt Revenue Bonds – Series of 2022. The purpose of this issue is to: (1) making certain renovations and constructing certain additions to the School Facilities including a Fieldhouse and flex space addition for the School’s use on the property located at 555 Union Boulevard, Allentown, PA as well as to otherwise furnish and equip the School Facilities; (2) funding debt service reserve fund for the 2022 Bonds; (3) funding capitalized interest on the 2022 Bonds; and (4) paying the costs of issuance of the 2022 Bonds.

The remaining debt service requirements as of June 30, 2023, are:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2023-24	\$ -	\$ 457,014	\$ 457,014
2024-25	-	613,900	613,900
2025-26	-	613,900	613,900
2026-27	-	613,900	613,900
2027-28	-	613,900	613,900
2028-33	-	3,069,500	3,069,500
2033-38	-	3,069,500	3,069,500
2038-43	-	3,069,500	3,069,500
2043-48	-	3,069,500	3,069,500
2048-53	8,770,000	2,004,800	10,774,800
<b>TOTAL OUTSTANDING</b>	<b>\$ 8,770,000</b>	<b>\$ 17,195,414</b>	<b>\$ 25,965,414</b>

*QNB Mortgage Note Payable*

On October 29th, 2021, the Foundation purchased land and two commercial buildings at 413-427 Union Boulevard for \$1,300,000. The Foundation financed \$1,040,000 of this purchase with a commercial mortgage from Quakertown National Bank. Terms of the Mortgage are 240 months with a fixed rate of 4.0% with total interest indebtedness of \$480,426.

The outstanding debt service requirements at June 30, 2023, are:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2023-24	\$ 36,769	\$ 39,253	\$ 76,022
2024-25	38,396	37,625	76,021
2025-26	39,983	36,039	76,022
2026-27	41,635	34,387	76,022
2027-28	43,265	32,757	76,022
2028-33	245,079	135,029	380,108
2033-38	300,094	80,013	380,107
2038-42	236,618	16,786	253,404
<b>TOTAL OUTSTANDING</b>	<b>\$ 981,839</b>	<b>\$ 411,889</b>	<b>\$ 1,393,728</b>

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2023**

*Education Foundation Combined Long-Term Debt*

The Foundation general long-term debt obligations, except for compensated absences for subsequent years are as follows:

Fiscal Year	<b>Bonds</b>							
	Tax Exempt GO Bonds - 2017A		Taxable GO Bonds - 2017B		Tax Exempt GO Bonds - 2022		Total Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023-24	\$ -	\$ 2,144,425	\$ 590,000	\$ 345,988	\$ -	\$ 457,014	\$ 590,000	\$ 2,947,427
2024-25	-	2,144,425	640,000	296,788	-	613,900	640,000	3,055,113
2025-26	-	2,144,425	690,000	243,588	-	613,900	690,000	3,001,913
2026-27	-	2,144,425	745,000	186,188	-	613,900	745,000	2,944,513
2027-28	-	2,144,425	805,000	124,188	-	613,900	805,000	2,882,513
2028-33	3,870,000	10,307,057	1,115,000	66,619	-	3,069,500	4,985,000	13,443,176
2033-38	6,675,000	8,630,565	-	-	-	3,069,500	6,675,000	11,700,065
2038-43	8,985,000	6,247,031	-	-	-	3,069,500	8,985,000	9,316,531
2043-48	15,280,000	2,867,500	-	-	-	3,069,500	15,280,000	5,937,000
2048-53	-	-	-	-	8,770,000	2,004,800	8,770,000	2,004,800
<b>TOTAL</b>	<b>\$ 34,810,000</b>	<b>\$ 38,774,278</b>	<b>\$ 4,585,000</b>	<b>\$ 1,263,359</b>	<b>\$ 8,770,000</b>	<b>\$ 17,195,414</b>	<b>\$ 48,165,000</b>	<b>\$ 57,233,051</b>

Fiscal Year	Direct Borrowing		Bonds and Direct Borrowing	
	QNB Mortgage Principal	QNB Mortgage Interest	Totals Principal	Totals Interest
2023-24	\$ 36,769	\$ 39,253	\$ 626,769	\$ 2,986,680
2024-25	38,396	37,625	678,396	3,092,738
2025-26	39,983	36,039	729,983	3,037,952
2026-27	41,635	34,387	786,635	2,978,900
2027-28	43,265	32,757	848,265	2,915,270
2028-33	245,079	135,029	5,230,079	13,578,205
2033-38	300,094	80,013	6,975,094	11,780,078
2038-43	236,618	16,786	9,221,618	9,333,317
2043-48	-	-	15,280,000	5,937,000
2048-53	-	-	8,770,000	2,004,800
<b>TOTAL</b>	<b>\$ 981,839</b>	<b>\$ 411,889</b>	<b>\$ 49,146,839</b>	<b>\$ 57,644,940</b>

**Executive Education Academy Charter School**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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**Note Payable - Bank**

The School has a line-of-credit in the amount of \$350,000 with Quakertown National Bank. The outstanding balance on the line-of-credit is \$0 as of June 30, 2023. The line is secured by substantially all of the School's assets and is used for the purpose of providing working capital for the School. The interest rate on the line-of-credit is 9.5%.

**Retirement Plan**

Effective October 1, 2014, the School established a 403(b) plan, known as the PSERS Alternative Plan, which is available to all eligible employees. For employees who elect to participate, a mandatory 5% will be withheld from their pay. The School will make a mandatory match of 5%. The School's expense to the Plan for the year ended June 30, 2023, was \$527,555.

**Note 6 - Risk Management**

The School is exposed to various risks of loss related to torts; theft of, damage to the destruction of assets; errors and omissions; injuries to employees; and natural disaster. Significant losses are covered by commercial insurance for all major programs.

**Note 7 - Income Tax Status**

The School is exempt from Federal income taxes under Section 501c (3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. For the year ended June 30, 2023, the School had no unrelated business income. The School has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The School's Federal Exempt Organization Income Tax Return (Form 990) for 2022 is subject to examination by the IRS, generally for up to three years after filed.

The School files a Return of Organization Exempt from Income Tax annually.

**Note 8 - Fund Balance Allocations**

*Nonspendable Fund Balance*

The General Fund had \$712,546 in nonspendable fund balance at June 30, 2023, comprised of \$30,856 of Inventory, \$6,690 in prepaid expenditures, and \$675,000 held in Security Deposits.

*Restricted Fund Balance*

The General Fund reports a restricted fund balance totaling \$1,000, attributable to an external donation specifically earmarked for the Aevium Grant. These funds are designated solely for initiatives related to Mental Health.

*Assigned Fund Balance*

The General Fund has assigned a total of \$31,434 for a variety of purposes including student activities, Curriculum & Instruction, and Athletics. This assignment reflects funds accumulated from student-led fundraising efforts in previous years, which are intended to cover anticipated future expenses in these areas.

**Note 9 - Restricted Net Position**

*Net Investment in Capital Assets*

The components of this restriction are total capital assets of \$54,688,093, in the governmental activities as invested in capital assets net of related debt, with \$83,858 in business activities.

**Executive Education Academy Charter School**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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**Note 10 - New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued the following standards, which have not yet been implemented:

- Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62* - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Effective Date: for fiscal years beginning after June 15, 2023.
  
- Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Effective Date: for fiscal years beginning after December 15, 2023.

**Note 11 - Contingencies**

*Grants*

The School received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund, or other applicable funds. However, in the opinion of management any such disallowed claims will not have a material adverse effect on the overall financial position of the School as of June 30, 2023.



**S U P P L E M E N T A L   I N F O R M A T I O N**

**Executive Education Academy Charter School  
Budget and Actual - General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the Year Ended June 30, 2023**

<b><u>6000 - Revenue from Local Sources</u></b>		<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
6510	Investment Earnings	\$ 7,600	\$ 19,424	\$ 11,824
6710	Admissions	-	10,176	10,176
6740	Fees	-	61,674	61,674
6750	Student Activity - Special Events	-	23,178	23,178
6832	Federal IDEA Revenue Received as Pass Through	150,000	123,738	(26,262)
6920	Contributions and Donations	-	301,400	301,400
6942	Summer School Tuition	-	1,355	1,355
6944	Receipts from Other LEAs in PA	17,729,848	18,271,722	541,874
6991	Refunds of Prior Year Expenditures	30,000	-	(30,000)
6999	Miscellaneous	-	6,084	6,084
<b>TOTAL REVENUE FROM LOCAL SOURCES</b>		<b>\$ 17,917,448</b>	<b>\$ 18,818,751</b>	<b>\$ 901,303</b>
<b><u>7000 - Revenue from State Sources</u></b>				
7320	Rental and Sinking Fund Payments	190,000	198,581	8,581
7330	Health Services	15,000	24,695	9,695
7362	Mental Health & Safety and Security Grants	-	23,057	23,057
<b>TOTAL REVENUE FROM STATE SOURCES</b>		<b>205,000</b>	<b>246,333</b>	<b>41,333</b>
<b><u>8000 - Revenue from Federal Sources</u></b>				
8514	Title I	725,754	816,995	91,241
8515	Title II	73,249	80,267	7,018
8516	Title III	11,157	13,159	2,002
8517	Title IV	55,152	56,946	1,794
8743	ESSER II	244,000	1,727,819	1,483,819
8744	ESSER III	-	2,271,890	2,271,890
8751	ARP ESSER Learning Loss	-	98,972	98,972
8752	ARP ESSER Summer Programs	-	7,175	7,175
8753	ARP ESSER Afterschool Programs	-	16,521	16,521
<b>TOTAL REVENUE FROM FEDERAL SOURCES</b>		<b>1,109,312</b>	<b>5,089,744</b>	<b>3,980,432</b>
<b><u>9000 - Other Financing Sources</u></b>				
9220	Proceeds from Leases	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE AND OTHER FINANCING SOURCES</b>		<b>\$ 19,231,760</b>	<b>\$ 24,154,828</b>	<b>\$ 4,923,068</b>

**Executive Education Academy Charter School**  
**Budget and Actual - General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Year Ended June 30, 2023**

<b><u>1000 - Instruction</u></b>	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
1110 Regular Programs - Elem./Secondary	\$ 5,916,013	\$ 5,916,013	\$ -
1190 Federally Funded Regular Programs	1,083,142	5,112,801	(4,029,659)
1225 Speech and Language Support	87,046	87,046	-
1241 Learning Support - Public	1,036,806	1,036,806	-
1260 Physical Support	36,933	36,933	-
1700 Higher Education Programs	-	-	-
Total Instruction	8,159,940	12,189,599	(4,029,659)
<b><u>2000 - Support Services</u></b>			
2122 Counseling Services	-	-	-
2143 Psychological Counseling Services	90,059	90,059	-
2200 Support Services - Instructional Staff	-	-	-
2220 Technology Support Service	71,028	71,028	-
2260 Instruction and Curriculum Development Services	296,386	296,386	-
2350 Legal Services	63,670	63,670	-
2360 Office of the Superintendent (Executive Director)	514,568	514,568	-
2380 Office of the Principal Services	1,924,082	1,924,082	-
2440 Nursing Services	246,965	246,965	-
2511 Supervision of Fiscal Services	165,652	165,652	-
2514 Payroll Services	45,422	45,422	-
2515 Financial Accounting Services	132,605	132,605	-
2590 Other Support Services - Business	675	675	-
2620 Operation of Buildings Services	1,233,719	1,233,719	-
2660 Security Services	78,708	78,708	-
2720 Vehicle Operation Services	20,582	20,582	-
2818 System-Wide Technology Services	112,536	112,536	-
2830 Staff Services	136,656	136,656	-
Total Support Services	5,133,313	5,133,313	-
<b><u>3000 - Operation of Non-Instructional Services</u></b>			
3250 School Sponsored Athletics	541,826	541,826	-
3300 Community Services	522	522	-
3390 Community Services	133,957	133,957	-
Total Non-Instructional Services	676,305	676,305	-
<b><u>4000 - Facilities Acquisition, Construction, and Improvement Services</u></b>			
4200 Existing Site Improvement Services	1,688,612	1,688,612	-
Total Facilities Acquisition, Construction, and Improvement Services	1,688,612	1,688,612	-
<b><u>5000 - Other Expenditures and Financing Uses</u></b>			
5140 Short Term Borrowing - Interest and Cost	3,573,590	3,573,590	-
Total Other Expenditures and Financing Uses	3,573,590	3,573,590	-
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 19,231,760</b>	<b>\$ 23,261,419</b>	<b>\$ (4,029,659)</b>

**Executive Education Academy Charter School  
 Budget and Actual - General Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 For the Year Ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>TOTAL REVENUE AND OTHER FINANCING SOURCES</b>	\$ 19,231,760	\$ 24,154,828	\$ 4,923,068
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>19,231,760</u>	<u>23,261,419</u>	<u>(4,029,659)</u>
<b>NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	\$ -	\$ 893,409	\$ 893,409
<b>FUND BALANCE - JULY 1, 2022</b>	<u>4,190,529</u>	<u>6,310,506</u>	<u>2,119,977</u>
<b>FUND BALANCE - JUNE 30, 2023</b>	<u>\$ 4,190,529</u>	<u>\$ 7,203,915</u>	<u>\$ 3,013,386</u>

**Executive Education Academy Charter School  
Food Service Fund  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
For the Year Ended June 30, 2023**

**REVENUES**

Sales - Non-Reimbursable	\$ 11,577	
Federal Subsidy	1,448,094	
State Subsidy	46,948	
Federal Subsidy for Non-Food Assistance	-	
Donated Commodities Revenue	99,269	
Interest	<u>1,314</u>	
<b>TOTAL REVENUES</b>		<b>\$ 1,607,202</b>

**COST OF GOODS SOLD**

Beginning Inventory - 7/1	22,516	
Food and Milk	-	
Donated Commodities	98,276	
Supplies	50,814	
Ending Inventory - 6/30	<u>(23,372)</u>	
<b>TOTAL COST OF GOODS SOLD</b>		<b><u>148,234</u></b>

**GROSS PROFIT**

1,458,968

**EXPENSES**

Salaries	70,700	
Employee Benefits	6,717	
Food Service Mgt. - Food	479,645	
Food Service Mgt. - Non-Food	713,555	
Advertising	705	
Supplies & Fees - Technology	17,104	
Depreciation	9,851	
Miscellaneous Expenditures	-	
Energy	43,215	
Repairs and Maintenance	<u>114,338</u>	
<b>TOTAL EXPENSES</b>		<b><u>1,455,830</u></b>

**CHANGES IN FUND NET POSITION**

3,138

**FUND NET POSITION - JULY 1, 2022**

424,599

**FUND NET POSITION - JUNE 30, 2023**

**\$ 427,737**

**Executive Education Academy Charter School  
Food Service Fund  
Statement of Fund Net Position  
As of June 30, 2023**

**ASSETS**

Cash and Cash Equivalents	\$ 542,555
Due From Other Funds	-
Intergovernmental Receivables	45,481
Other Receivables	-
Inventory	23,372
Equipment (net of accum. Depreciation)	83,858

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows of Resources - Diff. in Projected vs Invest. Earnings	-
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<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 695,266</u></b>
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**LIABILITIES**

Accounts Payable	\$ 185,434
Due to Other Funds	77,417
Due to Component Unit	4,169
Other Payables	509

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows of Resources - Diff. in Expected vs Actual Experience	-
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<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>267,529</b>
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<b>FUND NET POSITION</b>	<b><u>427,737</u></b>
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<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND NET POSITION</b>	<b><u>\$ 695,266</u></b>
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**Executive Education Academy Charter School  
Schedule on Component Unit's Tax Exempt  
Revenue Bonds - Series A of 2017  
For the Year Ended June 30, 2023**

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2023-24	\$ -	\$ 2,144,425	\$ 2,144,425
2024-25	-	2,144,425	2,144,425
2025-26	-	2,144,425	2,144,425
2026-27	-	2,144,425	2,144,425
2027-28	-	2,144,425	2,144,425
2028-29	-	2,144,425	2,144,425
2029-30	690,000	2,124,156	2,814,156
2030-31	1,000,000	2,074,513	3,074,513
2031-32	1,060,000	2,014,000	3,074,000
2032-33	1,120,000	1,949,963	3,069,963
2033-34	1,185,000	1,881,513	3,066,513
2034-35	1,255,000	1,808,313	3,063,313
2035-36	1,330,000	1,730,763	3,060,763
2036-37	1,410,000	1,648,563	3,058,563
2037-38	1,495,000	1,561,413	3,056,413
2038-39	1,585,000	1,467,031	3,052,031
2039-40	1,685,000	1,364,844	3,049,844
2040-41	1,790,000	1,256,250	3,046,250
2041-42	1,905,000	1,140,781	3,045,781
2042-43	2,020,000	1,018,125	3,038,125
2043-44	2,150,000	887,813	3,037,813
2044-45	2,285,000	749,219	3,034,219
2045-46	2,425,000	602,031	3,027,031
2046-47	2,575,000	445,781	3,020,781
2047-48	5,845,000	182,656	6,027,656
<b>TOTAL OUTSTANDING</b>	<b>\$ 34,810,000</b>	<b>\$ 38,774,278</b>	<b>\$ 73,584,278</b>

**Schedule on Component Unit's Taxable  
Revenue Bonds - Series B of 2017  
For the Year Ended June 30, 2023**

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2023-24	\$ 590,000	\$ 345,988	\$ 935,988
2024-25	640,000	296,788	936,788
2025-26	690,000	243,588	933,588
2026-27	745,000	186,188	931,188
2027-28	805,000	124,188	929,188
2028-29	865,000	56,306	921,306
2029-30	250,000	10,313	260,313
<b>TOTAL OUTSTANDING</b>	<b>\$ 4,585,000</b>	<b>\$ 1,263,359</b>	<b>\$ 5,848,359</b>

**Executive Education Academy Charter School  
Schedule on Component Unit's Tax Exempt  
Revenue Bonds - Series of 2022  
For the Year Ended June 30, 2023**

<b>FISCAL YEAR</b>	<b><u>PRINCIPAL</u></b>	-	<b><u>INTEREST</u></b>	-	<b><u>TOTAL</u></b>
2023-24	\$	-	\$ 457,014	-	\$ 457,014
2024-25		-	613,900	-	613,900
2025-26		-	613,900	-	613,900
2026-27		-	613,900	-	613,900
2027-28		-	613,900	-	613,900
2028-29		-	613,900	-	613,900
2029-30		-	613,900	-	613,900
2030-31		-	613,900	-	613,900
2031-32		-	613,900	-	613,900
2032-33		-	613,900	-	613,900
2033-34		-	613,900	-	613,900
2034-35		-	613,900	-	613,900
2035-36		-	613,900	-	613,900
2036-37		-	613,900	-	613,900
2037-38		-	613,900	-	613,900
2038-39		-	613,900	-	613,900
2039-40		-	613,900	-	613,900
2040-41		-	613,900	-	613,900
2041-42		-	613,900	-	613,900
2042-43		-	613,900	-	613,900
2043-44		-	613,900	-	613,900
2044-45		-	613,900	-	613,900
2045-46		-	613,900	-	613,900
2046-47		-	613,900	-	613,900
2047-48		-	613,900	-	613,900
2048-49	1,420,000		613,900		2,033,900
2049-50	1,515,000		514,500		2,029,500
2050-51	1,625,000		408,450		2,033,450
2051-52	1,735,000		294,700		2,029,700
2052-53	2,475,000		173,250		2,648,250
<b>TOTAL OUTSTANDING</b>	<b>\$ 8,770,000</b>		<b>\$ 17,195,414</b>		<b>\$ 25,965,414</b>



**Executive Education Academy Charter School  
Schedule on Component Unit's QNB Loan  
Mortgage on 413-427 Union Boulevard  
For the Year Ended June 30, 2023**

<b>FISCAL YEAR</b>	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b><u>TOTAL</u></b>
2023-24	\$ 36,769	\$ 39,253	\$ 76,022
2024-25	38,396	37,625	76,021
2025-26	39,983	36,039	76,022
2026-27	41,635	34,387	76,022
2027-28	43,265	32,757	76,022
2028-29	45,142	30,879	76,021
2029-30	47,008	29,014	76,022
2030-31	48,950	27,072	76,022
2031-32	50,903	25,118	76,021
2032-33	53,076	22,946	76,022
2033-34	55,269	20,753	76,022
2034-35	57,552	18,469	76,021
2035-36	59,886	16,135	76,021
2036-37	62,404	13,617	76,021
2037-38	64,983	11,039	76,022
2038-39	67,668	8,354	76,022
2039-40	70,449	5,572	76,021
2040-41	73,374	2,647	76,021
2041-42	25,127	213	25,340
<b>TOTAL OUTSTANDING</b>	<b>\$ 981,839</b>	<b>\$ 411,889</b>	<b>\$ 1,393,728</b>

**S I N G L E   A U D I T   S E C T I O N**

**Executive Education Academy Charter School  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	PASS THROUGH GRANTOR NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) 7/1/2022	REVENUE	EXPEND.	ACCRUED OR (DEFERRED) 6/30/2023	FOOT- NOTES
<b>U.S. DEPT. OF EDUCATION</b>											
<b>PASSED THROUGH THE PA DEPARTMENT OF EDUCATION (PDE)</b>											
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-22-1134 A	7/1/21- 9/30/22	\$ 725,754	\$ 223,299	\$ 223,299	\$ -	\$ -	\$ -	2
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-23-1134 A	7/1/22- 9/30/23	\$ 816,995	613,275	-	816,995	816,995	203,720	
<b>TOTAL TITLE I PROGRAM</b>						836,574	223,299	816,995	816,995	203,720	
<b>PASSED THROUGH THE PDE</b>											
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-22-1134 A	7/1/21- 9/30/22	\$ 73,249	16,905	16,905	-	-	-	2
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-23-1134 A	7/1/22- 9/30/23	\$ 80,267	48,847	-	80,267	80,267	31,420	
<b>TOTAL TITLE II PROGRAM</b>						65,752	16,905	80,267	80,267	31,420	
<b>PASSED THROUGH THE PDE</b>											
TITLE III - LANGUAGE INST LEP/IMMIGRANT STUDENTS	I	84.365	FA-010-22-1134 A	7/1/21- 9/30/22	\$ 11,157	5,224	5,224	-	-	-	2
TITLE III - LANGUAGE INST LEP/IMMIGRANT STUDENTS	I	84.365	FA-010-23-1134 A	7/1/22- 9/30/23	\$ 13,159	7,637	-	13,159	13,159	5,522	
<b>TOTAL TITLE III PROGRAM</b>						12,861	5,224	13,159	13,159	5,522	
<b>PASSED THROUGH THE PDE</b>											
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-22-1134 A	7/1/21- 9/30/22	\$ 55,152	21,232	21,232	-	-	-	2
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-23-1134 A	7/1/22- 9/30/23	\$ 56,946	33,383	-	56,946	56,946	23,563	
<b>TOTAL TITLE IV PROGRAM</b>						54,615	21,232	56,946	56,946	23,563	
<b>PASSED THROUGH THE PDE</b>											
COVID-19 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND (ESSER II)	I	84.425D	FA-200-21-1134	3/13/20 - 9/30/23	\$ 2,708,197	1,196,645	197,388	1,727,819	1,727,819	728,562	2
COVID-19 AMERICAN RESCUE PLAN - ESSER (ARP-ESSER)	I	84.425U	FA-223-21-1134	3/13/20 - 9/30/24	\$ 5,477,899	3,983,926	850,968	2,271,890	2,271,890	(861,068)	
COVID-19 ARP-ESSER - LEARNING LOSS SET ASIDE	I	84.425U	FA-225-21-1134	3/13/20 - 9/30/24	\$ 304,111	66,351	(16,588)	98,972	98,972	16,033	
COVID-19 ARP-ESSER - SUMMER SCHOOL SET ASIDE	I	84.425U	FA-225-21-1134	3/13/20 - 9/30/24	\$ 60,822	13,270	2,714	7,175	7,175	(3,381)	
COVID-19 ARP-ESSER - AFTER SCHOOL SET ASIDE	I	84.425U	FA-225-21-1134	3/13/20 - 9/30/24	\$ 60,822	13,270	(3,318)	16,521	16,521	(67)	
<b>TOTAL EDUCATION STABILIZATION FUND</b>						5,273,462	1,031,164	4,122,377	4,122,377	(119,921)	
<b>PASSED THROUGH THE CARBON-LEHIGH I.U. #21</b>											
IDEA, PART B	I	84.027	N/A	7/1/21- 9/30/22	\$ 178,634	82,476	82,476	-	-	-	2
IDEA, PART B	I	84.027	N/A	7/1/22- 9/30/23	\$ 122,528	122,528	-	122,528	122,528	-	1
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	7/1/21- 9/30/22	\$ 484	484	484	-	-	-	1
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	7/1/22- 9/30/23	\$ 1,210	-	-	1,210	1,210	1,210	1
<b>TOTAL IDEA CLUSTER</b>						205,488	82,960	123,738	123,738	1,210	
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>						<b>6,448,752</b>	<b>1,380,784</b>	<b>5,213,482</b>	<b>5,213,482</b>	<b>145,514</b>	
<b>U. S. DEPARTMENT OF AGRICULTURE</b>											
<b>PASSED THROUGH THE PDE</b>											
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/21-6/30/22	N/A	67,417	51,985	-	-	(15,432)	2
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/22 - 6/30/23	N/A	839,102	-	883,086	883,086	43,984	
AFTER SCHOOL SNACK	I	10.555	N/A	7/1/21 - 6/30/22	N/A	-	-	-	-	-	
AFTER SCHOOL SNACK	I	10.555	N/A	7/1/22 - 6/30/23	N/A	11,904	-	11,904	11,904	-	
COVID-19 NATIONAL SCHOOL LUNCH - SUPPLY CHAIN ASSISTANCE	I	10.555	N/A	N/A	N/A	43,246	-	43,246	43,246	-	
BREAKFAST PROGRAM	I	10.553	N/A	7/1/21-6/30/22	N/A	27,928	27,928	-	-	-	
BREAKFAST PROGRAM	I	10.553	N/A	7/1/22 - 6/30/23	N/A	493,782	-	509,230	509,230	15,448	
FRESH FRUIT AND VEGTABLE PROGRAM	I	10.582	N/A	7/1/21-6/30/22	N/A	6,634	6,634	-	-	-	
FRESH FRUIT AND VEGTABLE PROGRAM	I	10.582	N/A	7/1/22 - 6/30/23	N/A	-	-	-	-	-	
<b>PASSED THROUGH THE PA DEPT. OF AGRICULTURE:</b>											
NATIONAL SCHOOL LUNCH - USDA COMMODITIES	I	10.555	N/A	7/1/22 - 6/30/23	N/A	98,276	(1,715)	99,269	99,269	(722)	2
<b>TOTAL CHILD NUTRITION CLUSTER</b>						1,588,289	84,832	1,546,735	1,546,735	43,278	3
<b>PASSED THROUGH THE PDE</b>											
COVID-19 STATE PANDEMIC ELECTRONIC BENEFIT TRANSFER (P-EBT) ADMIN. COSTS	I	10.649	N/A	N/A	N/A	628	-	628	628	-	2
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>						<b>1,588,917</b>	<b>84,832</b>	<b>1,547,363</b>	<b>1,547,363</b>	<b>43,278</b>	
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>						<b>\$ 8,037,669</b>	<b>\$ 1,465,616</b>	<b>\$ 6,760,845</b>	<b>\$ 6,760,845</b>	<b>\$ 188,792</b>	

SOURCE: D -DIRECT; I -INDIRECT

**Executive Education Academy Charter School  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023**

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**Note 1 – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Executive Education Academy Charter School under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Executive Education Academy Charter School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Executive Education Academy Charter School.

**Note 2 – Significant Accounting Policies**

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting for all federal awards charged to governmental funds and on the accrual basis of accounting for all federal awards charged to proprietary funds, as contemplated by accounting principles, generally accepted in the United States of America.

**Note 3 – Organization and Scope**

The School recognized 21.6% of its total general fund revenue in federal awards, and 96.3% of its total enterprise fund revenue.

**Note 4 – Indirect Costs**

The School did not charge any indirect costs to any of their federal grants and programs during this fiscal year. As such, the School did not use the 10% de minimis cost rate.

**Note 5 – Program Disclosure – Footnotes**

1. The federal awards passed through the Carbon-Lehigh Intermediate Unit #21 under the U.S. Department of Education heading, is part of a consortium of participating Schools. In accordance with directions from the Commonwealth of Pennsylvania, these awards are reported on the basic financial statements as local source revenue
2. The Federal Grants were passed through the following entities in the totals below:

<u>Passed through</u>	<u>Total Awards</u>	<u>Total Expenditures</u>
PA Department of Education	\$ 10,444,530	\$ 6,537,838
Carbon-Lehigh I.U. #21	302,856	123,738
PA Department of Agriculture	N/A	99,269
<b>Totals</b>	<b>\$ 10,747,386</b>	<b>\$ 6,760,845</b>

**Executive Education Academy Charter School  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023**

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3. The Charter School received non-monetary assistance from the U.S. Department of Agriculture of \$98,276 in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the 2022-23 fiscal year, the Charter School used \$99,269 in commodities and established year-end inventory of \$722 at June 30, 2023.

**FINANCIAL STATEMENT RECONCILIATION**

General Fund Federal Source Revenues	\$ 5,089,744
Federal Grants in Local Sources	123,738
Food Service Fund Federal Revenue	<u>1,547,363</u>
<b>Total Federal Revenue, per financial statements</b>	6,760,845
Less - Medical Access	<u>-</u>
<b>Federal Revenue on SEFA</b>	<b><u>\$ 6,760,845</u></b>



GORMAN & ASSOCIATES, P.C.

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Pennsylvania Institute of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Executive Education Academy Charter School  
555 Union Boulevard  
Allentown, PA 18109

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statement of the general fund of the Executive Education Academy Charter School, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Executive Education Academy Charter School's basic financial statements, and have issued our report thereon dated November 21, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Executive Education Academy Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Executive Education Academy Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Executive Education Academy Charter School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be a material weakness or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Executive Education Academy Charter School**

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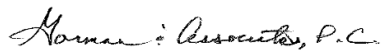
### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Executive Education Academy Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Northampton, Pennsylvania  
November 21, 2023



**GORMAN & ASSOCIATES, P.C.**

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Pennsylvania Institute of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees  
Executive Education Academy Charter School  
555 Union Boulevard  
Allentown, PA 18109

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Executive Education Academy Charter School's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Executive Education Academy Charter School's major federal programs for the year ended June 30, 2022. Executive Education Academy Charter School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Executive Education Academy Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Executive Education Academy Charter School and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Executive Education Academy Charter School's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Executive Education Academy Charter School's federal programs.



***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Executive Education Academy Charter School's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Executive Education Academy Charter School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Executive Education Academy Charter School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Executive Education Academy Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Executive Education Academy Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

***Report on Internal Control over Compliance***

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

**Executive Education Academy Charter School**

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Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

*Norman Associates, P.C.*

Northampton, Pennsylvania  
November 21, 2023

**Executive Education Academy Charter School  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2023**

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**Section I - Summary of Auditor Results**

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**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) Identified?       yes     no
- Significant Deficiencies identified that  
are not considered to be material  
weaknesses?       yes     none reported
- Noncompliance material to financial  
statements noted?       yes     no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) Identified?       yes     no
- Significant Deficiencies identified that  
are not considered to be material  
weaknesses?       yes     none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required  
to be reported in accordance with section  
200.516 of the Uniform Guidance?       yes     no

Identification of major program:

AL Number(s)	Name of Federal Program or Cluster
84.425D, 84.425U	Education Stabilization Fund
10.553, 10.555, 10.582	Child Nutrition Cluster

Percentage of program tested to total awards      83.9%

Dollar threshold used to distinguish between  
type A and type B program:      \$ 750,000

Auditee qualified as low-risk auditee?       yes     no

**Executive Education Academy Charter School  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2023**

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**Section II – Financial Statement Findings**

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There were no findings discovered, relating to the financial statements, which are to be reported in accordance with generally accepted government auditing standards.

**Section III – Findings and Questioned Costs for Federal Awards**

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There were no findings discovered, relating to the federal awards, which are required to be reported in accordance with the Uniform Guidance Section 200.516.

*Audit Follow Up Procedures*

We did not perform any follow-up procedures on prior year findings since there were none to report.

**REPORT ON  
EXECUTIVE EDUCATION  
ACADEMY CHARTER SCHOOL  
SINGLE AUDIT REPORT  
FISCAL YEAR ENDED JUNE 30, 2022**

EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL

Single Audit Report

For the Fiscal Year Ended June 30, 2022

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EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL

Single Audit Report

For the Fiscal Year Ended June 30, 2022

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## INTRODUCTORY SECTION





# GORMAN & ASSOCIATES, P.C.

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Pennsylvania Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

Board of Trustees  
Executive Education Academy Charter School  
555 Union Boulevard  
Allentown, PA 18109

We have performed the Single Audit of the Executive Education Academy Charter School for the fiscal year ended June 30, 2022, and have enclosed the Single Audit reporting package.

The Single Audit was done to fulfill the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, which entailed:

1. An audit of the basic financial statements, and our opinion thereon;
2. A review of compliance and of internal control over financial reporting based on an audit of the financial statements performed in accordance with Governmental Auditing Standards, and our report thereon;
3. An examination of the Schedule of Expenditures of Federal Awards and our report thereon; and,
4. An opinion on compliance with requirements applicable to each major program, and a review of internal control over compliance in accordance with the Uniform Guidance, explained above, and our report thereon.

As part of our report, we have enclosed our management letter.

Respectfully submitted,

*Gorman & Associates, P.C.*

November 23, 2022



# GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of  
American Institute of Certified Public Accountants  
Pennsylvania Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

Board of Trustees  
Mr. Robert Lysek, CEO  
Executive Education Academy Charter School  
555 Union Boulevard  
Allentown, PA 18109

We have audited the financial statements of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information, the discretely presented component-unit and the general fund budgetary comparison statement of the Executive Education Academy Charter School for the year ended June 30, 2022, and have issued our report thereon dated November 23, 2022.

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether your financial statements are fairly presented, in all material respects, in conformity with the U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities, including having compensating controls in place to ensure our preparation of your financial statements and note disclosures are not materially misstated.

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matter on June 27, 2022.

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Executive Education Academy Charter School are described in the notes to the financial statements. Accounting policies adopted during this past year and the existing policies were properly applied. We did not discover any transactions entered by the School that lacked authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates, which are part of the significant accounting policies, are an integral part of the financial statements and are based on management's 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 may differ significantly from those expected. The most sensitive estimates affecting the financial statements was depreciation taken on capital assets based upon the estimated useful life of each asset and calculated on the straight-line basis of depreciation. We have evaluated the factors and assumptions used to develop these estimates and have determined the estimates to be reasonable in relation to the financial statements taken as a whole.

We wish to inform you that the disclosures in your financial statements are neutral, consistent, and clear. From time to time, certain disclosures are more sensitive than others due to their significance to financial statement users. The most sensitive disclosures involve capital assets and long-term debt.

We have requested certain representations from management that are included in the management representation letter provided to us on November 23, 2022. We advise the governing body to request this letter from management for their review. In conjunction with their representations, we wish to inform you we did not encounter any significant difficulties in dealing with management and had no disagreements with your management. To our knowledge, management did not find a need to converse with any other independent accountant on any related accounting or auditing issue.

## **BOARD OF TRUSTEES – MR. ROBERT LYSEK, CEO**

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In addition, the representation letter provided to us, by management, confirmed there were no uncorrected misstatements. Management has recorded all of our adjusting journal entries and has agreed to the conversion entries necessary to convert governmental funds and proprietary funds to governmental activities and business-type activities, respectively.

In accordance with auditing standards, generally accepted in the United States of America, we have acquired a sufficient understanding of the School and its environment, including its internal control, to assess the risk of material misstatements of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures that were necessary to express an opinion on the 2021-22 basic financial statements.

Our consideration of the School's internal control components was not designed for the purpose of making detailed recommendations and would not necessarily disclose all significant deficiencies within the components. Our audit procedures have been appropriately adjusted to compensate for any observed significant deficiencies. The following three paragraphs define the three different types of deficiencies that can occur:

**A control deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.**

**A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.**

**A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.**

As the primary purpose of our audit is to form an opinion on the basic financial statements, you will appreciate that reliance must be placed on adequate methods of internal control as your principal safeguard against errors and fraud which audit procedures may not disclose. The objective of internal control over financial reporting is to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use and that financial records are reliable for preparing financial statements in accordance with generally accepted accounting principles and for maintaining the accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the related benefits; to operationalize this concept, management is required to formulate estimates and judgments of the cost/benefit ratios of alternative controls.

There are inherent limitations that should be recognized in considering the potential effectiveness of internal control over financial reporting. Errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, fatigue, and other personnel factors. Control procedures whose effectiveness depends upon the segregation of duties can be circumvented by collusion or by management. What's more, any projection of internal control evaluations to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions or due to the deterioration of the degree of compliance with control procedures.

As an adjunct to our audit, we remained alert throughout for opportunities to enhance internal controls and operating efficiency. These matters were discussed with management as the audit progressed and have subsequently been reviewed in detail to formulate practical recommendations. We wish to thank your staff for their courtesies and cooperation, which facilitated the efficient performance of audit procedures. The remainder of this letter will explain any internal control deficiencies discovered during the audit, other auditor recommendations, and other information pertinent to the School.

## **BOARD OF TRUSTEES – MR. ROBERT LYSEK, CEO**

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A control deficiency is determined to be considered a material weakness or significant deficiency based upon the magnitude of the problem as it pertains to a particular opinion unit. In other words, what is considered a significant deficiency in one fund may only be a control deficiency in another fund of greater size.

**The following section in this governance/management letter is separated by categories based on importance, with any material weaknesses or significant deficiencies listed in the beginning:**

### ***OTHER INFORMATION***

#### ***SBITAs (Subscription-Based Information Technology Arrangements)***

IT software subscriptions allow governments to benefit from the use of IT software without maintaining a perpetual license or title to the software. Therefore, these arrangements are mutually beneficial for both the vendor and the government. Because of the increased popularity of subscription-based information technology arrangements, GASB issued Statement No. 96 to address the accounting treatment and financial reporting for these agreements.

Currently these types of arrangements are simply expensed when paid however under the new standard a subscription liability is measured as the present value of the total subscription expected to be made to the vendor during the subscription term. The total future payments are discounted using the interest rate the vendor charges the government, which may be the interest rate implicit in the SBITA, or if such a rate is not stated an estimated incremental borrow rate of the government can be used for the present value calculation. In addition to the subscription liability, the government recognized a subscription asset. Subsequently, the government will amortize the subscription asset in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT asset. Amortization of the subscription asset begins at the commencement of the subscription term and is reported as an outflow of resources by the governmental entity.

The new guidance is effective for the 22-23 fiscal year.

This letter is required by our standards and has been combined with what we previously referred to as the management letter. The intent of this letter is to communicate with those charged with governance on matters pertaining to the audit and includes information that we believe can help you correct or improve operating efficiency, under the limitations of staff availability, within the School District.

Respectfully submitted,

*Norman Associates, P.C.*

November 23, 2022

***REPORT DISTRIBUTION LIST***

The Executive Education Academy Charter School has distributed copies of the Single Audit Act Package to the following:

**ONE COPY TO:  
(Submitted Electronically)**

FEDERAL AUDIT CLEARINGHOUSE  
BUREAU OF THE CENSUS

**ONE COPY TO:  
(Submitted Electronically)**

COMMONWEALTH OF PENNSYLVANIA  
BUREAU OF AUDITS

**ONE COPY TO:**

CARBON-LEHIGH INTERMEDIATE UNIT #21  
4210 INDEPENDENCE DRIVE  
SCHNECKSVILLE, PA 18078

**FINANCIAL SECTION**



GORMAN & ASSOCIATES, P.C.

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Executive Education Academy Charter School  
555 Union Boulevard  
Allentown, PA 18109

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Executive Education Academy Charter School, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Executive Education Academy Charter School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Executive Education Academy Charter School, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Executive Education Academy Charter School 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 opinions.

#### **Change in Accounting Principle**

As described in Note 2-G to the financial statements, in 2022, the District adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

#### **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 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 Executive Education Academy Charter School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***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 opinions. 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Executive Education Academy Charter School'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 Executive Education Academy Charter School'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.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9-13 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Executive Education Academy Charter School's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures



## **EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL**

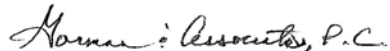
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of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2022, on our consideration of the Executive Education Academy Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Executive Education Academy Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Executive Education Academy Charter School's internal control over financial reporting and compliance.

Respectfully submitted,



Northampton, Pennsylvania  
November 23, 2022

**EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Required Supplemental Information (RSI)  
(UNAUDITED)  
For the Year Ended June 30, 2022**

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The discussion and analysis of Executive Education Academy Charter School's financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2022 and 2021. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the School's financial performance.

In this fiscal year the Executive Education Academy Charter School's increased its student enrollment from 1,363 to 1,379 students. Since student enrollment is directly related to revenues, this, along with federal grants, helped account for an increase in revenues of \$19,445,048 for total revenues of \$21,493,146 (excluding other financing sources).

### **Overview of the Financial Statements**

This annual report consists of three parts-management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the school.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the School's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short-and long-term financial information about the activities the government operates like businesses, such as food service.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of supplemental information that further explains and supports the information in the financial statements.

### **Government-wide Statements**

The government-wide statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the School's net position and how they have changed. Net position - the difference between the School's assets and liabilities - is one way to measure the School's financial health or position. Over time, increases or decreases in the School's net position are an indication of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the School include the Governmental Activities. Most of the School's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development and general administration. Subsidies from local school districts and grants finance most of these activities.

**EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL**  
**Management's Discussion and Analysis**

**Fund Financial Statements**

The fund financial statements provide detailed information about the School's most significant funds – not the School as a whole. Funds are accounting devices that the School uses to track specific sources of funding and spending for particular purposes.

Some funds are required by State law. The School Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain subsidies and grants.

The School has the following type of funds:

- Governmental funds – Most of the School's activities are reported in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on a subsequent page that explains the relationship (or differences) between them.
- Proprietary funds – Services for which the School charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

**FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE**

The Statement of Net Position provides the perspective of the School as a whole. The School's net position as of June 30, 2022 and 2021 were as follows:

**Table A-1**  
**Net Position**  
**As of June 30, 2022**

	2022			2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 7,426,308	\$ 534,584	\$ 7,875,821	\$ 5,866,968	\$ 264,112	\$ 6,081,359
Non Current Assets	55,629,398	78,856	55,708,254	961,511	45,908	1,007,419
Deferred Outflows of Resources	-	-	-	-	-	-
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<b>\$ 63,055,706</b>	<b>\$ 613,440</b>	<b>\$ 63,584,075</b>	<b>\$ 6,828,479</b>	<b>\$ 310,020</b>	<b>\$ 7,088,778</b>
Current and Other Liabilities	\$ 2,722,394	\$ 188,841	\$ 2,826,164	\$ 1,662,669	\$ 153,855	\$ 1,766,803
Long-term Liabilities	54,188,279	-	54,188,279	-	-	-
Deferred Inflows of Resources	-	-	-	-	-	-
<b>Total Liabilities &amp; Deferred Inflows of Resources</b>	<b>\$ 56,910,673</b>	<b>\$ 188,841</b>	<b>\$ 57,014,443</b>	<b>\$ 1,662,669</b>	<b>\$ 153,855</b>	<b>\$ 1,766,803</b>
<b>Net Position</b>						
Net Investment in Capital Assets	\$ 54,954,397	\$ 78,856	\$ 55,033,253	\$ 288,511	\$ 45,908	\$ 334,419
Restricted	675,000	-	675,000	675,000	-	675,000
Unrestricted	(49,484,364)	345,743	(49,138,621)	4,202,299	110,257	4,312,556
<b>Total Net Position</b>	<b>\$ 6,145,033</b>	<b>\$ 424,599</b>	<b>\$ 6,569,632</b>	<b>\$ 5,165,810</b>	<b>\$ 156,165</b>	<b>\$ 5,321,975</b>

**EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL**  
**Management's Discussion and Analysis**

As of June 30, 2022, the Executive Education Academy Charter School had total assets of \$63,584,075 with 0% of those assets being deferred outflows of resources, 6% being in cash and 5% being in receivables. The remaining 89% represent prepaid expenditures and the net value of capital assets. Due to the implementation of GASB 87, \$54,293,625 was for right to use assets which were not shown in the previous year ended June 30, 2021. Total liabilities of \$57,014,443 includes trade accounts payable, accrued expenses, salaries and benefits, and obligations from existing financial arrangements. The resulting net position of \$6,569,632 includes unrestricted assets of \$5,894,632 and restricted assets of \$675,000, in net investments in capital assets.

As of June 30, 2021, the Executive Education Academy Charter School had total assets of \$7,088,778 with 0% of those assets being deferred outflows of resources, 58% being in cash and 28% being in receivables. The remaining 14% represent prepaid expenditures and the net value of capital assets. Total liabilities of \$1,766,803 includes trade accounts payable, accrued expenses, salaries and benefits, and obligations from existing financial arrangements. The resulting net position of \$5,321,975 includes unrestricted assets of \$4,312,556 and \$334,419 and restricted assets of \$675,000, in net investments in capital assets.

The statement of Activities shows the revenues, expenses and changes in net position for fiscal years 2022 and 2021. The summarized figures are as follows:

**Table A-2**  
**Changes in Net Position**  
**Fiscal Years ended June 30, 2021 and June 30, 2022**

	<u>2022</u>			<u>2021</u>		
	Govern- mental Activities	Business -type Activities	Total	Govern- mental Activities	Business -type Activities	Total
<b>REVENUES</b>						
<i>Program Revenues</i>						
Charges for Services	\$ 67,507	\$ -	\$ 67,507	\$ 7,668	\$ -	\$ 7,668
Operating grants and contributions	59,813,014	1,676,653	61,489,667	1,969,718	661,223	2,630,941
<i>General Revenues</i>						
Receipt from Other LEAs	17,775,491	-	17,775,491	17,427,968	-	17,427,968
State grants and subsidies	-	-	-	-	-	-
Investment Earnings	9,885	-	9,885	9,759	-	9,759
Miscellaneous	21,336	-	21,336	29,936	-	29,936
Special Item - Gain (loss) on sale of capital assets	-	-	-	-	-	-
Fund Transfers	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 77,687,233</b>	<b>\$ 1,676,653</b>	<b>\$ 79,363,886</b>	<b>\$ 19,445,049</b>	<b>\$ 661,223</b>	<b>\$ 20,106,272</b>
<b>EXPENSES</b>						
Instruction	\$ 10,386,813	\$ -	\$ 10,386,813	\$ 9,728,308	\$ -	\$ 9,728,308
Instructional and Administrative Support Services	3,862,389	-	3,862,389	3,743,648	-	3,743,648
Operation and Maintenance	3,180,922	-	3,180,922	4,222,253	-	4,222,253
Student Activities	487,759	-	487,759	246,576	-	246,576
Community Services	127,010	-	127,010	112,126	-	112,126
Debt Service	58,663,117	-	58,663,117	28,012	-	28,012
Unallocated Depreciation	-	-	-	-	-	-
Food Service	-	1,408,219	1,408,219	-	685,987	685,987
Services	-	-	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>\$ 76,708,010</b>	<b>\$ 1,408,219</b>	<b>\$ 78,116,229</b>	<b>\$ 18,080,923</b>	<b>\$ 685,987</b>	<b>\$ 18,766,910</b>
<b>Increase (decrease) in net position</b>	<b>\$ 979,223</b>	<b>\$ 268,434</b>	<b>\$ 1,247,657</b>	<b>\$ 1,364,126</b>	<b>\$ (24,764)</b>	<b>\$ 1,339,362</b>

**EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL**  
**Management's Discussion and Analysis**

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The governmental activity revenue for the 2021-2022 school year from the Executive Education Academy Charter School came from three major program sources. These program sources included subsidies from school districts for instructional services \$17,775,491, grants from Federal Programs of \$3,217,490 and subsidies from the State of \$222,318. In addition, the School received \$277,847 from other resources including miscellaneous income, fundraising activities, investment earnings, and student activities. Revenue from business-type activities (food service) amounted to \$268,434.

The governmental activity revenue for the 2020-2021 school year from the Executive Education Academy Charter School came from three major program sources. These program sources included subsidies from school districts for instructional services \$17,580,019, grants from Federal Programs of \$1,603,509 and subsidies from the State of \$214,158. In addition, the School received \$47,363 from other resources including miscellaneous income, fundraising activities, investment earnings, and student activities. Revenue from business-type activities (food service) amounted to \$0.

**MAJOR FINANCIAL ISSUES**

***Building Space***

In August 2017, the Executive Education Academy Charter School Foundation purchased the property housing the Executive Education Academy Charter School. This resulted in the Charter School entering into a new lease agreement with the separate foundation entity as landlord. The foundation is shown as a Component Unit of the Executive Education Academy Charter School in these financial statements.

***Technology***

During the year ended June 30, 2022, the School did not enter in new financing agreements.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

At June 30, 2022, the School had a net value of \$55,033,254 of capital assets that consisted office furniture, computer equipment, leasehold improvements, and right to use assets. Due to the implementation of GASB 87, \$54,293,625 was for right to use assets which were not shown in the previous year ended June 30, 2021. The School's policy requires the capitalization of individual furniture and equipment purchases of \$2,500 or more.

At June 30, 2021, the School had a net value of \$332,419 of capital assets that consisted office furniture, computer equipment, and leasehold improvements. The School's policy requires the capitalization of individual furniture and equipment purchases of \$2,500 or more.

***Long - Term Debt***

In addition to the recording of the intangible right-to use assets required by the implementation of GASB 87, long-term lease obligations were recorded in the statement of net position. The long-term lease obligations for the leasing of facility land, buildings and equipment as of June 30, 2022 was \$55,119,870.

At June 30, 2021, Capital leases for furniture and equipment were paid in full.

**EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL**  
**Management's Discussion and Analysis**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Charter School expects to continue its growth, as the fiscal year 2022-2023 budget has been prepared using a revenue amount of approximately \$19.23 million based on a projected enrollment of 1,350 students. Expenditures have been budgeted to be approximately \$19.23 million in this fiscal year.

**CONTACTING THE SCHOOL FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the School's Business Services Department.

**BASIC FINANCIAL STATEMENTS**

**Executive Education Academy Charter School**  
**Statement of Net Position**  
As of June 30, 2022

	PRIMARY GOVERNMENT			DISCRETELY PRESENTED COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	EXECUTIVE EDUCATION FOUNDATION
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 3,569,256	\$ 392,587	\$ 3,961,843	\$ 5,626,692
Investments	79,161	-	79,161	-
Receivables, net	-	-	-	-
Lease Receivables	-	-	-	68,059,247
Internal Balances	54,795	30,276	(1) -	-
Due from Component Unit	318,973	-	318,973	-
Due from Primary Government	-	-	-	101,324
Due From Other Governments	3,029,631	89,205	3,118,836	-
Other Receivables, net	6,540	-	6,540	1,200
Inventories	14,514	22,516	37,030	-
Prepaid Expenses	353,438	-	353,438	-
Other Current Assets	-	-	-	-
<b>Total Current Assets</b>	<u>7,426,308</u>	<u>534,584</u>	<u>7,875,821</u>	<u>73,788,463</u>
<b>Non-Current Assets:</b>				
Land	-	-	-	7,613,000
Site Improvements (net of depreciation)	-	-	-	336,922
Furniture and Equipment (net of depreciation)	338,330	78,856	417,186	29,262
Building and Building Improvements (net of depreciation)	185,910	-	185,910	28,939,686
Leasehold Improvements (net of depreciation)	66,593	-	66,593	-
Right to Use Assets (net of amortization)	54,293,625	-	54,293,625	-
Construction in Progress	69,940	-	69,940	33,500
Security Deposit	675,000	-	675,000	-
Other Long-term Receivables	-	-	-	-
<b>Total Non-Current Assets</b>	<u>55,629,398</u>	<u>78,856</u>	<u>55,708,254</u>	<u>36,952,370</u>
<b>Total Assets</b>	<u>63,055,706</u>	<u>613,440</u>	<u>63,584,075</u>	<u>110,740,833</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows of Resources - Current Year Contributions	-	-	-	-
Deferred Outflows of Resources - Diff. in Projected vs Actual Investment Earnings	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 63,055,706</u>	<u>\$ 613,440</u>	<u>\$ 63,584,075</u>	<u>\$ 110,740,833</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Internal Balances	\$ 30,276	\$ 54,795	\$ - (1) \$	-
Due to other governments	12,334	-	12,334	-
Due to Component Unit	93,325	7,999	101,324	-
Due to Primary Government	-	-	-	318,973
Accounts Payable	183,321	125,747	309,068	255,564
Current Portion of Long-Term Obligations	931,592	-	931,592	580,414
Accrued Salaries and Benefits	1,451,641	-	1,451,641	-
Interest Payable	-	-	-	1,264,753
Security Deposits	-	-	-	725,634
Unearned Revenues	19,905	300	20,205	38,000
<b>Total Current Liabilities</b>	<u>2,722,394</u>	<u>188,841</u>	<u>2,826,164</u>	<u>3,183,338</u>
<b>Non-Current Liabilities</b>				
Long-Term Portion of Compensated Absences	-	-	-	-
Bonds Payable	-	-	-	39,386,016
Lease Obligations	54,188,279	-	54,188,279	-
Finance Purchase Agreements	-	-	-	981,838
<b>Total Liabilities</b>	<u>56,910,673</u>	<u>188,841</u>	<u>57,014,443</u>	<u>43,551,192</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows of Resources - Leases	-	-	-	68,059,247
Deferred Inflows of Resources - Diff. in Projected vs Actual Contributions	-	-	-	-
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>56,910,673</u>	<u>188,841</u>	<u>57,014,443</u>	<u>111,610,439</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	54,954,397	78,856	55,033,253	-
<b>Restricted For:</b>				
Capital Projects	-	-	-	-
Other Restrictions	675,000	-	675,000	-
Unrestricted (deficit)	(49,484,364)	345,743	(49,138,621)	(869,606)
<b>TOTAL NET POSITION</b>	<u>6,145,033</u>	<u>424,599</u>	<u>6,569,632</u>	<u>(869,606)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>\$ 63,055,706</u>	<u>\$ 613,440</u>	<u>\$ 63,584,075</u>	<u>\$ 110,740,833</u>

The Accompanying Notes are an integral part of these financial statements.

(1) Internal balances represent the amount owed to or from the two types of activities within the Primary Government. Since internal balances do not represent assets or liabilities of the total Primary Government, their balances are eliminated in the "total" column (GASB Statement No. 34, para. 58).



**Executive Education Academy Charter School  
Statement of Activities  
For the Year Ended June 30, 2022**

FUNCTION/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			DISCRETELY PRESENTED COMPONENT UNIT EXECUTIVE EDUCATION FOUNDATION
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<b>GOVERNMENTAL ACTIVITIES:</b>								
Instruction	\$ 10,386,813	\$ -	\$ 3,396,608	\$ -	\$ (6,990,205)	\$ -	\$ (6,990,205)	
Instructional Student Support	838,109	-	24,645	-	(813,464)	-	(813,464)	
Admin. & Fin'l Support Services	3,024,280	-	-	-	(3,024,280)	-	(3,024,280)	
Oper. & Maint. Of Plant Svcs.	3,152,506	-	197,673	-	(2,954,833)	-	(2,954,833)	
Pupil Transportation	28,416	-	-	-	(28,416)	-	(28,416)	
Student activities	487,759	67,507	6,493	-	(413,759)	-	(413,759)	
Community Services	127,010	-	-	-	(127,010)	-	(127,010)	
Interest on Long-Term Debt	2,469,030	-	-	-	(2,469,030)	-	(2,469,030)	
Unallocated Depreciation Expense	-	-	-	-	-	-	-	
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>20,513,923</b>	<b>67,507</b>	<b>3,625,419</b>	<b>-</b>	<b>(16,820,997)</b>	<b>-</b>	<b>(16,820,997)</b>	
<b>BUSINESS-TYPE ACTIVITIES:</b>								
Food Service	1,408,219	6,928	1,669,112	-	-	267,821	267,821	
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 21,922,142</b>	<b>\$ 74,435</b>	<b>\$ 5,294,531</b>	<b>\$ -</b>	<b>\$ (16,820,997)</b>	<b>\$ 267,821</b>	<b>\$ (16,553,176)</b>	
<b>COMPONENT UNITS:</b>								
Executive Education Foundation	<b>4,674,763</b>	<b>2,183,892</b>	<b>38,422</b>	<b>-</b>				(2,452,449)
<b>GENERAL REVENUES:</b>								
Grants, subsidies, & contributions not restricted					\$ -	\$ -	\$ -	\$ -
Receipts from Other Local Education Agencies					17,775,491	-	17,775,491	-
Investment Earnings					9,885	613	10,498	2,906,030
Miscellaneous Income					14,844	-	14,844	804
Special item - Gain (Loss) on sale of capital assets					-	-	-	-
Extraordinary Items					-	-	-	-
Transfers					-	-	-	-
<b>TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS</b>					<b>17,800,220</b>	<b>613</b>	<b>17,800,833</b>	<b>2,906,834</b>
<b>CHANGES IN NET POSITION</b>					<b>979,223</b>	<b>268,434</b>	<b>1,247,657</b>	<b>454,385</b>
<b>NET POSITION - BEGINNING</b>					<b>5,165,810</b>	<b>156,165</b>	<b>5,321,975</b>	<b>(1,323,991)</b>
<b>NET POSITION - ENDING</b>					<b>\$ 6,145,033</b>	<b>\$ 424,599</b>	<b>\$ 6,569,632</b>	<b>\$ (869,606)</b>

The Accompanying Notes are an integral part of these financial statements.

**Executive Education Academy Charter School**  
**Balance Sheet**  
**Governmental Funds**  
**As of June 30, 2022**

	GENERAL	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 3,569,256	\$ -	\$ 3,569,256
Investments	79,161	-	79,161
Due from Component Unit	318,973	-	318,973
Due from other funds	54,795	-	54,795
Due from Other Governments	3,029,631	-	3,029,631
Other Receivables	6,540	-	6,540
Inventories	14,514	-	14,514
Prepaid Expenditures	353,438	-	353,438
Security Deposits	675,000	-	675,000
<b>TOTAL ASSETS</b>	<b>8,101,308</b>	-	<b>8,101,308</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
	-	-	-
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 8,101,308</b>	\$ -	<b>\$ 8,101,308</b>
 <b>LIABILITIES:</b>			
Due to Other Funds	\$ -	\$ -	\$ -
Due to Component Unit	93,325	-	93,325
Due to Other Governments	12,334	-	12,334
Accounts Payable	213,597	-	213,597
Accrued Salaries and Benefits	1,451,641	-	1,451,641
Other Current Liabilities	19,905	-	19,905
<b>TOTAL LIABILITIES</b>	<b>1,790,802</b>	-	<b>1,790,802</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
	-	-	-
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>1,790,802</b>	-	<b>1,790,802</b>
<b>FUND BALANCES:</b>			
Nonspendable	1,042,952	-	1,042,952
Restricted	1,000	-	1,000
Assigned	4,977	-	4,977
Unassigned	5,261,577	-	5,261,577
<b>TOTAL FUND BALANCES</b>	<b>6,310,506</b>	-	<b>6,310,506</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 8,101,308</b>	\$ -	<b>\$ 8,101,308</b>

The Accompanying Notes are an integral part of these financial statements.

**Executive Education Academy Charter School  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
As of June 30, 2022**

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** \$ 6,310,506

**Amounts reported for governmental activities in the statement of net position are different because:**

Capital assets used in governmental activities are not financial resources and therefore they are not reported as assets in governmental funds. The cost of the assets is \$57,708,852 and the accumulated depreciation is \$2,754,454. 54,954,398

Additional receivables established that do not meet the availability criteria reflected in the fund financial statements. This amount represents the difference between the prior year receivables and the current year receivables established under the accrual basis of accounting. -

The governmental funds follow the purchase method of inventory; therefore no inventory is reflected on the balance sheet. However, the statement of net position uses the consumption method of inventory. -

This amount represents the difference between the deferred outflows of resources associated with the net pension liability less the deferred inflows of resources pertaining to the net pension liability. -

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Lease Obligations	\$ (55,119,871)	
Net Pension Liability	-	
Net OPEB Obligation	-	(55,119,871)

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** **\$ 6,145,033**

The Accompanying Notes are an integral part of these financial statements.

**Executive Education Academy Charter School**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

	<b>GENERAL</b>	<b>NON-MAJOR GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>REVENUES</b>			
Local Sources	\$ 18,053,338	\$ -	\$ 18,053,338
State Sources	222,318	-	222,318
Federal Sources	3,217,490	-	3,217,490
<b>TOTAL REVENUES</b>	21,493,146	-	21,493,146
<b>EXPENDITURES</b>			
Instruction	10,365,303	-	10,365,303
Support Services	61,528,810	-	61,528,810
Operation of Non-Instructional Services	748,727	-	748,727
Capital Outlay	69,939	-	69,939
Debt Service	3,531,484	-	3,531,484
<b>TOTAL EXPENDITURES</b>	76,244,263	-	76,244,263
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(54,751,117)	-	(54,751,117)
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Leases	56,194,087	-	56,194,087
Refunds of Prior Year Receipts	(11,763)	-	(11,763)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	56,182,324	-	56,182,324
<b>SPECIAL/EXTRAORDINARY ITEMS</b>			
Extraordinary Items	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	1,431,207	-	1,431,207
<b>FUND BALANCES - BEGINNING</b>	4,879,299	-	4,879,299
<b>FUND BALANCES - ENDING</b>	<b>\$ 6,310,506</b>	<b>\$ -</b>	<b>\$ 6,310,506</b>

The Accompanying Notes are an integral part of these financial statements.

**Executive Education Academy Charter School  
Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
to the Statement of Activities  
For the Year Ended June 30, 2022**

**NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ 1,431,207

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which depreciation/amortization exceeded capital outlays in the current period.

	Depreciation/Amortization expense	\$ 1,973,808	
	less - capital outlays	<u>56,641,694</u>	54,667,886

Some of the capital assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the proceeds from leases are not revenues in the statement of activities, but rather constitute long-term liabilities.

(56,194,087)

Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

1,074,217

**CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 979,223**

The Accompanying Notes are an integral part of these financial statements.

**Executive Education Academy Charter School  
Statement of Fund Net Position  
Proprietary Funds  
As of June 30, 2022**

	<b>FOOD SERVICE FUND</b>
<b><u>ASSETS</u></b>	
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 392,587
Investments	-
Due from other funds	30,276
Due From Other Governments	89,205
Inventory	22,516
<b>TOTAL CURRENT ASSETS</b>	534,584
<hr style="border-top: 1px dashed black;"/>	
<b>NON-CURRENT ASSETS:</b>	
Machinery & Equipment (net)	78,856
<b>TOTAL NON-CURRENT ASSETS</b>	78,856
<b>TOTAL ASSETS</b>	<b>\$ 613,440</b>
 <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
	-
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 613,440</b>
 <b><u>LIABILITIES</u></b>	
<b>CURRENT LIABILITIES:</b>	
Due to Other Funds	\$ 54,795
Due to Component Unit	7,999
Accounts Payable	125,747
Prepayments from Students	300
<b>TOTAL CURRENT LIABILITIES</b>	188,841
<hr style="border-top: 1px dashed black;"/>	
<b>NON-CURRENT LIABILITIES:</b>	
Long-Term Portion of Compensated Absences	-
<b>TOTAL LIABILITIES</b>	188,841
 <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
	-
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	188,841
<hr style="border-top: 1px dashed black;"/>	
<b><u>NET POSITION</u></b>	
Net Investment in Capital Assets	78,856
Unrestricted	345,743
<b>TOTAL NET POSITION</b>	424,599
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	 <b>\$ 613,440</b>

The Accompanying Notes are an integral part of these financial statements.

**Executive Education Academy Charter School**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	<b>FOOD SERVICE FUND</b>
<b>OPERATING REVENUES:</b>	
Charges for Services	\$ 6,928
<b>TOTAL OPERATING REVENUES</b>	6,928
	-----
<b>OPERATING EXPENSES:</b>	
Salaries	48,688
Employee benefits	6,107
Purchased Property Service	84,112
Other Purchased Services	1,038,862
Supplies	223,082
Depreciation	7,368
<b>TOTAL OPERATING EXPENSES</b>	1,408,219
<b>OPERATING INCOME (LOSS)</b>	(1,401,291)
	-----
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>	
Earnings on investments	613
State Sources	43,561
Federal Sources	1,625,551
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	1,669,725
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	268,434
Transfers in (out)	-
<b>CHANGES IN NET POSITION</b>	268,434
<b>NET POSITION - BEGINNING</b>	156,165
<b>NET POSITION - ENDING</b>	\$ 424,599

The Accompanying Notes are an integral part of these financial statements.

**Executive Education Academy Charter School**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**As of June 30, 2022**

	<b>FOOD SERVICE FUND</b>	<b>DISCRETELY PRESENTED COMPONENT UNIT EXECUTIVE EDUCATION FOUNDATION</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Users	\$ 6,928	\$ 2,130,568
Cash Received from Other Operating Revenue	-	39,226
Cash Payments to Employees for Services	(54,795)	-
Cash Payments to Suppliers for Goods and Services	(1,273,597)	(1,248,022)
Cash Payments to Other Operating Expenses	(21)	90,995
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>(1,321,485)</b>	<b>1,012,767</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
State Sources	42,514	-
Federal Sources	1,507,173	-
<b>NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES</b>	<b>1,549,687</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds on Extended Term Financing		1,040,000
Proceeds on Security Deposits	-	12,000
Facilities Acquisition/Const./Improvement Svcs.	(40,316)	(1,561,840)
Payments on Bond Principal	-	(505,000)
Payments on Financing Agreements Principal	-	(22,749)
Payments on Bond Interest	-	(2,577,813)
Payments on Financing Agreements Interest	-	(27,932)
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(40,316)</b>	<b>(3,643,334)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Earnings on Investments	613	2,906,030
<b>NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>	<b>613</b>	<b>2,906,030</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>188,499</b>	<b>275,463</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>204,088</b>	<b>5,351,229</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 392,587</b>	<b>\$ 5,626,692</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
<b>OPERATING INCOME (LOSS)</b>	<b>\$ (1,401,291)</b>	<b>\$ 154,100</b>
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
Donated Commodities Used	74,136	-
Depreciation	7,368	675,248
Bond Issuance Costs	-	-
Amortization of Bond Discount	-	2,353
<b>CHANGE IN ASSETS AND LIABILITIES:</b>		
(Increase) Decrease in Accounts Receivable	-	10,000
(Increase) Decrease in Lease Receivable	-	(68,059,247)
(Increase) Decrease in Advances from Other Funds	(30,276)	(101,324)
(Increase) Decrease in Inventory	(6,408)	-
Increase (Decrease) in Accounts Payable	21,934	35,395
Increase (Decrease) in Interfund Payable	13,073	218,973
Increase (Decrease) in Interest Payable	-	(19,978)
Increase (Decrease) in Prepayments from Persons or Firms	(21)	-
Increase (Decrease) in Deferred Inflows of Resources - Leases	-	68,059,247
Increase (Decrease) in Unearned Revenue	-	38,000
<b>TOTAL ADJUSTMENTS</b>	<b>79,806</b>	<b>858,667</b>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>\$ (1,321,485)</b>	<b>\$ 1,012,767</b>

The Accompanying Notes are an integral part of these financial statements.



**Executive Education Academy Charter School**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -**  
**General Fund**  
**For the Year Ended June 30, 2022**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>AMOUNTS</b>	<b>FINAL BUDGET</b>
			<b>GAAP BASIS</b>	<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Local Sources	\$ 17,845,814	\$ 17,845,814	\$ 18,053,338	\$ 207,524
State Sources	185,000	185,000	222,318	37,318
Federal Sources	865,154	865,154	3,217,490	2,352,336
<b>TOTAL REVENUES</b>	<u>18,895,968</u>	<u>18,895,968</u>	<u>21,493,146</u>	<u>2,597,178</u>
<b>EXPENDITURES</b>				
Regular Instruction	8,219,403	8,724,150	9,271,577	(547,427)
Special Programs	1,260,618	1,092,726	1,092,726	-
Community/Junior College Ed. Programs	1,000	1,000	1,000	-
Pupil Personnel Services	110,372	85,620	85,620	-
Instructional Staff Services	611,439	504,820	504,820	-
Administrative Services	3,017,149	2,789,108	2,789,108	-
Pupil Health	292,279	247,669	247,669	-
Business Services	396,186	292,035	292,035	-
Operation & Maintenance of Plant Services	3,993,364	4,066,706	57,336,090	(53,269,384)
Student Transportation Services	25,000	28,416	28,416	-
Central Support Services	262,425	245,052	245,052	-
Student Activities	563,552	621,717	621,717	-
Community Services	143,181	127,010	127,010	-
Facilities, Acquisition and Construction	-	69,939	69,939	-
Debt Service	-	-	3,531,484	(3,531,484)
<b>TOTAL EXPENDITURES</b>	<u>18,895,968</u>	<u>18,895,968</u>	<u>76,244,263</u>	<u>(57,348,295)</u>
Excess (deficiency) of revenues over expenditures	-	-	(54,751,117)	(54,751,117)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds From Leases	-	-	56,194,087	56,194,087
Refunds of Prior Year Receipts	-	-	(11,763)	(11,763)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	56,182,324	56,182,324
Extraordinary Items	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	-	-	1,431,207	1,431,207
<b>FUND BALANCE - JULY 1, 2021</b>	<u>3,916,164</u>	<u>3,916,164</u>	<u>4,879,299</u>	<u>963,135</u>
<b>FUND BALANCE - JUNE 30, 2022</b>	<u>\$ 3,916,164</u>	<u>\$ 3,916,164</u>	<u>\$ 6,310,506</u>	<u>\$ 2,394,342</u>

The Accompanying Notes are an integral part of these financial statements.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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**Note 1 - Description of the School and Reporting Entity**

***School***

The Executive Education Academy Charter School (the School) was established to operate a Charter School within the Allentown School District through June 30, 2024 in accordance with the provisions of the Charter School Law, 24 P.S. 17 17-01-A et seq. The School is regulated by the Pennsylvania Department of Education. The charter may be renewed for additional periods of five years and can only be terminated in accordance with the provisions of applicable law.

Executive Education Academy Charter School established in September 2014, is a non-profit, K-12 public charter school presently serving over 1,300 students. As a charter school, EEACS is funded by public dollars and represents an alternative choice for parents/guardians to education available in public school districts.

Executive Education Academy Charter School utilizes the 10 integrated principles to meet the demands of the common core and design our academic program. These were developed by a scan of design principles used by New York City Department of Education. These principles are highly researched by high performing school networks, and refined with the feedback and contributions of experienced educators, integrates positive youth development to optimize student engagement and effort.

What encapsulates all of the design principles is our signature normative culture. Our normative culture model uses the intentional manipulation of norms to change anti-social behavior into pro-social behavior.

The School's financial statements are prepared in accordance with generally accepted accounting principles, (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing (GAAP) for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

***Board of Trustees***

As part of Executive Education Academy Charter School's governing board, trustees are volunteers who support the continued success of Executive Education Academy Charter School (EEACS) by contributing their experience and expertise to the oversight of school operations and accountability.

Members of the Board of Trustees are charged with setting overall policy and direction for the Executive Education Academy Charter School. Specific duties are listed in the school's By Laws and the term of office for At Large Trustees is three years. Each Trustee is required to attend monthly Board Meetings and to serve as a liaison to various school committees and organizations.

***Administration***

The Chief Executive Officer (CEO) shall administer the School in conformity with Board policies and the School Laws of Pennsylvania. The CEO shall be directly responsible to, and therefore appointed by, the Board of Trustees. The CEO shall be responsible for the overall administration, supervision, and operation of the School.

The Chief Financial Officer, recommended by the CEO and appointed by the Board of Trustees, shall supervise and coordinate all business aspects of the School. In this capacity, he or she shall be responsible to ensure that all work accomplished by him/her, or by personnel under his/her supervision, is in the best interests of the Executive Education Academy Charter School. The Chief Financial Officer is directly responsible to the Chief Executive Officer.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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***Reporting Entity***

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School. For Executive Education Academy Charter School, this includes general operations, food service, and student related activities of the School.

Executive Education Academy Charter School governed by an appointed five-member board. As required by generally accepted accounting principles, these financial statements are to present Executive Education Academy Charter School (the primary government) and organizations for which the primary government is financially accountable. The School is financially accountable for an organization if the School appoints a voting majority of the organization's governing board and (1) the School is able to significantly influence the programs or services performed or provided by the organization; or (2) the School is legally entitled to or can otherwise access the organization's resources; the School is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School is obligated for the debt of the organization. Component units may also include organizations that are financially dependent on the School in that the School approved the budget, the issuance of debt, or the levying of taxes. The Executive Education Academy Charter School has one component unit.

***Component Unit***

As defined by generally accepted accounting principles established by the GASB, the financial reporting entity consists of the primary government, as well as its component unit The Executive Education Academy Charter School Foundation (the Foundation). The Foundation is a legally separate, nonprofit corporation and is considered a component unit of the School. The Foundation is a tax exempt organization under the Internal Revenue Code. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the School in support of its programs. Per its organizing documents, the Foundation has been established to operate exclusively for the support and benefit of the School. The activities of the Foundation are reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a not-for-profit organization that reports its financial results in accordance with Financial Accounting Standard Board (FASB) Codification. Most significant to the Foundation's operations and reporting model are FASB ASC 958-605 related to revenue recognition and FASB ASC 958-205 related to presentation of financial statements. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and revenue features. Modifications have been made to the Foundation's financial information in the School's financial reporting entity for these differences; however, note disclosures significant to the Foundation's financial statements have been incorporated into the School's notes to the financial statements.

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the School have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced. GASB Statement No. 62 was issued to include all prior Financial Accounting Standards Board's statements and interpretations, along with predecessors' statements and interpretations, pertaining to governments into the hierarchy of the Governmental Accounting Standards Board's jurisdiction.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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**A. Basis of Presentation**

The School's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-wide Financial Statements** The statement of net position and the statement of activities display information about the School as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the School at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School's governmental activities, and for one business-type activity of the School, and the discretely presented component unit. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School, and the component unit, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business activity or governmental function is self-financing or draws from the general revenues of the School or the component unit.

**Fund Financial Statements** During the year, the School segregates transactions related to certain School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

**B. Fund Accounting**

The School uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Deferred Outflows of Resources is recorded in a particular governmental fund where costs are spent for a future period. Current Liabilities are assigned to the governmental fund from which they will be paid. Deferred Inflows of Resources is recorded in a particular governmental fund that has received resources for a future period. The difference between the sum of assets and deferred outflows of resources minus the sum of liabilities and deferred inflows of resources is reported as fund balance. The following are the School's major governmental funds:

**General Fund**

The general fund should be used to account for and report all financial resources not accounted for and reported in another fund.

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Notes To Basic Financial Statements  
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**Proprietary Funds** Proprietary funds focus on the determination of changes in net position, financial position and cash flows and are classified as enterprise funds. The Proprietary Funds of the School have operating and nonoperating revenues and/or expenses. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are reported as nonoperating revenues and/or expenses, including subsidies received from the state and federal government for school lunches, donated commodities, and amounts received for fica and retirement subsidies. Operating revenues reported are consistent with the fees or charges incurred based on the intent of the individual proprietary fund.

### **Enterprise Funds**

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School's major enterprise fund is:

#### *Food Service Fund*

This fund accounts for the financial transactions related to the food service operations of the School.

**Fiduciary Funds** Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: Pension (and other employee benefit) trust funds, investment trust funds, Private-purpose trust funds and Custodial funds. The School District has two Fiduciary Funds.

### **C. Measurement Focus**

**Government-wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the School are included on the statement of net position.

The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation's with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all enterprise funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities, including required deferred outflows of resources or required deferred inflows of resources, associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School finances and meets the cash flow needs of its enterprise activities.

### **D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
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**Revenues - Exchange and Non-Exchange Transactions** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**E. Budgetary Process**

An operating budget is adopted prior to the beginning of each year for the General Fund on the modified accrual basis of accounting.

The Pennsylvania School Code dictates specific procedures relative to adoption of the School's budget and reporting in its financial statements, specifically:

- The School is required to prepare a proposed operating budget for the following fiscal year. The budget is prepared on a form prescribed the Pennsylvania Department of Education.
- The Board of Trustees may make transfers of funds appropriated to any particular item of expenditure by legislative action. There were no supplemental budget amendments for the year ended June 30, 2022.
- Fund balances in budgetary funds may be appropriated based on resolutions passed by the Board of Trustees, which authorize the School to make expenditures. Appropriations lapse at the end of the fiscal period. The level of control or the level on which expenditures may not legally exceed appropriations is the fund. Included in the General Fund budget are program budgets as prescribed by the state and federal agencies funding the program. These budgets are approved on a program-by-program basis by the state or federal funding agency.
- A Proprietary fund budget is not adopted.

**F. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**G. Changes in Accounting Principles**

During the 2021-22 fiscal year the School District implemented the following new generally accepted accounting principles:

GASB Statement No. 87 (Leases). The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
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governments. This Statement requires certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

GASB Statement No. 89 (Accounting for Interest Cost Incurred before the End of a Construction Period). The objectives of the statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before construction ends. This standard requires expensing interest costs when incurred rather than capitalizing the costs.

GASB Statement No. 92 (Omnibus 2020). The primary objective is to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including (1) effective date of Statement No 87, Leases for interim financial reports (2) Reporting of intra-entity transfers between primary government employer and a component unit defined benefit pension plan or defined benefit OPEB plan (3) Applicability of certain requirements of Statement No 84 (4) Measurement of liabilities related to AROs (5) Reporting risk pools for amounts that are recoverable from reinsurers or excess insurers (6) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (7) Terminology used to refer to derivative instruments.

GASB Statement No. 93 (Replacement of Interbank Offered Rates). The objective of this Statement is to address the issue the London Interbank Offered Rate (LIBOR) is being replaced with an interbank offered rate (IBOR).

GASB Statement No. 97 (Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32). The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

GASB Statement No. 98, (The Annual Comprehensive Financial Report). - This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local government.

#### **H. Pensions**

The School established a 403 (b) plan, known as the PSERS Alternative Plan, which is available to all eligible employees.

#### **I. Assets, Liabilities, and Net Position**

##### *Cash and Cash Equivalents*

For purposes of the Statement of Cash Flows, the Proprietary Fund type considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

**Executive Education Academy Charter School**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

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*Investments*

In accordance to GASB Statement No. 72, investments generally are to be measured at fair value. An investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has the present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools, investments in life insurance contracts, common stock meeting the criteria for applying the equity method, unallocated insurance contracts, and synthetic guaranteed investment contracts.

A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share of the investment.

This Statement requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets. These assets were previously required to be measured at fair value.

Fair Value is measured using a hierarchy of inputs using valuation techniques. The hierarchy has three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs.

The valuation techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts (such as cash flows or income and expenses) to a single current (discounted) amount.

*Receivables and Payables*

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

*Prepaid Expenses*

In both the government-wide and fund financial statements, prepaid expenses are recorded as assets in the specific governmental fund in which future benefits will be derived.

*Capital Assets*

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The School maintains a capitalization threshold of two-thousand five hundred (\$2,500) dollars. The School does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are



**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
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not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized.

All reported capital assets except land, certain land improvements and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

**PRIMARY GOVERNMENT**

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<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Leasehold Improvements	5 years	5 years
Equipment	5 years	5 years
Furniture & Fixtures	7 years	7 years
Right to Use Assets	Length of Lease	Length of Lease

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**COMPONENT UNIT - FOUNDATION**

<u>Description</u>	<u>Foundation Activities Estimated Lives</u>
Buildings	50 years
Building Improvements	20 to 25 years
Equipment	5 to 15 years
Furniture & Fixtures	5 to 15 years

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**Executive Education Academy Charter School**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

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*Compensated Absences*

The School provides paid sick leave benefits to all eligible employees for periods of temporary absence due to illnesses or injuries.

Sick leave benefits will be calculated based on the employee's base pay rate at the time of absence and will not include any special forms of compensation, such as incentives, commissions, bonuses, or shift differentials.

Unused sick leave benefits or paid time off benefits are allowed to accumulate up to a specific annual limit per written policy. Upon termination, other than at year-end contract completion, employees are not eligible for reimbursement of any unused personal time off.

**LEASES**

Lessee:

The Executive Education Academy Charter School is a lessee for noncancellable leases of equipment, real estate, and building space. The School recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School recognizes lease liabilities with an initial, individual value of \$20,000 or more.

At the commencement of a lease, the School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the School determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School is reasonably certain to exercise.

The School monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position.

Lessor:

The Executive Education Academy Charter School is a lessor for several noncancellable lease of building space. The School recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the School initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the School determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The School uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The School monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

#### *Long-Term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, which consists of capital leases, are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. The discretely presented component unit (Foundation) reports taxable and tax exempt revenue bonds.

In the fund financial statements, the face amount of debt issued is reported as other financing sources while debt payments are reported as expenditures.

#### *Reclassification*

Certain amounts have been reclassified to conform to the June 30, 2021, presentation of government-wide financial statements on the accrual basis of accounting versus the governmental fund financial statements reported on the modified accrual basis of accounting.

#### *Net Position*

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net Investment in Capital Assets component of Net Position is comprised of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, any deferred outflows of resources and/or deferred inflows of resources related to such capital assets or liabilities associated with the capital assets should also be added to or deducted from the overall Net Investment in Capital Assets. The restricted component of Net Position is used when there are limitations imposed on their use either through the enabling legislation adopted by a higher governmental authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining component of Net Position is unrestricted.

The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

#### *Fund Balance Categories*

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Below are the potential categories of fund balance the government may use with their definitions, the actual categories used is explained in Note 8 to the financial statements.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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*Nonspendable Fund Balance*

This category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted Fund Balance*

Fund balance should be reported as restricted when constraints placed on the use of resources are externally imposed by creditors, grantors, contributors, or other government laws or regulations, or the constraint is imposed by enabling legislation or constitutional provisions.

*Committed Fund Balance*

This category pertains to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action.

This government's governing body is the School Board and the formal action taken to commit resources is done by resolution.

*Assigned Fund Balance*

This category includes all remaining amounts that are reported in governmental funds, except the general fund, that are not classified in one of the above-mentioned categories. In the general fund, this category represents the School's intent to use resources for a specific purpose, which does not require formal action by the governing body.

*Unassigned Fund Balance*

This category of fund balance represents the residual classification for the general fund after segregating resources used in the other categories listed above. Unassigned fund balance will only be shown in other governmental funds if those governmental funds have a negative net fund balance.

The School's policy on fund balance does not dictate which category of unrestricted fund balance is spent first, when resources are available to be spent in various categories. As such, committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts. The School's policy also does not dictate whether restricted (nonspendable or restricted) or unrestricted (committed, assigned, and unassigned) is spent first when resources are available in both categories. As such, in these circumstances, restricted will be assumed to have been spent first followed by the unrestricted categories.

*Contributions of Capital*

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The proprietary funds received no capital contributions during this fiscal year.

**Note 3 - Reconciliation of Government-Wide and Fund Financial Statements**

- A.** *Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.*

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
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The governmental fund balance sheet includes a reconciliation between "fund balance - total governmental funds" and "net position - governmental activities" as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including lease payable, are not due and payable in the current period and therefore are not reported in the funds".

The details of the \$55,119,871 difference are:

Lease Obligations	\$ 55,119,871
Net Pension Liability	-
Net adjustment to reduce "fund balance - total governmental funds" to arrive at "net position - governmental activities"	<b><u>\$ 55,119,871</u></b>

**B. *Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities.***

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and School-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. Differences between the governmental funds statement of revenues, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown in the columns below represent:

- a) Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expenses reported below recognize the change in vested employee benefits.
- b) Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording of depreciation expense on those items as recorded in the statement of activities.
- c) Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability; principal payments are recorded as a reduction of liabilities.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

**Explanation of Differences between Governmental Fund Statements and School-Wide Statements**

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM REVENUES/ EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTIONS	TOTAL FOR STATEMENT OF ACTIVITIES
<b>REVENUES AND OTHER SOURCES</b>					
<b>LOCAL SOURCES:</b>					
Interest and investment earnings	\$ 9,885	\$ -	\$ -	\$ -	\$ 9,885
Miscellaneous	-	-	-	-	-
Contributions and Donations	14,844	-	-	-	14,844
Charges for Services	67,507	-	-	-	67,507
Receipts from Other LEAs	17,775,491	-	-	-	17,775,491
Proceeds from Leases	56,194,087	-	-	(56,194,087)	-
<b>INTERMEDIATE SOURCES:</b>					
Operating grants and contributions	6,493	-	-	-	6,493
<b>STATE SOURCES:</b>					
Operating grants and contributions	222,318	-	-	-	222,318
<b>FEDERAL SOURCES:</b>					
Operating grants and contributions	3,396,608	-	-	-	3,396,608
<b>TOTAL REVENUES</b>	<u>77,687,233</u>	<u>-</u>	<u>-</u>	<u>(56,194,087)</u>	<u>21,493,146</u>
<b>EXPENDITURES/EXPENSES</b>					
Instruction	10,365,303	-	21,510	-	10,386,813
Instructional Student Support	838,109	-	-	-	838,109
Admin. & Fin'l Support Services	3,326,195	-	(301,915)	-	3,024,280
Oper. & Maint. Of Plant Svcs.	57,336,090	-	(54,183,584)	-	3,152,506
Pupil Transportation	28,416	-	-	-	28,416
Student activities	621,717	-	(133,958)	-	487,759
Community Services	127,010	-	-	-	127,010
Capital Outlay	69,939	-	(69,939)	-	-
Debt Service	3,543,247	-	-	(1,074,217)	2,469,030
Depreciation - unallocated	-	-	-	-	-
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>76,256,026</u>	<u>-</u>	<u>(54,667,886)</u>	<u>(1,074,217)</u>	<u>20,513,923</u>
<b>NET CHANGE FOR THE YEAR</b>	<u>\$ 1,431,207</u>	<u>\$ -</u>	<u>\$ 54,667,886</u>	<u>\$ (55,119,870)</u>	<u>\$ 979,223</u>

**Note 4 - Stewardship, Compliance, and Accountability**

**A. Compliance with Finance Related Legal and Contractual Provisions**

The School has no material violations of finance related legal and contractual provisions.

**B. Deficit Fund Balance or Net Position of Individual Funds**

No individual fund contains a deficit fund balance or net position at June 30, 2022, except the executive education foundation has \$869,606 in deficit net position.

**C. Excess of Expenditures over Appropriations in Individual Funds**

No individual fund, which had a legally adopted budget, had an excess of expenditures over appropriations.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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**D. Budgetary Compliance**

The School's only legally adopted budget is for the General Fund. All budgetary transfers were made within the last nine months of the fiscal year. The School cancels all purchase orders open at year-end; therefore, it does not have any outstanding encumbrances at June 30, 2022.

**Note 5 - Detailed Notes on All Funds and Account Groups**

**Assets**

*Cash – Charter School*

*Custodial Credit Risk - Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2022, \$3,802,297 of the District's bank balance of \$4,052,297 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,447
Collateralized with securities held by the pledging financial institution	-
Uninsured and collateral held by the pledging bank's trust department not in the School's name	3,800,850
<b>TOTAL</b>	<b>\$ 3,802,297</b>

*Reconciliation to Financial Statements*

Uncollateralized Amount Above	\$ 3,802,297
Plus: Insured Amount	250,000
Less: Outstanding Checks	(128,754)
Carrying Amount - Bank Balances	3,923,543
Plus: Petty Cash	230
Deposits in Investment Pools Considered Cash Equivalents	-
Negative Balances Flipped to Accounts Payable	38,070
Less: Certificates of Deposit considered Investment by School Code	-
<b>TOTAL CASH PER FINANCIAL STATEMENTS</b>	<b>\$ 3,961,843</b>

*Cash – Component Unit Foundation*

*Custodial Credit Risk - Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Foundation does not have a policy for custodial credit risk. As of June 30, 2022, \$5,473,332 of the Foundation's bank balance of \$5,725,832 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 248,797
Collateralized with securities held by the pledging financial institution	-
Uninsured and collateral held by the pledging bank's trust department not in the School's name	5,224,535
<b>TOTAL</b>	<b>\$ 5,473,332</b>

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

*Reconciliation to Financial Statements*

Uncollateralized Amount Above	\$ 5,473,332
Plus: Insured Amount	252,500
Less: Outstanding Checks	<u>(99,140)</u>
Carrying Amount - Bank Balances	5,626,692
Plus: Petty Cash	-
Deposits in Investment Pools Considered Cash Equivalents	-
Less: Certificates of Deposit considered Investment by School Code	<u>-</u>
<b>TOTAL CASH PER FINANCIAL STATEMENTS</b>	<b><u>\$ 5,626,692</u></b>

*Investments*

Permitted investments for Executive Education Academy Charter School are defined in the Public School Code of 1949, as amended by Act 10 of 2016 as:

1. United States Treasury Bills;
2. Short-term obligations of the United States Government or its agencies or instrumentalities;
3. Deposits in savings accounts or time deposits or share accounts of institutions insured by the F.D.I.C; and,
4. Obligations of the United States of America or any of its agencies or instrumentalities, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities.
5. Obligations, participations or other instruments of any Federal Agency, instrumentality or United States government sponsored enterprise, including those issued or fully guaranteed as the principal and interest by Federal agencies, instrumentalities or United States government sponsored enterprises, if the debt obligations are rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
6. Repurchase agreements with respect to United States Treasury bills or obligations, participations or other instruments of or guaranteed by the United States or any Federal agency, instrumentality or United States government sponsored enterprise.
7. Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less, issued by a nationally or State-chartered bank, a Federal or State savings and loan association or a State-licensed branch of a foreign bank. For obligations with a maturity of one year or less, the debt obligations of the issuing institution or its parent must be rated in the top short-term rating category by at least two nationally recognized statistical ratings organizations. For obligations with a maturity in excess of one year, the senior debt obligations of the issuing institution or its parent must be rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
8. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.



**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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9. Commercial paper issued by corporations or other business entities organized in accordance with Federal or State law, with a maturity not to exceed 270 days, if the paper is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
10. Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933 and, if all of the following conditions are met:
  - The investments of the company are the authorized investments listed above.
  - The investment company is managed in accordance with 17 CFR 270.2a-7 (related to money market funds).
  - The investment company is rated in the highest category by a nationally recognized rating agency.
11. Savings or demand deposits placed in accordance with the following conditions:
  - The money is initially deposited and invested through a federally insured institution having a place of business in this Commonwealth, which is selected by the public corporation or municipal authority.
  - The selected institution arranges for the redeposit of the money in savings or demand deposits in one or more financial institutions insured by the Federal Deposit Insurance Corporation, for the account of the public corporation or municipal authority.
  - The full amount of principal and any accrued interest of each such deposit is insured by the Federal Deposit Insurance Corporation.
  - On the same date that the money is redeposited pursuant to above, the selected institution receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of money initially invested through the selected institution by the public corporation or municipal authority.

**Fair Value Reporting**

The Charter School and Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Charter School and Foundation did not have any recurring or non-recurring fair value investments at June 30, 2022.

As of June 30, 2022, the School had the following investments:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
PLGIT		\$ -
PSDLAF		-
LEGEND HOLDINGS		79,161
Total Investments		<u>\$ 79,161</u>

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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Interest Rate Risk

The Charter School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Charter School has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2022, the District's investments were rated as follows:

Concentration of Credit Risk

The Charter School places no limit on the amount the District may invest in any one issuer. Of the General Fund's investments, 100% were invested with Legend Holdings. Of the Governmental Activities' investments, 100% were invested with Legend Holdings. Of the investments held entity wide, 100% of those investments were in Legend Holdings.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Chart School will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Charter School has no investments subject to custodial credit risk.

Reconciliation to Financial Statements

Total Investments Above	\$ 79,161
Less: Deposits in Investment Pools Considered Cash Equivalents	-
Deposits in money Money Market Mutual Funds Considered Cash Equivalents	-
Total Investments, per financial statements	<u>\$ 79,161</u>

As of June 30, 2022, the Component Unit Foundation had the following investments:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
PLGIT		\$ -
PSDLAF		-
PA INVEST		-
PLIGT-CDS		-
Total		<u>\$ -</u>

Interest Rate Risk

The Foundation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Foundation has no investment policy that would limit its investment choices to certain credit ratings.

Concentration of Credit Risk

The Foundation places no limit on the amount the entity may invest in any one issuer. The Foundation did not have any investments as of June 30, 2022.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Foundation has no investments subject to custodial credit risk.

Reconciliation to Financial Statements

Total Investments Above	\$ -
Less: Deposits in Investment Pools Considered Cash Equivalents	-
Deposits in money Money Market Mutual Funds Considered Cash Equivalents	-
Total Investments, per financial statements	<u>\$ -</u>

*Receivables*

Receivables, as of year-end, for the government's individual major funds and non-major and fiduciary funds, in the aggregate, including the applicable allowances for uncollectible accounts, are:

**Schedule on Receivables for major, nonmajor, and fiduciary funds**

	GENERAL FUND	FOOD SERVICE FUND	NON- MAJOR FUNDS	TOTAL
<b>RECEIVABLES:</b>				
Interest	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Accounts	6,540	-	-	6,540
Intergovernmental	<u>3,029,631</u>	<u>89,205</u>	-	<u>3,118,836</u>
<b>GROSS RECEIVABLES</b>	<b>3,036,171</b>	<b>89,205</b>	<b>-</b>	<b>3,125,376</b>
Less: Allowance for Uncollectibles	-	-	-	-
<b>NET RECEIVABLES</b>	<b><u>\$ 3,036,171</u></b>	<b><u>\$ 89,205</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,125,376</u></b>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds.

**Primary Government**

	UNAVAILABLE	UNEARNED
Grants drawdowns prior to meeting eligibility requirements	-	-
<b>TOTAL</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

**Component Unit**

	UNAVAILABLE	UNEARNED
Related to Leases	-	68,059,247
<b>TOTAL</b>	<b><u>\$ -</u></b>	<b><u>\$ 68,059,247</u></b>

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

*Capital Assets*

Capital asset balances and activity for the year ending June 30, 2022, were:

Charter School

**CAPITAL ASSET BALANCES AND CURRENT YEAR ACTIVITY**

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
<b>GOVERNMENTAL ACTIVITIES:</b>				
Capital Assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	69,940	-	69,940
Total Capital Assets not being depreciated	-	69,940	-	69,940
Capital Assets being depreciated/amortized:				
Building and Building Improvements	-	190,899	-	190,899
Leasehold Improvements	88,470	-	-	88,470
Equipment	482,581	186,770	-	669,351
Furniture & Fixtures	496,105	-	-	496,105
Right-To-Use Assets	-	56,194,087	-	56,194,087
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED</b>	<b>1,067,156</b>	<b>56,571,756</b>	<b>-</b>	<b>57,638,912</b>
Less accumulated depreciation/amortization for:				
Building and Building Improvements	-	(4,989)	-	(4,989)
Leasehold Improvements	(17,707)	(4,170)	-	(21,877)
Equipment	(410,334)	(24,057)	-	(434,391)
Furniture & Fixtures	(352,604)	(40,131)	-	(392,735)
Right-To-Use Equipment	-	(1,900,462)	-	(1,900,462)
<b>TOTAL ACCUMULATED DEPRECIATION/AMORTIZATION</b>	<b>(780,645)</b>	<b>(1,973,809)</b>	<b>-</b>	<b>(2,754,454)</b>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED NET OF ACCUMULATED DEPRECIATION/AMORTIZATION</b>	<b>286,511</b>	<b>54,597,947</b>	<b>-</b>	<b>54,884,458</b>
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION/AMORTIZATION</b>	<b>\$ 286,511</b>	<b>\$ 54,667,887</b>	<b>\$ -</b>	<b>\$ 54,954,398</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Capital Assets being depreciated:				
Equipment	\$ 64,707	\$ 40,316	\$ -	\$ 105,023
Less accumulated depreciation	(18,799)	(7,368)	-	(26,167)
<b>BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS,</b>				<b>-</b>
<b>NET OF ACCUMULATED DEPRECIATION</b>	<b>\$ 45,908</b>	<b>\$ 32,948</b>	<b>\$ -</b>	<b>\$ 78,856</b>

**\* DEPRECIATION EXPENSE WAS CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:**

Instruction	\$ 36,552
Instructional Student Support	-
Admin. & Fin'l Support Services	75,479
Oper. & Maint. Of Plant Svcs.	1,850,379
Pupil Transportation	-
Student activities	11,399
Community Services	-
Depreciation - unallocated	-
<b>TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES</b>	<b>\$ 1,973,809</b>

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

*Component Unit - Foundation*

	<b>BEGINNING BALANCE</b>	<b>INCREASES</b>	<b>DECREASES</b>	<b>ENDING BALANCE</b>
<b>GOVERNMENTAL ACTIVITIES:</b>				
Capital Assets not being depreciated:				
Land	\$ 6,500,000	\$ 1,113,000	\$ -	\$ 7,613,000
Construction in Progress	-	33,500	-	33,500
Total Capital Assets not being depreciated	<u>6,500,000</u>	<u>1,146,500</u>	<u>-</u>	<u>7,646,500</u>
Capital Assets being depreciated:				
Site Improvements	113,520	239,190	-	352,710
Building	26,569,840	229,627	-	26,799,467
Building Improvements	4,909,459	40,474	-	4,949,933
Equipment	28,940	6,050	-	34,990
Furniture & Fixtures	-	-	-	-
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED</b>	<u>31,621,759</u>	<u>515,341</u>	<u>-</u>	<u>32,137,100</u>
Less accumulated depreciation for:				
Site Improvements	(3,406)	(12,382)	-	(15,788)
Building	(1,673,900)	(480,907)	-	(2,154,807)
Building Improvements	(475,211)	(179,696)	-	(654,907)
Equipment	(3,465)	(2,263)	-	(5,728)
Furniture & Fixtures	-	-	-	-
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<u>(2,155,982)</u>	<u>(675,248)</u>	<u>-</u>	<u>(2,831,230)</u>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED NET OF ACCUMULATED DEPRECIATION</b>	<u>29,465,777</u>	<u>(159,907)</u>	<u>-</u>	<u>29,305,870</u>
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION</b>	<u>\$ 35,965,777</u>	<u>\$ 986,593</u>	<u>\$ -</u>	<u>\$ 36,952,370</u>

**\* DEPRECIATION EXPENSE WAS CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:**

Instruction	\$ -
Instructional Student Support	-
Admin. & Fin'l Support Services	-
Oper. & Maint. Of Plant Svcs.	-
Pupil Transportation	-
Student activities	-
Community Services	-
Depreciation - unallocated	675,248
<b>TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES</b>	<u>\$ 675,248</u>

**Executive Education Academy Charter School**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

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**Lease receivables - Foundation**

*AW Driving School*

Effective July 1, 2021, the Foundation was leasing building space with AW Driving School. The lease is for over 3 years, with an initial term through December 31, 2024 and a five-year option to extend that is reasonably certain to be exercised. The Foundation will receive monthly payments of \$4,205. The Foundation recognized \$39,992 in lease revenue and \$10,468 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the Foundation's receivable for lease payments was \$348,778. Also, the Foundation has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$348,778.

*Center for Humanistic Change*

Effective July 1, 2021, the Foundation was leasing building space with the Center for Humanistic Change. The lease is for over 3 years, with an initial term through December 31, 2024 and a three-year option to extend that is reasonably certain to be exercised. The Foundation will receive monthly payments of \$5,795. The Foundation recognized \$61,997 in lease revenue and \$7,539 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the Foundation's receivable for lease payments was \$360,889. Also, the Foundation has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$360,889.

*Community Services for Children*

Effective July 1, 2021, the Foundation was leasing building space with the Community Services for Children. The lease is for over 10 years, with an initial term through December 31, 2032 and a five-year option to extend that is reasonably certain to be exercised. The Foundation will receive monthly payments of \$21,504. The Foundation recognized \$140,551 in lease revenue and \$113,892 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the Foundation's receivable for lease payments was \$3,009,936. Also, the Foundation has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$3,009,936.:

*Food Management Services Inc.*

Effective July 1, 2021, the Foundation was leasing building space with Food Management Services, Inc. The lease is for over 2 years, with an initial term through December 31, 2023. The Foundation will receive monthly payments of \$2,617. The Foundation recognized \$1,055 in lease revenue and \$30,345 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the Foundation's receivable for lease payments was \$46,410. Also, the Foundation has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$46,410.

*Department of Revenue*

Effective July 1, 2021, the Foundation was leasing building space with the Department of Revenue. The lease is for 5 years, with an initial term through March 31, 2026 and two five-year options to extend that are reasonably certain to be exercised. The Foundation will receive monthly payments of \$17,093. The Foundation recognized \$120,435 in lease revenue and \$85,781 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the Foundation's receivable for lease payments was

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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\$2,405,535. Also, the Foundation has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$2,405,535.

*Department of Human Services*

Effective July 1, 2021, the Foundation was leasing building space with the Department of Human Services. The lease is for 5 years, with an initial term through March 31, 2026 and two five-year options to extend that are reasonably certain to be exercised. The Foundation will receive monthly payments of \$41,598. The Foundation recognized \$294,966 in lease revenue and \$206,560 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the Foundation's receivable for lease payments was \$5,790,170. Also, the Foundation has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$5,790,170.

*Lehigh Valley Workforce Investment Board*

Effective July 1, 2021, the Foundation was leasing building space with the Lehigh Valley Workforce Investment Board. The lease is for over one year, with an initial term through September 30, 2023. The Foundation will receive monthly payments of \$38,000. The Foundation recognized \$442,848 in lease revenue and \$11,277 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the Foundation's receivable for lease payments was \$571,561. Also, the Foundation has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$571,561.

*Gummy Bears Learning Center*

Effective July 1, 2021, the Foundation was leasing building space with the Gummy Bears Learning Center. The lease is for over 3 years, with an initial term through October 31, 2024 and two three-year options to extend that are reasonably certain to be exercised. The Foundation will receive monthly payments of \$5,750. The Foundation recognized \$30,771 in lease revenue and \$15,229 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the Foundation's receivable for lease payments was \$710,844. Also, the Foundation has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$710,844.

*Executive Education Academy Charter School (Primary Government)*

Effective July 1, 2021, the Foundation was leasing building space with the Charter School at 555 Union Boulevard. The lease is for 30 years, with an initial term through August 15, 2052. The Foundation will receive monthly payments of \$284,307. The Foundation recognized \$974,371 in lease revenue and \$2,437,311 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the Foundation's receivable for lease payments was \$54,218,276. Also, the Foundation has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$54,218,276.

Effective July 1, 2021, the Foundation was leasing additional real estate located at 413 Union Boulevard with the Charter School. The lease is for over 13 years, with an initial term through October 31, 2034. The Foundation will receive monthly payments of \$5,000. The Foundation recognized \$27,199 in lease revenue and \$12,801 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the Foundation's receivable for lease payments was \$596,847. Also, the Foundation has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$596,847.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

The future lease payments as of June 30, 2022, were as follows:

FISCAL YEAR	AW Driving	CHC	CSC	FMS	DOR	DHS
2022-23	\$ 40,216	\$ 62,557	\$ 135,329	\$ 30,796	\$ 120,199	\$ 293,641
2023-24	41,481	63,883	140,899	15,615	124,847	304,996
2024-25	44,135	65,238	146,698	-	129,675	316,790
2025-26	46,895	66,621	152,735	-	139,080	338,395
2026-27	48,369	68,034	159,021	-	157,883	380,083
2027-32	127,682	34,556	898,835	-	900,772	2,164,363
2032-37	-	-	1,227,101	-	833,081	1,991,904
2037-42	-	-	149,317	-	-	-
2042-47	-	-	-	-	-	-
2047-52	-	-	-	-	-	-
<b>Totals</b>	<b>\$ 348,778</b>	<b>\$ 360,889</b>	<b>\$ 3,009,935</b>	<b>\$ 46,411</b>	<b>\$ 2,405,536</b>	<b>\$ 5,790,171</b>

FISCAL YEAR	LV Workforce	Gummy Bears	EEACS - 555	EEACS - 413	Totals
2022-23	\$ 455,985	\$ 44,133	\$ 818,844	\$ 39,155	\$ 2,040,855
2023-24	115,576	45,748	859,625	40,588	1,753,258
2024-25	-	48,878	902,433	42,074	1,695,921
2025-26	-	51,408	947,376	43,614	1,786,124
2026-27	-	53,289	994,560	45,210	1,906,449
2027-32	-	303,386	5,766,969	252,116	10,448,678
2032-37	-	164,001	7,353,334	134,089	11,703,509
2037-42	-	-	9,376,073	-	9,525,390
2042-47	-	-	11,955,223	-	11,955,223
2047-52	-	-	15,243,840	-	15,243,840
<b>Totals</b>	<b>\$ 571,561</b>	<b>\$ 710,843</b>	<b>\$ 54,218,277</b>	<b>\$ 596,846</b>	<b>\$ 68,059,247</b>

**Commitments**

*Encumbrances*

Any encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. The General Fund Budget is maintained on the modified accrual basis of accounting, except that budgetary basis expenditures include any encumbrances issued for goods or services not received at year-end and not terminated.

The actual results of operations are presented in accordance with GAAP and the School's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. If budgetary encumbrances exist at year-end, they are included in the fund financial statements to reflect actual revenues and expenditures on a budgetary basis consistent with the School's legally adopted budget.

The Foundation had the following construction commitments at year end:

	CONTRACT AMOUNT	EXPENDED TO DATE	ENDING BALANCE
<b>FOUNDATION PROJECTS</b>			
Parking Lot Excavation	\$ 175,190	\$ 33,500	\$ 141,690
<b>TOTAL COMMITMENTS</b>	<b>\$ 175,190</b>	<b>\$ 33,500</b>	<b>\$ 141,690</b>



**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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**Short-term Debt**

Interfund balances between funds represent temporary loans recorded at year end subsequent to a final allocation of expenses. The balances generally are paid shortly after year end. Transfers represent funds set aside for the anticipation of future capital needs.

*Interfund receivables and payables*

The following interfund receivables and payables existed on June 30, 2022:

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	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 373,768	\$ 123,601
Foundation	101,324	318,973
Food Service Fund	30,276	62,795
<b>TOTAL</b>	<b>\$ 505,368</b>	<b>\$ 505,368</b>

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*Interfund Transfers*

The School made the following interfund transfers during the fiscal year ended June 30, 2022:

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	<u>TRANSFER IN</u>	<u>TRANSFER OUT</u>
General Fund	\$ -	\$ -
Food Service Fund	-	-
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ -</b>

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**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

**Long-Term Liabilities**

Long-term liability balances and activity for the year ended June 30, 2022, were:

Primary Government-Charter School

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
<b><u>Governmental Activities</u></b>					
<i>Other liabilities:</i>					
Lease Obligations	\$ -	\$ 56,194,087	\$ 1,074,217	\$ 55,119,870	\$ 931,592
Vested employee benefits:					
Vacation Pay	-	-	-	-	-
<b>TOTAL GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES</b>	<b>\$ -</b>	<b>\$ 56,194,087</b>	<b>\$ 1,074,217</b>	<b>\$ 55,119,870</b>	<b>\$ 931,592</b>
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>					
<i>Other liabilities:</i>					
Vested employee benefits:					
Vacation pay	\$ -	\$ -	\$ -	\$ -	\$ -
Sick pay	-	-	-	-	-
<b>TOTAL BUSINESS-TYPE ACTIVITY LONG-TERM LIABILITIES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Payments on leases are made by the general fund. Vested employee benefits will be liquidated by governmental and proprietary funds. The School currently does not have any leases payable in business-type activities.

Total Interest paid and accrued during the year:

<b>GOVERNMENTAL ACTIVITIES:</b>	<b>EXPENSE</b>	<b>PAID</b>
Lease Interest	\$ 2,457,267	\$ 2,457,267
Refund of Prior Year Receipts	11,763	11,763
<b>TOTAL INTEREST FOR GOVERNMENTAL ACTIVITIES</b>	<b>\$ 2,469,030</b>	<b>\$ 2,469,030</b>

Component Unit- Foundation

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
<b><u>Foundation Debt:</u></b>					
Series A of 2017 Bonds - Tax Exempt Bonds	\$ 34,810,000	\$ -	\$ -	\$ 34,810,000	\$ -
Series B of 2017 Bonds - Taxable Bonds	5,623,663	-	502,647	5,121,016	545,000
<b>Total revenue bond debt</b>	<b>40,433,663</b>	<b>-</b>	<b>502,647</b>	<b>39,931,016</b>	<b>545,000</b>
<i>Other liabilities:</i>					
Mortgage Payable (QNB Loan)	-	1,040,000	22,749	1,017,251	35,414
Vested employee benefits:					
Vacation Pay	-	-	-	-	-
<b>Total other liabilities</b>	<b>-</b>	<b>1,040,000</b>	<b>22,749</b>	<b>1,017,251</b>	<b>35,414</b>
<b>LONG-TERM LIABILITIES</b>	<b>\$ 40,433,663</b>	<b>\$ 1,040,000</b>	<b>\$ 525,396</b>	<b>\$ 40,948,267</b>	<b>\$ 580,414</b>

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

Total interest paid and accrued during the year for the Foundation:

<b>COMPONENT UNIT - FOUNDATION</b>	<b>EXPENSE</b>	<b>PAID</b>
Revenue Bond - Tax Exempt	\$ 2,144,425	\$ 2,144,425
Revenue Bond - Taxable	415,762	433,388
QNB Mortgage	27,933	27,933
<b>TOTAL INTEREST FOR COMPONENT UNIT FOUNDATION</b>	<b>\$ 2,588,120</b>	<b>\$ 2,605,746</b>

**Primary Government – Charter School - Debt**

*Lease – Toshiba E-Studio Printers*

On July 1, 2021, the Charter School entered into a 60-month lease as lessee for the acquisition and use of Toshiba E-Studio printers. An initial lease liability was recorded in the amount of \$377,395 during the current fiscal year. As of June 30, 2022, the value of the lease liability was \$304,748. Executive Education Academy Charter School is required to make monthly fixed payments of \$6,650.18. The lease has an interest rate of 2.29%. The Equipment has a five-year estimated useful life. The value of the right to use asset as of June 30, 2022 was \$301,916 with accumulated amortization of \$75,479.

The future principal and interest lease payments as of June 30, 2022, are as follows:

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2022-23	\$ 73,593	\$ 6,209	\$ 79,802
2023-24	75,296	4,506	79,802
2024-25	77,038	2,764	79,802
2025-26	78,821	981	79,802
<b>TOTAL OUTSTANDING</b>	<b>\$ 304,748</b>	<b>\$ 14,460</b>	<b>\$ 319,208</b>

*Lease – Foundation (Component Unit) – 555 Union Boulevard*

On July 1, 2021, The Charter School entered into a 31-year lease as lessee for the acquisition and use of building space. An initial lease liability was recorded in the amount of \$55,192,647 during the current fiscal year. As of June 30, 2022, the value of the lease liability was \$54,218,276. The Charter School is required to make monthly fixed payments of \$284,307. The lease has an interest rate of 4.87%. The building space has a 39-year estimated useful life. The value of the right to use asset as of June 30, 2022 was \$53,412,239 with accumulated amortization of \$1,780,408.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

The future principal and interest lease payments as of June 30, 2022, are as follows:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2022-23	\$ 818,844	\$ 2,622,313	\$ 3,441,157
2023-24	859,624	2,581,533	3,441,157
2024-25	902,435	2,538,722	3,441,157
2025-26	947,378	2,493,779	3,441,157
2026-27	994,559	2,446,598	3,441,157
2027-32	5,766,969	11,438,814	17,205,783
2032-37	7,353,334	9,852,449	17,205,783
2037-42	9,376,073	7,829,710	17,205,783
2042-47	11,955,223	5,250,560	17,205,783
2047-52	15,243,840	1,961,943	17,205,783
<b>TOTAL OUTSTANDING</b>	<b>\$ 54,218,277</b>	<b>\$ 49,016,421</b>	<b>\$ 103,234,698</b>

*Lease – Foundation (Component Unit) – 413 Union Boulevard*

On July 1, 2021, the Charter School entered into a 13-year lease as lessee for the acquisition and use of certain real estate located at 413 Union Blvd., Allentown, PA. An initial lease liability was recorded in the amount of \$624,046 during the current fiscal year. As of June 30, 2022, the value of the lease liability was \$596,847. The Charter School is required to make monthly fixed payments of \$5,000. The lease has an interest rate of 3.60%. The real estate has an indefinite estimated useful life. The value of the right to use asset as of June 30, 2022 was \$579,471 with accumulated amortization of \$44,575.

The future principal and interest lease payments as of June 30, 2022, are as follows:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2022-23	\$ 39,155	\$ 20,845	\$ 60,000
2023-24	40,588	19,412	60,000
2024-25	42,074	17,926	60,000
2025-26	43,614	16,386	60,000
2026-27	45,210	14,790	60,000
2027-32	252,116	47,884	300,000
2032-35	134,089	5,911	140,000
<b>TOTAL OUTSTANDING</b>	<b>\$ 596,846</b>	<b>\$ 143,154</b>	<b>\$ 740,000</b>

**Component Unit – Foundation Debt**

*Lease Revenue Bonds – Series A of 2017*

On August 9, 2017, the Executive Education Academy Charter School Foundation issued \$34,810,000 of Tax Exempt Revenue Bonds – Series A of 2017. The purposes of this issue are to: (1) acquire, renovate, and equip a facility to be used, in part, as a charter school facility, and the construction of additions or other capital expenditures with respect to such facility; (2) the funding of a debt service reserve fund for the bonds, and (3) pay the costs of issuance. Certain portions of the facility not leased to the Charter School will be leased to certain other organizations pursuant to certain other individual leases. These bonds are special limited obligations of the Allentown Commercial and Industrial Development Authority and are

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

payable solely from the revenue and property of the Borrower (Foundation) and the Charter School pledged under the Agreement. The Revenue Bonds were purchased by Zions Bank and mature between July 1, 2029 and July 1, 2047, at interest rates ranging from 5.875% to 6.25%, with total interest indebtedness of \$50,342,257.

The remaining debt service obligations at June 30, 2022, are:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2022-23	\$ -	\$ 2,144,425	\$ 2,144,425
2023-24	-	2,144,425	2,144,425
2024-25	-	2,144,425	2,144,425
2025-26	-	2,144,425	2,144,425
2026-27	-	2,144,425	2,144,425
2027-32	2,750,000	10,501,519	13,251,519
2032-37	6,300,000	9,019,115	15,319,115
2037-42	8,460,000	6,790,319	15,250,319
2042-47	11,455,000	3,702,969	15,157,969
2047-48	5,845,000	182,656	6,027,656
<b>TOTAL OUTSTANDING</b>	<b>\$ 34,810,000</b>	<b>\$ 40,918,703</b>	<b>\$ 75,728,703</b>

*Lease Revenue Bonds – Series B of 2017*

On August 9, 2017, the Executive Education Academy Charter School Foundation issued \$6,865,000 of Taxable Revenue Bonds – Series B of 2017. The purposes of this issue are to: (1) acquire, renovate, and equip a facility to be used, in part, as a charter school facility, and the construction of additions or other capital expenditures with respect to such facility; (2) the funding of a debt service reserve fund for the bonds, and (3) pay the costs of issuance. Certain portions of the facility not leased to the Charter School will be leased to certain other organizations pursuant to certain other individual leases. These bonds are special limited obligations of the Allentown Commercial and Industrial Development Authority and are payable solely from the revenue and property of the Borrower (Foundation) and the Charter School pledged under the Agreement. The Revenue Bonds were purchased by Zions Bank and mature between July 1, 2018 and July 1, 2029, at interest rates ranging from 8.0% to 8.25%, with total interest indebtedness of \$3,825,822.

The remaining debt service obligations at June 30, 2022, are:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2021-22	\$ 505,000	\$ 433,388	\$ 938,388
2022-23	545,000	391,388	936,388
2023-24	590,000	345,988	935,988
2024-25	640,000	296,788	936,788
2025-26	690,000	243,588	933,588
2026-27	745,000	186,188	931,188
2027-30	1,920,000	190,807	2,110,807
<b>TOTAL OUTSTANDING</b>	<b>\$ 5,635,000</b>	<b>\$ 2,088,135</b>	<b>\$ 7,723,135</b>
Less: Unamortized Discount	(8,984)		
<b>GRAND TOTAL</b>	<b>\$ 5,626,016</b>		

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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*QNB Mortgage Note Payable*

On October 29th, 2021, the Foundation purchased land and two commercial buildings at 413-427 Union Boulevard for \$1,300,000. The Foundation financed \$1,040,000 of this purchase with a commercial mortgage from Quakertown National Bank. Terms of the Mortgage are 240 months with a fixed rate of 4.0% with total interest indebtedness of \$480,426.

The outstanding debt service requirements at June 30, 2022, are:

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<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2022-23	\$ 35,414	\$ 40,608	\$ 76,022
2023-24	36,769	39,253	76,022
2024-25	38,396	37,625	76,021
2025-26	39,983	36,039	76,022
2026-27	41,635	34,387	76,022
2027-32	235,268	144,840	380,108
2032-37	288,187	91,920	380,107
2037-42	<u>301,601</u>	<u>27,825</u>	<u>329,426</u>
<b>TOTAL OUTSTANDING</b>	<b><u>\$ 1,017,253</u></b>	<b><u>\$ 452,497</u></b>	<b><u>\$ 1,469,750</u></b>

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**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

*Education Foundation Combined Long-Term Debt*

The Foundation general long-term debt obligations, except for compensated absences for subsequent years are as follows:

<b>Summary of Principal Requirements</b>				
<b>FISCAL YEAR</b>	<b>TAX-EXEMPT SERIES A of 2017</b>	<b>TAXABLE SERIES B of 2017</b>	<b>QNB MORTGAGE</b>	<b>TOTAL PAYMENTS</b>
2022-23	\$ -	\$ 545,000	\$ 35,414	\$ 580,414
2023-24	-	590,000	36,769	626,769
2024-25	-	640,000	38,396	678,396
2025-26	-	690,000	39,983	729,983
2026-27	-	745,000	41,635	786,635
2027-32	2,750,000	1,920,000	235,268	4,905,268
2032-37	6,300,000	-	288,187	6,588,187
2037-42	8,460,000	-	301,601	8,761,601
2042-47	11,455,000	-	-	11,455,000
2047-48	5,845,000	-	-	5,845,000
<b>TOTAL</b>	<b>34,810,000</b>	<b>5,130,000</b>	<b>1,017,253</b>	<b>40,957,253</b>
LESS PAYABLE WITHIN ONE YEAR	-	545,000	35,414	580,414
<b>LONG-TERM PRINCIPAL DUE AFTER ONE YEAR</b>	<b>\$ 34,810,000</b>	<b>\$ 4,585,000</b>	<b>\$ 981,839</b>	<b>\$ 40,376,839</b>

<b>Summary of Principal and Interest Requirements</b>				
<b>FISCAL YEAR</b>	<b>TAX-EXEMPT SERIES A of 2017</b>	<b>TAXABLE SERIES B of 2017</b>	<b>QNB MORTGAGE</b>	<b>TOTAL PAYMENTS</b>
2022-23	\$ 2,144,425	\$ 936,388	\$ 76,022	\$ 3,156,835
2023-24	2,144,425	935,988	76,022	3,156,435
2024-25	2,144,425	936,788	76,021	3,157,234
2025-26	2,144,425	933,588	76,022	3,154,035
2026-27	2,144,425	931,188	76,022	3,151,635
2027-32	13,251,519	2,110,807	380,108	15,742,434
2032-37	15,319,115	-	380,107	15,699,222
2037-42	15,250,319	-	329,426	15,579,745
2042-47	15,157,969	-	-	15,157,969
2047-48	6,027,656	-	-	6,027,656
<b>TOTAL</b>	<b>\$ 75,728,703</b>	<b>\$ 6,784,747</b>	<b>\$ 1,469,750</b>	<b>\$ 83,983,200</b>

**Executive Education Academy Charter School**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

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**Note Payable - Bank**

The School has a line-of-credit in the amount of \$350,000 with Quakertown National Bank. The outstanding balance on the line-of-credit is \$0 as of June 30, 2022. The line is secured by substantially all of the School's assets and is used for the purpose of providing working capital for the School. The interest rate on the line-of-credit is 6.5%.

**Retirement Plan**

Effective October 1, 2014, the School established a 403(b) plan, known as the PSERS Alternative Plan, which is available to all eligible employees. For employees who elect to participate, a mandatory 5% will be withheld from their pay. The School will make a mandatory match of 5%. The School's expense to the Plan for the year ended June 30, 2022, was \$467,395.

**Note 6 - Risk Management**

The School is exposed to various risks of loss related to torts; theft of, damage to the destruction of assets; errors and omissions; injuries to employees; and natural disaster. Significant losses are covered by commercial insurance for all major programs.

**Note 7 - Income Tax Status**

The School is exempt from Federal income taxes under Section 501c (3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. For the year ended June 30, 2022, the School had no unrelated business income. The School has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The School's Federal Exempt Organization Income Tax Return (Form 990) for 2021 is subject to examination by the IRS, generally for up to three years after filed.

The School files a Return of Organization Exempt from Income Tax annually.

**Note 8 - Fund Balance Allocations**

*Nonspendable Fund Balance*

The General Fund had \$1,042,952 in nonspendable fund balance at June 30, 2022, comprised of \$14,514 of Inventory, \$353,438 in prepaid expenditures, and \$675,000 held in Security Deposits.

**Note 9 - Restricted Net Position**

*Net Investment in Capital Assets*

The components of this restriction are total capital assets of \$54,954,397, in the governmental activities as invested in capital assets net of related debt, with \$78,856 in business activities.

**Note 10 - New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued the following standards, which have not yet been implemented:

- Statement No. 91, *Conduit Debt Obligations* – The primary objective is to provide a single method of reporting conduit debt obligations by issuers associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Effective date: Periods beginning after December 15, 2021.



**Executive Education Academy Charter School**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

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- Statement No. 94, *PPP's* – The primary objective of this Statement is to improve financial reporting related to public-private and public-public partnership arrangements (PPPs). A PPP is defined in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. Effective date: Periods beginning after June 15, 2022.
- Statement No. 96, *Subscription-Based Information Technology Arrangements* – This statement provided guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to use subscription asset – and intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Effective date: Periods beginning after June 15, 2022
- Statement No. 99, *Omnibus 2022* - The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Effective Dates: Requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. Requirements related to financial guarantees and the classification and reporting of derivative instruments with in the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023.
- Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62* - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Effective Date: for fiscal years beginning after June 15, 2023.
- Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Effective Date: for fiscal years beginning after December 15, 2023.

#### **Note 11 - Contingencies**

##### *Grants*

The School received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund, or other applicable funds. However, in the opinion of management any such disallowed claims will not have a material adverse effect on the overall financial position of the School as of June 30, 2022.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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**Note 12 – Subsequent Events**

*Lease Revenue Bonds – Series of 2022*

On October 3, 2022, The Foundation through the Allentown Commercial and Industrial Development Authority issued \$8,770,000 of Tax-Exempt Revenue Bonds – Series of 2022. The purpose of this issue is to: (1) making certain renovations and constructing certain additions to the School Facilities including a Fieldhouse and flex space addition for the School’s use on the property located at 555 Union Boulevard, Allentown, PA as well as to otherwise furnish and equip the School Facilities; (2) funding debt service reserve fund for the 2022 Bonds; (3) funding capitalized interest on the 2022 Bonds; and (4) paying the costs of issuance of the 2022 Bonds.

The future debt service requirements are as follows:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2022-23	\$ -	\$ 457,014	\$ 457,014
2023-24	-	613,900	613,900
2024-25	-	613,900	613,900
2025-26	-	613,900	613,900
2026-27	-	613,900	613,900
2027-32	-	3,069,500	3,069,500
2032-37	-	3,069,500	3,069,500
2037-42	-	3,069,500	3,069,500
2042-47	-	3,069,500	3,069,500
2047-52	8,770,000	2,004,800	10,774,800
<b>TOTAL OUTSTANDING</b>	<u>\$ 8,770,000</u>	<u>\$ 17,195,414</u>	<u>\$ 25,965,414</u>

**S U P P L E M E N T A L I N F O R M A T I O N**

**Executive Education Academy Charter School**  
**Budget and Actual - General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Year Ended June 30, 2022**

		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b><u>6000 - Revenue from Local Sources</u></b>				
6510	Investment Earnings	\$ 7,600	\$ 9,885	\$ 2,285
6710	Admissions	-	500	500
6730	Student Organization Membership Dues and Fees	-	740	740
6740	Fees	-	45,972	45,972
6750	Student Activity - Special Events	-	20,295	20,295
6832	Federal IDEA Revenue Received as Pass Through	150,000	179,118	29,118
6920	Contributions and Donations	-	14,844	14,844
6944	Receipts from Other LEAs in PA	17,683,214	17,775,491	92,277
6991	Refunds of Prior Year Expenditures	5,000	-	(5,000)
6999	Miscellaneous	-	6,493	6,493
	<b>TOTAL REVENUE FROM LOCAL SOURCES</b>	<b>\$ 17,845,814</b>	<b>\$ 18,053,338</b>	<b>\$ 207,524</b>
<b><u>7000 - Revenue from State Sources</u></b>				
7320	Rental and Sinking Fund Payments	180,000	197,673	17,673
7330	Health Services	5,000	24,645	19,645
	<b>TOTAL REVENUE FROM STATE SOURCES</b>	<b>185,000</b>	<b>222,318</b>	<b>37,318</b>
<b><u>8000 - Revenue from Federal Sources</u></b>				
8514	Title I	725,769	725,754	(15)
8515	Title II	73,247	73,249	2
8516	Title III	11,018	13,928	2,910
8517	Title IV	55,120	59,787	4,667
8743	ESSER II	-	890,183	890,183
8744	ESSER III	-	1,448,557	1,448,557
8752	ARP ESSER Summer Learning Program	-	6,032	6,032
	<b>TOTAL REVENUE FROM FEDERAL SOURCES</b>	<b>865,154</b>	<b>3,217,490</b>	<b>2,352,336</b>
<b><u>9000 - Other Financing Sources</u></b>				
9220	Proceeds from Leases	-	56,194,087	56,194,087
	<b>TOTAL OTHER FINANCING SOURCES</b>	<b>-</b>	<b>56,194,087</b>	<b>56,194,087</b>
	<b>TOTAL REVENUE AND OTHER FINANCING SOURCES</b>	<b>\$ 18,895,968</b>	<b>\$ 77,687,233</b>	<b>\$ 58,791,265</b>

**Executive Education Academy Charter School**  
**Budget and Actual - General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Year Ended June 30, 2022**

<b><u>1000 - Instruction</u></b>	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
1110 Regular Programs - Elem./Secondary	\$ 6,054,086	\$ 6,054,086	\$ -
1190 Federally Funded Regular Programs	2,670,064	3,217,491	(547,427)
1225 Speech and Language Support	84,940	84,940	-
1241 Learning Support - Public	974,181	974,181	-
1260 Physical Support	33,605	33,605	-
1700 Higher Education Programs	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Total Instruction	9,817,876	10,365,303	(547,427)
<b><u>2000 - Support Services</u></b>			
2122 Counseling Services	-	-	-
2143 Psychological Counseling Services	85,620	85,620	-
2200 Support Services - Instructional Staff	-	-	-
2220 Technology Support Service	64,062	64,062	-
2260 Instruction and Curriculum Development Services	437,758	437,758	-
2271 Instructional Staff Development Services (Certified)	3,000	3,000	-
2350 Legal Services	78,585	78,585	-
2360 Office of the Superintendent (Executive Director)	476,109	476,109	-
2380 Office of the Principal Services	2,234,414	2,234,414	-
2440 Nursing Services	247,669	247,669	-
2511 Supervision of Fiscal Services	115,959	115,959	-
2514 Payroll Services	51,618	51,618	-
2515 Financial Accounting Services	124,458	124,458	-
2620 Operation of Buildings Services	3,993,364	57,262,748	(53,269,384)
2660 Security Services	73,342	73,342	-
2720 Vehicle Operation Services	28,416	28,416	-
2818 System-Wide Technology Services	121,545	121,545	-
2830 Staff Services	<u>123,507</u>	<u>123,507</u>	<u>-</u>
Total Support Services	8,259,426	61,528,810	(53,269,384)
<b><u>3000 - Operation of Non-Instructional Services</u></b>			
3210 School Sponsored Student Activities	-	-	-
3250 School Sponsored Athletics	621,717	621,717	-
3300 Community Services	3,709	3,709	-
3390 Community Services	<u>123,301</u>	<u>123,301</u>	<u>-</u>
Total Non-Instructional Services	748,727	748,727	-
<b><u>4000 - Facilities Acquisition, Construction, and Improvement Services</u></b>			
4200 Existing Site Improvement Services	<u>69,939</u>	<u>69,939</u>	<u>-</u>
Total Facilities Acquisition, Construction, and Improvement Services	69,939	69,939	-
<b><u>5000 - Other Expenditures and Financing Uses</u></b>			
5130 Refund of Prior Year Receipts	-	11,763	(11,763)
5140 Short Term Borrowing - Interest and Cost	<u>-</u>	<u>3,531,484</u>	<u>(3,531,484)</u>
Total Other Expenditures and Financing Uses	<u>-</u>	<u>3,543,247</u>	<u>(3,543,247)</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b><u>\$ 18,895,968</u></b>	<b><u>\$ 76,256,026</u></b>	<b><u>\$ (57,360,058)</u></b>

**Executive Education Academy Charter School  
 Budget and Actual - General Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
TOTAL REVENUE AND OTHER FINANCING SOURCES	\$ 18,895,968	\$ 77,687,233	\$ 58,791,265
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>18,895,968</u>	<u>76,256,026</u>	<u>(57,360,058)</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ 1,431,207	\$ 1,431,207
FUND BALANCE - JULY 1, 2021	<u>3,916,164</u>	<u>4,879,299</u>	<u>963,135</u>
FUND BALANCE - JUNE 30, 2022	<u>\$ 3,916,164</u>	<u>\$ 6,310,506</u>	<u>\$ 2,394,342</u>

**Executive Education Academy Charter School  
Food Service Fund  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
For the Year Ended June 30, 2022**

<b>REVENUES</b>		
Sales - Non-Reimbursable	\$ 6,928	
Federal Subsidy	1,554,378	
State Subsidy	43,561	
Federal Subsidy for Non-Food Assistance	-	
Donated Commodities Revenue	71,173	
Interest	<u>613</u>	
<b>TOTAL REVENUES</b>		<b>\$ 1,676,653</b>
<b>COST OF GOODS SOLD</b>		
Beginning Inventory - 7/1	19,071	
Food and Milk	46,440	
Donated Commodities	71,173	
Supplies	29,133	
Ending Inventory - 6/30	<u>(22,516)</u>	
<b>TOTAL COST OF GOODS SOLD</b>		<u>143,301</u>
<b>GROSS PROFIT</b>		<b>1,533,352</b>
<b>EXPENSES</b>		
Salaries	48,688	
Employee Benefits	6,107	
Food Service Mgt. - Food	412,122	
Food Service Mgt. - Non-Food	626,380	
Advertising	360	
Supplies & Fees - Technology	1,685	
Depreciation	7,368	
Miscellaneous Expenditures	-	
Energy	78,096	
Repairs and Maintenance	<u>84,112</u>	
<b>TOTAL EXPENSES</b>		<u>1,264,918</u>
<b>CHANGES IN FUND NET POSITION</b>		<b>268,434</b>
<b>FUND NET POSITION - JULY 1, 2021</b>		<u>156,165</u>
<b>FUND NET POSITION - JUNE 30, 2022</b>		<b><u>\$ 424,599</u></b>

**Executive Education Academy Charter School  
Food Service Fund  
Statement of Fund Net Position  
As of June 30, 2022**

**ASSETS**

Cash and Cash Equivalents	\$ 392,587
Due From Other Funds	30,276
Intergovernmental Receivables	89,205
Other Receivables	-
Inventory	22,516
Equipment (net of accum. Depreciation)	78,856

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows of Resources - Diff. in Projected vs Invest. Earnings	-
---	---

<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 613,440</u></b>
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**LIABILITIES**

Accounts Payable	\$ 125,747
Due to Other Funds	54,795
Due to Component Unit	7,999
Other Payables	300

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows of Resources - Diff. in Expected vs Actual Experience	-
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<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>188,841</b>
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<b>FUND NET POSITION</b>	<b><u>424,599</u></b>
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<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND NET POSITION</b>	<b><u>\$ 613,440</u></b>
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**Executive Education Academy Charter School  
Schedule on Component Unit's Tax Exempt  
Revenue Bonds - Series A of 2017  
For the Year Ended June 30, 2022**

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2022-23	\$ -	\$ 2,144,425	\$ 2,144,425
2023-24	-	2,144,425	2,144,425
2024-25	-	2,144,425	2,144,425
2025-26	-	2,144,425	2,144,425
2026-27	-	2,144,425	2,144,425
2027-28	-	2,144,425	2,144,425
2028-29	-	2,144,425	2,144,425
2029-30	690,000	2,124,156	2,814,156
2030-31	1,000,000	2,074,513	3,074,513
2031-32	1,060,000	2,014,000	3,074,000
2032-33	1,120,000	1,949,963	3,069,963
2033-34	1,185,000	1,881,513	3,066,513
2034-35	1,255,000	1,808,313	3,063,313
2035-36	1,330,000	1,730,763	3,060,763
2036-37	1,410,000	1,648,563	3,058,563
2037-38	1,495,000	1,561,413	3,056,413
2038-39	1,585,000	1,467,031	3,052,031
2039-40	1,685,000	1,364,844	3,049,844
2040-41	1,790,000	1,256,250	3,046,250
2041-42	1,905,000	1,140,781	3,045,781
2042-43	2,020,000	1,018,125	3,038,125
2043-44	2,150,000	887,813	3,037,813
2044-45	2,285,000	749,219	3,034,219
2045-46	2,425,000	602,031	3,027,031
2046-47	2,575,000	445,781	3,020,781
2047-48	5,845,000	182,656	6,027,656
<b>TOTAL OUTSTANDING</b>	<b>\$ 34,810,000</b>	<b>\$ 40,918,703</b>	<b>\$ 75,728,703</b>

**Schedule on Component Unit's Taxable  
Revenue Bonds - Series B of 2017  
For the Year Ended June 30, 2022**

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2022-23	\$ 545,000	\$ 391,388	\$ 936,388
2023-24	590,000	345,988	935,988
2024-25	640,000	296,788	936,788
2025-26	690,000	243,588	933,588
2026-27	745,000	186,188	931,188
2027-28	805,000	124,188	929,188
2028-29	865,000	56,306	921,306
2029-30	250,000	10,313	260,313
<b>TOTAL OUTSTANDING</b>	<b>\$ 5,130,000</b>	<b>\$ 1,654,747</b>	<b>\$ 6,784,747</b>

**Executive Education Academy Charter School  
Schedule on Component Unit's QNB Loan  
Mortgage on 413-427 Union Boulevard  
For the Year Ended June 30, 2022**

<b>FISCAL YEAR</b>	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b><u>TOTAL</u></b>
2022-23	\$ 35,414	\$ 40,608	\$ 76,022
2023-24	36,769	39,253	76,022
2024-25	38,396	37,625	76,021
2025-26	39,983	36,039	76,022
2026-27	41,635	34,387	76,022
2027-28	43,265	32,757	76,022
2028-29	45,142	30,879	76,021
2029-30	47,008	29,014	76,022
2030-31	48,950	27,072	76,022
2031-32	50,903	25,118	76,021
2032-33	53,076	22,946	76,022
2033-34	55,269	20,753	76,022
2034-35	57,552	18,469	76,021
2035-36	59,886	16,135	76,021
2036-37	62,404	13,617	76,021
2037-38	64,983	11,039	76,022
2038-39	67,668	8,354	76,022
2039-40	70,449	5,572	76,021
2040-41	73,374	2,647	76,021
2041-42	25,127	213	25,340
<b>TOTAL OUTSTANDING</b>	<b>\$ 1,017,253</b>	<b>\$ 452,497</b>	<b>\$ 1,469,750</b>

**S I N G L E   A U D I T   S E C T I O N**

**Executive Education Academy Charter School  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	PASS THROUGH GRANTOR NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) 7/1/2021	REVENUE	EXPEND.	ACCRUED OR (DEFERRED) 6/30/2022	FOOTNOTES
<b>U.S. DEPT. OF EDUCATION</b>											
<b>PASSED THROUGH THE PA DEPARTMENT OF EDUCATION (PDE)</b>											
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-21-1134 A	7/1/20- 9/30/21	\$ 733,394	\$ 156,696	\$ 156,696	\$ -	\$ -	\$ -	2
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-22-1134 A	7/1/21- 9/30/22	\$ 725,754	502,455	-	725,754	725,754	223,299	
<b>TOTAL TITLE I PROGRAM</b>						659,151	156,696	725,754	725,754	223,299	
<b>PASSED THROUGH THE PDE</b>											
TITLE IIIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-21-1134 A	7/1/20- 9/30/21	\$ 72,106	15,869	15,869	-	-	-	2
TITLE IIIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-22-1134 A	7/1/21- 9/30/22	\$ 73,249	56,344	-	73,249	73,249	16,905	
<b>TOTAL TITLE II PROGRAM</b>						72,213	15,869	73,249	73,249	16,905	
<b>PASSED THROUGH THE PDE</b>											
TITLE III - LANGUAGE INST LEP/IMMIGRANT STUDENTS	I	84.365	FA-010-21-1134 A	7/1/20- 9/30/21	\$ 14,257	2,037	(734)	2,771	2,771	-	2
TITLE III - LANGUAGE INST LEP/IMMIGRANT STUDENTS	I	84.365	FA-010-22-1134 A	7/1/21- 9/30/22	\$ 11,157	5,933	-	11,157	11,157	5,224	
<b>TOTAL TITLE III PROGRAM</b>						7,970	(734)	13,928	13,928	5,224	
<b>PASSED THROUGH THE PDE</b>											
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-21-1134 A	7/1/20- 9/30/21	\$ 56,264	-	(4,635)	4,635	4,635	-	2
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-22-1134 A	7/1/21- 9/30/22	\$ 55,152	33,920	-	55,152	55,152	21,232	
<b>TOTAL TITLE IV PROGRAM</b>						33,920	(4,635)	59,787	59,787	21,232	
<b>PASSED THROUGH THE PDE</b>											
COVID-19 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND (ESSER II)	I	84.425D	FA-200-21-1134	3/13/20 - 9/30/23	\$ 2,708,197	692,795	-	890,183	890,183	197,388	2
COVID-19 AMERICAN RESCUE PLAN - ESSER (ARP-ESSER)	I	84.425U	FA-223-21-1134	3/13/20 - 9/30/24	\$ 5,477,899	597,589	-	1,448,557	1,448,557	850,968	
COVID-19 ARP-ESSER - LEARNING LOSS SET ASIDE	I	84.425U	FA-225-21-1134	3/13/20 - 9/30/24	\$ 304,111	16,588	-	-	-	(16,588)	
COVID-19 ARP-ESSER - SUMMER SCHOOL SET ASIDE	I	84.425U	FA-225-21-1134	3/13/20 - 9/30/24	\$ 60,822	3,318	-	6,032	6,032	2,714	
COVID-19 ARP-ESSER - AFTER SCHOOL SET ASIDE	I	84.425U	FA-225-21-1134	3/13/20 - 9/30/24	\$ 60,822	3,318	-	-	-	(3,318)	
<b>TOTAL EDUCATION STABILIZATION FUND</b>						1,313,608	-	2,344,772	2,344,772	1,031,164	
<b>PASSED THROUGH THE CARBON-LEHIGH I.U. #21</b>											
IDEA, PART B	I	84.027	N/A	7/1/20- 9/30/21	\$ 150,971	55,087	55,087	-	-	-	2
IDEA, PART B	I	84.027	N/A	7/1/21- 9/30/22	\$ 178,634	96,158	-	178,634	178,634	82,476	1
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	7/1/20- 9/30/21	\$ 1,080	1,080	1,080	-	-	-	1
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	7/1/21- 9/30/22	\$ 484	-	-	484	484	484	1
<b>TOTAL IDEA CLUSTER</b>						152,325	56,167	179,118	179,118	82,960	
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>						2,239,187	223,363	3,396,608	3,396,608	1,380,784	
<b>U. S. DEPARTMENT OF AGRICULTURE</b>											
<b>PASSED THROUGH THE PDE</b>											
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/20-6/30/21	N/A	24,178	24,178	-	-	-	2
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/21-6/30/22	N/A	793,025	-	845,010	845,010	51,985	
COVID-19 NATIONAL SCHOOL LUNCH - SUPPLY CHAIN ASSISTANCE	I	10.555	N/A	N/A	N/A	30,276	-	30,276	30,276	-	
COVID-19 NATIONAL SCHOOL LUNCH - SNP EMERGENCY OPERATING COSTS	I	10.555	N/A	N/A	N/A	185,591	-	185,591	185,591	-	
BREAKFAST PROGRAM	I	10.553	N/A	7/1/20-6/30/21	N/A	15,164	15,164	-	-	-	
BREAKFAST PROGRAM	I	10.553	N/A	7/1/21-6/30/22	N/A	416,070	-	443,998	443,998	27,928	
FRESH FRUIT AND VEGTABLE PROGRAM	I	10.582	N/A	7/1/21-6/30/22	N/A	39,806	-	46,440	46,440	6,634	
<b>PASSED THROUGH THE PA DEPT. OF AGRICULTURE:</b>											
NATIONAL SCHOOL LUNCH - USDA COMMODITIES	I	10.555	N/A	7/1/20 - 6/30/21	N/A	71,173	(4,678)	74,136	74,136	(1,715)	2
<b>TOTAL CHILD NUTRITION CLUSTER</b>						1,575,283	34,664	1,625,451	1,625,451	84,832	3,4
<b>PASSED THROUGH THE PDE</b>											
COVID-19 STATE PANDEMIC ELECTRONIC BENEFIT TRANSFER (P-EBT) ADMIN. COSTS	I	10.649	N/A	N/A	N/A	3,063	-	3,063	3,063	-	2
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>						1,578,346	34,664	1,628,514	1,628,514	84,832	
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>						\$ 3,817,533	\$ 258,027	\$ 5,025,122	\$ 5,025,122	\$ 1,465,616	

SOURCE: D -DIRECT; I -INDIRECT

**Executive Education Academy Charter School  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022**

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**Note 1 – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Executive Education Academy Charter School under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Executive Education Academy Charter School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Executive Education Academy Charter School.

**Note 2 – Significant Accounting Policies**

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting for all federal awards charged to governmental funds and on the accrual basis of accounting for all federal awards charged to proprietary funds, as contemplated by accounting principles, generally accepted in the United States of America.

**Note 3 – Organization and Scope**

The School recognized 4.4% of its total general fund revenue in federal awards, and 97.1% of its total enterprise fund revenue.

**Note 4 – Indirect Costs**

The School did not charge any indirect costs to any of their federal grants and programs during this fiscal year. As such, the School did not use the 10% de minimis cost rate.

**Note 5 – Program Disclosure – Footnotes**

1. The federal awards passed through the Carbon-Lehigh Intermediate Unit #21 under the U.S. Department of Education heading, is part of a consortium of participating Schools. In accordance with directions from the Commonwealth of Pennsylvania, these awards are reported on the basic financial statements as local source revenue
2. The Federal Grants were passed through the following entities in the totals below:

<u>Passed through</u>	<u>Total Awards</u>	<u>Total Expenditures</u>
PA Department of Education	\$ 10,353,184	\$ 4,771,868
Carbon-Lehigh I.U. #21	330,685	179,118
PA Commission on Crime & Delinquency	-	-
PA Department of Agriculture	N/A	74,136
<b>Totals</b>	<b><u>\$ 10,683,869</u></b>	<b><u>\$ 5,025,122</u></b>

**Executive Education Academy Charter School  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022**

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3. The amount recognized as revenue in the Schedule of Expenditures of Federal Awards, under the U.S. Department of Agriculture heading, represents the commodities used, versus the commodities received, which are recognized as revenue in the basic financial statements.
4. The Charter School received non-monetary assistance from the U.S. Department of Agriculture of \$71,173 in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the 2021-22 fiscal year, the Charter School used \$74,136 in commodities and established year-end inventory of \$1,715 at June 30, 2022.

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**FINANCIAL STATEMENT RECONCILIATION**

General Fund Federal Source Revenues	\$ 3,217,490
Federal Grants in Local Sources	179,118
Food Service Fund Federal Revenue	<u>1,625,551</u>
<b>Total Federal Revenue, per financial statements</b>	<b>5,022,159</b>
Plus - Change in Donated Commodities	<u>2,963</u>
<b>Federal Revenue on SEFA</b>	<b><u>\$ 5,025,122</u></b>

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GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of  
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Pennsylvania Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Executive Education Academy Charter School  
555 Union Boulevard  
Allentown, PA 18109

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statement of the general fund of the Executive Education Academy Charter School, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Executive Education Academy Charter School's basic financial statements, and have issued our report thereon dated November 30, 2021.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Executive Education Academy Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Executive Education Academy Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Executive Education Academy Charter School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be a material weakness or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Executive Education Academy Charter School**

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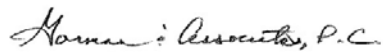
### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Executive Education Academy Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Northampton, Pennsylvania  
November 23, 2022





GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of  
American Institute of Certified Public Accountants  
Pennsylvania Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees  
Executive Education Academy Charter School  
555 Union Boulevard  
Allentown, PA 18109

***Report on Compliance for Each Major Federal Program***

***Opinion on Each Major Federal Program***

We have audited Executive Education Academy Charter School's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Executive Education Academy Charter School's major federal programs for the year ended June 30, 2022. Executive Education Academy Charter School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Executive Education Academy Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Executive Education Academy Charter School and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Executive Education Academy Charter School's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Executive Education Academy Charter School's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Executive Education Academy Charter School's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Executive Education Academy Charter School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Executive Education Academy Charter School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Executive Education Academy Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Executive Education Academy Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on Internal Control over Compliance***

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

**Executive Education Academy Charter School**

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Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

*Norman Associates, P.C.*

Northampton, Pennsylvania  
November 23, 2022

**Executive Education Academy Charter School  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022**

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**Section I - Summary of Auditor Results**

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**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) Identified?       yes     no
- Significant Deficiencies identified that are not considered to be material weaknesses?       yes     none reported
- Noncompliance material to financial statements noted?       yes     no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) Identified?       yes     no
- Significant Deficiencies identified that are not considered to be material weaknesses?       yes     none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance?       yes     no

Identification of major program:

CFDA Number(s)	Name of Federal Program or Cluster
84.425D, 84.425U	Education Stabilization Fund

Percentage of program tested to total awards      46.7%

Dollar threshold used to distinguish between type A and type B program:      \$ 750,000

Auditee qualified as low-risk auditee?       yes     no

**Executive Education Academy Charter School  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022**

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**Section II – Financial Statement Findings**

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There were no findings discovered, relating to the financial statements, which are to be reported in accordance with generally accepted government auditing standards.

**Section III – Findings and Questioned Costs for Federal Awards**

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There were no findings discovered, relating to the federal awards, which are required to be reported in accordance with the Uniform Guidance Section 200.516.

*Audit Follow Up Procedures*

We did not perform any follow-up procedures on prior year findings since there were none to report.

**REPORT ON  
EXECUTIVE EDUCATION  
ACADEMY CHARTER SCHOOL  
SINGLE AUDIT REPORT  
FISCAL YEAR ENDED JUNE 30, 2021**

EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL

Single Audit Report

For the Fiscal Year Ended June 30, 2021

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EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL

Single Audit Report

For the Fiscal Year Ended June 30, 2021

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## INTRODUCTORY SECTION



# GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of  
American Institute of Certified Public Accountants  
Pennsylvania Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

Board of Trustees  
Executive Education Academy Charter School  
555 Union Boulevard  
Allentown, PA 18109

We have performed the Single Audit of the Executive Education Academy Charter School for the fiscal year ended June 30, 2021, and have enclosed the Single Audit reporting package.

The Single Audit was done to fulfill the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, which entailed:

1. An audit of the basic financial statements, and our opinion thereon;
2. A review of compliance and of internal control over financial reporting based on an audit of the financial statements performed in accordance with Governmental Auditing Standards, and our report thereon;
3. An examination of the Schedule of Expenditures of Federal Awards and our report thereon; and,
4. An opinion on compliance with requirements applicable to each major program, and a review of internal control over compliance in accordance with the Uniform Guidance, explained above, and our report thereon.

As part of our report, we have enclosed our management letter.

Respectfully submitted,

November 30, 2021



# GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of  
American Institute of Certified Public Accountants  
Pennsylvania Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

Board of Trustees  
Mr. Robert Lysek, CEO  
Executive Education Academy Charter School  
555 Union Boulevard  
Allentown, PA 18109

We have audited the financial statements of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information, the discretely presented component-unit and the general fund budgetary comparison statement of the Executive Education Academy Charter School for the year ended June 30, 2021, and have issued our report thereon dated November 30, 2021.

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether your financial statements are fairly presented, in all material respects, in conformity with the U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities, including having compensating controls in place to ensure our preparation of your financial statements and note disclosures are not materially misstated.

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matter on June 11, 2021.

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Executive Education Academy Charter School are described in the notes to the financial statements. Accounting policies adopted during this past year and the existing policies were properly applied. We did not discover any transactions entered into by the School that lacked authoritative guidance or consensus. In addition, there are no significant transactions affecting the financial statements that have been recognized incorrectly in the wrong year.

Accounting estimates, which are part of the significant accounting policies, are an integral part of the financial statements and are based on management's 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 may differ significantly from those expected. The most sensitive estimates affecting the financial statements was depreciation taken on capital assets based upon the estimated useful life of each asset and calculated on the straight-line basis of depreciation. We have evaluated the factors and assumptions used to develop these estimates and have determined the estimates to be reasonable in relation to the financial statements taken as a whole.

We wish to inform you that the disclosures in your financial statements are neutral, consistent, and clear. From time to time, certain disclosures are more sensitive than others due to their significance to financial statement users. The most sensitive disclosures involve capital assets and long-term debt.

We have requested certain representations from management that are included in the management representation letter provided to us on November 30, 2021. We advise the governing body to request this letter from management for their review. In conjunction with their representations, we wish to inform you we did not encounter any significant difficulties in dealing with management and had no disagreements with your management. To our knowledge, management did not find a need to converse with any other independent accountant on any related accounting or auditing issue.

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## **BOARD OF TRUSTEES – MR. ROBERT LYSEK, CEO**

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In addition, the representation letter provided to us, by management, confirmed there were no uncorrected misstatements. Management has recorded all of our adjusting journal entries and has agreed to the conversion entries necessary to convert governmental funds and proprietary funds to governmental activities and business-type activities, respectively.

In accordance with auditing standards, generally accepted in the United States of America, we have acquired a sufficient understanding of the School and its environment, including its internal control, to assess the risk of material misstatements of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures that were necessary to express an opinion on the 2020-21 basic financial statements.

Our consideration of the School's internal control components was not designed for the purpose of making detailed recommendations and would not necessarily disclose all significant deficiencies within the components. Our audit procedures have been appropriately adjusted to compensate for any observed significant deficiencies. The following three paragraphs define the three different types of deficiencies that can occur:

**A control deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.**

**A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.**

**A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.**

As the primary purpose of our audit is to form an opinion on the basic financial statements, you will appreciate that reliance must be placed on adequate methods of internal control as your principal safeguard against errors and fraud which audit procedures may not disclose. The objective of internal control over financial reporting is to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use and that financial records are reliable for preparing financial statements in accordance with generally accepted accounting principles and for maintaining the accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the related benefits; to operationalize this concept, management is required to formulate estimates and judgments of the cost/benefit ratios of alternative controls.

There are inherent limitations that should be recognized in considering the potential effectiveness of internal control over financial reporting. Errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, fatigue, and other personnel factors. Control procedures whose effectiveness depends upon the segregation of duties can be circumvented by collusion or by management. What's more, any projection of internal control evaluations to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions or due to the deterioration of the degree of compliance with control procedures.

As an adjunct to our audit, we remained alert throughout for opportunities to enhance internal controls and operating efficiency. These matters were discussed with management as the audit progressed and have subsequently been reviewed in detail to formulate practical recommendations. We wish to thank your staff for their courtesies and cooperation, which facilitated the efficient performance of audit procedures. The remainder of this letter will explain any internal control deficiencies discovered during the audit, other auditor recommendations, and other information pertinent to the School.

## **BOARD OF TRUSTEES – MR. ROBERT LYSEK, CEO**

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A control deficiency is determined to be considered a material weakness or significant deficiency based upon the magnitude of the problem as it pertains to a particular opinion unit. In other words, what is considered a significant deficiency in one fund may only be a control deficiency in another fund of greater size.

**The following section in this governance/management letter is separated by categories based on importance, with any material weaknesses or significant deficiencies listed in the beginning:**

### ***CONTROL DEFICIENCIES***

#### ***ACH Invoice Approvals***

While testing various disbursements in the General Fund we, found that certain Automatic Clearing House (ACH) payments are not following the same approval procedures as physical checks. Currently, when a bill is paid online it is processed through the normal accounts payable process; however, no invoice or other supporting documentation is printed, reviewed, or approved as it would be if a physical check was cut.

We recommend that the client follows the same approval procedures with ACH Transactions as they do with physical checks. They should be printing the invoices that are sent to them, review those invoices to make sure everything is accurate, and have the appropriate administrator approve the transactions.

#### ***ACH Invoice Processing***

In the performance of our audit procedures around cash, specifically examining the bank reconciliations, we found several ACH payments posted in the accounting software as outstanding as of June 30, 2021. When tracing these payments to the subsequent month we noticed that all of them cleared in July. These ACH transactions were for various health insurance payments totaling \$132,400. These payments were all pertaining to the 20-21 school year; however, instead of posting these items in the accounting software as accounts payable they were posted as paid as of June 30<sup>th</sup>. The result of this caused cash to be understated and accounts payable to be overstated.

We recommend that the client follows the same procedures for the automatic withdrawal payments as they do for other invoices. Enter the bills and then process the payments when they are scheduled to be deducted from the bank accounts.

#### ***Accounts Payable – Negative Balances***

While testing accounts payable we discovered negative balances showing up on the accounts payable aging report. This usually occurs when a payment is made to a vendor and posted to AP without selecting a bill to apply that payment against. When this occurs, the bill will still show up on the aging report and the bill payment will as well. The aging report will show both transactions offsetting each other. While the AP balance might still be correct, these transactions should not be on the aging report and the transactions need to be entered properly in order to clear these types of transactions off the aging report. In addition, there were journal entries and reversing entries that offset one another showing up on the aging report that should also be fixed.

We recommend that the client reviews the aging report at year end and clear up any negative balances discovered. An easy way to achieve this is by using the “Fix Unapplied Vendor payments and credits” option found by going to “Company: Accounting Tools”.

**OTHER INFORMATION**

Leases

The Governmental Accounting Standards Board has issued Statement No. 87 dealing with Operating and Financing Leases. Under current accounting principles, only Financing Leases are recorded on the financial statements as assets and liabilities. Operating leases are shown as rent expense. As such, we have only been interested in capital or financing leases in past years, but the new standard below will require the need to audit all leases.

The new standard defines a lease as a contract that conveys control of the right to use another entity's non-financial asset as specified in the contract for a period of time. As such, all leases will be recorded on the financial statements as either a tangible or intangible asset with a corresponding liability for future present value of lease payments.

The effective date of this new standard was extended with Governmental Accounting Standards Board Statement No. 95 pushing the effective date of implementation to the 2021-22 fiscal year.

This letter is required by our standards and has been combined with, what we previously referred to as the management letter. The intent of this letter is to communicate with those charged with governance on the matters pertaining to the audit and includes information that we believe can help you correct or improve operating efficiency, under the limitations of staff availability, within the School.

Respectfully submitted,

*Norman Associates, P.C.*

November 30, 2021

***REPORT DISTRIBUTION LIST***

The Executive Education Academy Charter School has distributed copies of the Single Audit Act Package to the following:

**ONE COPY TO:  
(Submitted Electronically)**

FEDERAL AUDIT CLEARINGHOUSE  
BUREAU OF THE CENSUS

**ONE COPY TO:  
(Submitted Electronically)**

COMMONWEALTH OF PENNSYLVANIA  
BUREAU OF AUDITS

**ONE COPY TO:**

CARBON-LEHIGH INTERMEDIATE UNIT #21  
4210 INDEPENDENCE DRIVE  
SCHNECKSVILLE, PA 18078

**FINANCIAL SECTION**





GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of  
American Institute of Certified Public Accountants  
Pennsylvania Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Executive Education Academy Charter School  
555 Union Boulevard  
Allentown, PA 18109

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the discretely presented component unit, and the general fund budgetary comparison statement of the Executive Education Academy Charter School, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the 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 error or fraud.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL

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### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the discretely presented component unit, and the general fund budgetary comparison statement of the Executive Education Academy Charter School, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 2-G to the financial statements, the District adopted the provisions of GASB Statements No. 90, *Accounting and Financial Reporting for Majority Equity Interest* – an amendment of GASB Statements No. 14 and No. 61 and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – an amendment of GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32, and GASB Statement No. 98, *The Annual Comprehensive Financial Report*. Our opinion is not modified with respect to these matters.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 10-14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Executive Education Academy Charter School's basic financial statements. The *combining and individual fund statements and schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *combining and individual fund financial statements, schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards, are the responsibility of management and were derived from and related to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, *the combining and*

## **EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL**

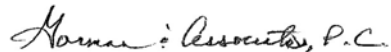
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*individual fund financial statements, schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards, are fairly stated in all material respects in relation to the basic financial statements as a whole.*

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021, on our consideration of the Executive Education Academy Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Executive Education Academy Charter School's internal control over financial reporting and compliance.

Respectfully submitted,



November 30, 2021

## EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL

### MANAGEMENT'S DISCUSSION AND ANALYSIS Required Supplemental Information (RSI) (UNAUDITED)

For the Year Ended June 30, 2021

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The discussion and analysis of Executive Education Academy Charter School's financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2021 and 2020. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the School's financial performance.

In this fiscal year the Executive Education Academy Charter School's increased its student enrollment from 1,346 to 1,363 students. Since student enrollment is directly related to revenues, this, along with federal grants, helped account for an increase in revenues of \$1,537,744 for total revenues of \$19,445,048.

#### Overview of the Financial Statements

This annual report consists of three parts-management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the school.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the School's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short-and long-term financial information about the activities the government operates like businesses, such as food service.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of supplemental information that further explains and supports the information in the financial statements.

#### Government-wide Statements

The government-wide statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the School's net position and how they have changed. Net position - the difference between the School's assets and liabilities - is one way to measure the School's financial health or position. Over time, increases or decreases in the School's net position are an indication of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the School include the Governmental Activities. Most of the School's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development and general administration. Subsidies from local school districts and grants finance most of these activities.

**EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL**  
**Management's Discussion and Analysis**

**Fund Financial Statements**

The fund financial statements provide detailed information about the School's most significant funds – not the School as a whole. Funds are accounting devices that the School uses to track specific sources of funding and spending for particular purposes.

Some funds are required by State law. The School Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain subsidies and grants.

The School has the following type of funds:

- Governmental funds – Most of the School's activities are reported in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on a subsequent page that explains the relationship (or differences) between them.
- Proprietary funds – Services for which the School charges customers a fee is generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

**FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE**

The Statement of Net Position provides the perspective of the School as a whole. The School's net position as of June 30, 2021 and 2020 were as follows:

**Table A-1**  
**Net Position**  
**As of June 30, 2021**

	2021			2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 5,866,968	\$ 264,112	\$ 6,081,359	\$ 4,468,395	\$ 191,730	\$ 4,608,248
Non Current Assets	961,511	45,908	1,007,419	1,052,978	51,462	1,104,440
Deferred Outflows of Resources	-	-	-	-	-	-
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<b>\$ 6,828,479</b>	<b>\$ 310,020</b>	<b>\$ 7,088,778</b>	<b>\$ 5,521,373</b>	<b>\$ 243,192</b>	<b>\$ 5,712,688</b>
Current and Other Liabilities	\$ 1,662,669	\$ 153,855	\$ 1,766,803	\$ 1,707,633	\$ 62,263	\$ 1,718,019
Long-term Liabilities	-	-	-	-	-	-
Deferred Inflows of Resources	-	-	-	12,056	-	12,056
<b>Total Liabilities &amp; Deferred Inflows of Resources</b>	<b>\$ 1,662,669</b>	<b>\$ 153,855</b>	<b>\$ 1,766,803</b>	<b>\$ 1,719,689</b>	<b>\$ 62,263</b>	<b>\$ 1,730,075</b>
<b>Net Position</b>						
Net Investment in Capital Assets	\$ 288,511	\$ 45,908	\$ 334,419	\$ 315,839	\$ 51,462	\$ 367,301
Restricted	675,000	-	675,000	675,000	-	675,000
Unrestricted	4,202,299	110,257	4,312,556	2,810,845	129,467	2,940,312
<b>Total Net Position</b>	<b>\$ 5,165,810</b>	<b>\$ 156,165</b>	<b>\$ 5,321,975</b>	<b>\$ 3,801,684</b>	<b>\$ 180,929</b>	<b>\$ 3,982,613</b>

**EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL**  
**Management's Discussion and Analysis**

As of June 30, 2021, the Executive Education Academy Charter School had total assets of \$7,088,778 with 0% of those assets being deferred outflows of resources, 58% being in cash and 28% being in receivables. The remaining 14% represent prepaid expenditures and the net value of capital assets. Total liabilities of \$1,766,803 includes trade accounts payable, accrued expenses, salaries and benefits, and obligations from existing financial arrangements. The resulting net position of \$5,321,975 includes unrestricted assets of \$4,312,556 and \$334,419 and restricted assets of \$675,000, in net investments in capital assets.

As of June 30, 2020, the Executive Education Academy Charter School had total assets of \$5,712,688 with 0% of those assets being deferred outflows of resources, 52% being in cash and 40% being in receivables. The remaining 8% represent prepaid expenditures and the net value of capital assets. Total liabilities of \$1,693,357 includes trade accounts payable, accrued expenses, salaries and benefits, and obligations from existing financial arrangements. The resulting net position of \$3,982,613 includes unrestricted assets of \$2,940,312 and \$367,301 and restricted assets of \$675,000, in net investments in capital assets.

The statement of Activities shows the revenues, expenses and changes in net position for fiscal years 2021 and 2020. The summarized figures are as follows:

**Table A-2**  
**Changes in Net Position**  
**Fiscal Years ended June 30, 2021 and June 30, 2020**

	<u>2021</u>			<u>2020</u>		
	Govern- mental Activities	Business -type Activities	Total	Govern- mental Activities	Business -type Activities	Total
<b>REVENUES</b>						
<i>Program Revenues</i>						
Charges for Services	\$ 7,668	\$ -	\$ 7,668	\$ 52,431	\$ 13,659	\$ 66,090
Operating grants and contributions	1,969,718	661,223	2,630,941	1,294,896	906,678	2,201,574
<i>General Revenues</i>						
Receipt from Other LEAs	17,427,968	-	17,427,968	16,543,983	-	16,543,983
State grants and subsidies	-	-	-	-	-	-
Investment Earnings	9,759	-	9,759	3,709	-	3,709
Miscellaneous	29,936	-	29,936	12,285	-	12,285
Special Item - Gain (loss) on sale of capital assets	-	-	-	-	-	-
Fund Transfers	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 19,445,049</b>	<b>\$ 661,223</b>	<b>\$ 20,106,272</b>	<b>\$ 17,907,304</b>	<b>\$ 920,337</b>	<b>\$ 18,827,641</b>
<b>EXPENSES</b>						
Instruction	\$ 9,728,308	\$ -	\$ 9,728,308	\$ 9,529,996	\$ -	\$ 9,529,996
Instructional and Administrative						
Support Services	3,743,648	-	3,743,648	4,468,123	-	4,468,123
Operation and Maintenance	4,222,253	-	4,222,253	4,337,797	-	4,337,797
Student Activities	246,576	-	246,576	184,296	-	184,296
Community Services	112,126	-	112,126	128,330	-	128,330
Debt Service	28,012	-	28,012	15,809	-	15,809
Unallocated Depreciation	-	-	-	791	-	791
Food Service	-	685,987	685,987	-	922,633	922,633
Services						
<b>TOTAL EXPENSES</b>	<b>\$ 18,080,923</b>	<b>\$ 685,987</b>	<b>\$ 18,766,910</b>	<b>\$ 18,665,142</b>	<b>\$ 922,633</b>	<b>\$ 19,587,775</b>
<b>Increase (decrease) in net position</b>	<b>\$ 1,364,126</b>	<b>\$ (24,764)</b>	<b>\$ 1,339,362</b>	<b>\$ (757,838)</b>	<b>\$ (2,296)</b>	<b>\$ (760,134)</b>

**EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL**  
**Management's Discussion and Analysis**

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The governmental activity revenue for the 2020-2021 school year from the Executive Education Academy Charter School came from three major program sources. These program sources included subsidies from school districts for instructional services \$17,580,019, grants from Federal Programs of \$1,603,509 and subsidies from the State of \$214,158. In addition, the School received \$47,363 from other resources including miscellaneous income, fundraising activities, investment earnings, and student activities. Revenue from business-type activities (food service) amounted to \$0.

The governmental activity revenue for the 2019-2020 school year from the Executive Education Academy Charter School came from three major program sources. These program sources included subsidies from school districts for instructional services \$16,701,155, grants from Federal Programs of \$888,050 and subsidies from the State of \$243,095. In addition, the School received \$75,004 from other resources including miscellaneous income, fundraising activities, investment earnings, and student activities. Revenue from business-type activities (food service) amounted to \$13,659.

**MAJOR FINANCIAL ISSUES**

***Building Space***

In August 2017, the Executive Education Academy Charter School Foundation purchased the property housing the Executive Education Academy Charter School. This resulted in the Charter School entering into a new lease agreement with the separate foundation entity as landlord. The foundation is shown as a Component Unit of the Executive Education Academy Charter School in these financial statements.

***Technology***

During the year ended June 30, 2021, the School did not enter in new financing agreements.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

At June 30, 2021, the School had a net value of \$332,419 of capital assets that consisted office furniture, computer equipment, and leasehold improvements. The School's policy requires the capitalization of individual furniture and equipment purchases of \$2,500 or more.

At June 30, 2020, the School had a net value of \$429,440 of capital assets that consisted office furniture, computer equipment, and leasehold improvements. The School's policy requires the capitalization of individual furniture and equipment purchases of \$2,500 or more.

***Long - Term Debt***

At June 30, 2021, Capital leases for furniture and equipment were paid in full.

At June 30, 2020, long-term debt represents capital leases for furniture and equipment in the amount of \$62,140, of which the full amount is to be paid over a five-year period from the balance sheet date.

**EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL**  
**Management's Discussion and Analysis**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Charter School expects to continue its growth, as the fiscal year 2021-2022 budget has been prepared using a revenue amount of approximately \$18.90 million based on a projected enrollment of 1,350 students. Expenditures have been budgeted to be approximately \$18.90 million in this fiscal year.

**CONTACTING THE SCHOOL FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the School's Business Services Department.



**BASIC FINANCIAL STATEMENTS**

**Executive Education Academy Charter School**  
**Statement of Net Position**  
**As of June 30, 2021**

	PRIMARY GOVERNMENT			DISCRETELY PRESENTED COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	EXECUTIVE EDUCATION FOUNDATION
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 3,894,114	\$ 204,088	\$ 4,098,202	\$ 5,351,229
Investments	37,868	-	37,868	-
Receivables, net	-	-	-	-
Internal Balances	49,721	-	-	(1) -
Due from Component Unit	100,000	-	100,000	-
Due From Other Governments	1,775,469	40,953	1,816,422	-
Other Receivables, net	1,500	-	1,500	11,200
Inventories	8,296	19,071	27,367	-
Prepaid Expenses	-	-	-	-
Other Current Assets	-	-	-	100,000
<b>Total Current Assets</b>	<b>5,866,968</b>	<b>264,112</b>	<b>6,081,359</b>	<b>5,462,429</b>
<b>Non-Current Assets:</b>				
Land	-	-	-	6,500,000
Site Improvements (net of depreciation)	-	-	-	110,114
Furniture and Equipment (net of depreciation)	215,748	45,908	261,656	25,475
Building and Building Improvements	-	-	-	29,330,188
Leasehold Improvements	70,763	-	70,763	-
Construction in Progress	-	-	-	-
Security Deposit	675,000	-	675,000	-
Other Long-term Receivables	-	-	-	-
<b>Total Non-Current Assets</b>	<b>961,511</b>	<b>45,908</b>	<b>1,007,419</b>	<b>35,965,777</b>
<b>Total Assets</b>	<b>6,828,479</b>	<b>310,020</b>	<b>7,088,778</b>	<b>41,428,206</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows of Resources - Current Year Contributions	-	-	-	-
Deferred Outflows of Resources - Diff. in Projected vs Actual Investment Earnings	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 6,828,479</b>	<b>\$ 310,020</b>	<b>\$ 7,088,778</b>	<b>\$ 41,428,206</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Internal Balances	\$ -	\$ 49,721	\$ -	(1) \$ -
Due to other governments	6,305	-	6,305	-
Due to Primary Government	-	-	-	100,000
Accounts Payable	265,744	103,813	369,557	220,169
Current Portion of Long-Term Obligations	-	-	-	505,000
Accrued Salaries and Benefits	1,385,250	-	1,385,250	-
Interest Payable	-	-	-	1,284,731
Security Deposits	-	-	-	713,634
Unearned Revenues	5,370	321	5,691	-
<b>Total Current Liabilities</b>	<b>1,662,669</b>	<b>153,855</b>	<b>1,766,803</b>	<b>2,823,534</b>
<b>Non-Current Liabilities</b>				
Long-Term Portion of Compensated Absences	-	-	-	-
Bonds Payable	-	-	-	39,928,663
Lease Obligations	-	-	-	-
Net Pension Liability	-	-	-	-
<b>Total Liabilities</b>	<b>1,662,669</b>	<b>153,855</b>	<b>1,766,803</b>	<b>42,752,197</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows of Resources - Lease Buy-Backs	-	-	-	-
Deferred Inflows of Resources - Diff. in Projected vs Actual Contributions	-	-	-	-
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>1,662,669</b>	<b>153,855</b>	<b>1,766,803</b>	<b>42,752,197</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	288,511	45,908	334,419	-
<b>Restricted For:</b>				
Capital Projects	-	-	-	-
Other Restrictions	675,000	-	675,000	-
Unrestricted (deficit)	4,202,299	110,257	4,312,556	(1,323,991)
<b>TOTAL NET POSITION</b>	<b>5,165,810</b>	<b>156,165</b>	<b>5,321,975</b>	<b>(1,323,991)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 6,828,479</b>	<b>\$ 310,020</b>	<b>\$ 7,088,778</b>	<b>\$ 41,428,206</b>

The Accompanying Notes are an integral part of these financial statements.

(1) Internal balances represent the amount owed to or from the two types of activities within the Primary Government. Since internal balances do not represent assets or liabilities of the total Primary Government, their balances are eliminated in the "total" column (GASB Statement No. 34, para. 58).

**Executive Education Academy Charter School  
Statement of Activities  
For the Year Ended June 30, 2021**

FUNCTION/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			DISCRETELY PRESENTED COMPONENT UNIT EXECUTIVE EDUCATION FOUNDATION
		CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<b>GOVERNMENTAL ACTIVITIES:</b>								
Instruction	\$ 9,728,308	\$ 250	\$ 1,683,454	\$ -	\$ (8,044,604)	\$ -	\$ (8,044,604)	
Instructional Student Support	709,934	-	94,057	-	(615,877)	-	(615,877)	
Admin. & Fin'l Support Services	3,033,714	-	-	-	(3,033,714)	-	(3,033,714)	
Oper. & Maint. Of Plant Svcs.	4,216,060	-	192,207	-	(4,023,853)	-	(4,023,853)	
Pupil Transportation	6,193	-	-	-	(6,193)	-	(6,193)	
Student activities	246,576	7,418	9,260	-	(229,898)	-	(229,898)	
Community Services	112,126	-	-	-	(112,126)	-	(112,126)	
Interest on Long-Term Debt	28,012	-	-	-	(28,012)	-	(28,012)	
Unallocated Depreciation Expense	-	-	-	-	-	-	-	
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>18,080,923</b>	<b>7,668</b>	<b>1,978,978</b>	<b>-</b>	<b>(16,094,277)</b>	<b>-</b>	<b>(16,094,277)</b>	
<b>BUSINESS-TYPE ACTIVITIES:</b>								
Food Service	685,987	-	660,864	-	-	(25,123)	(25,123)	
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 18,766,910</b>	<b>\$ 7,668</b>	<b>\$ 2,639,842</b>	<b>\$ -</b>	<b>\$ (16,094,277)</b>	<b>\$ (25,123)</b>	<b>\$ (16,119,400)</b>	
<b>COMPONENT UNITS:</b>								
Executive Education Foundation	<u>5,344,438</u>	<u>4,993,343</u>	<u>4,588</u>	<u>-</u>				<u>(346,507)</u>
<b>GENERAL REVENUES:</b>								
Grants, subsidies, & contributions not restricted					\$ -	\$ -	\$ -	\$ -
Receipts from Other Local Education Agencies					17,427,968	-	17,427,968	-
Investment Earnings					9,759	359	10,118	1,503
Miscellaneous Income					20,676	-	20,676	1,011
Special item - Gain (Loss) on sale of capital assets					-	-	-	-
Extraordinary Items					-	-	-	-
Transfers					-	-	-	-
<b>TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS</b>					<u>17,458,403</u>	<u>359</u>	<u>17,458,762</u>	<u>2,514</u>
<b>CHANGES IN NET POSITION</b>					1,364,126	(24,764)	1,339,362	(343,993)
<b>NET POSITION - BEGINNING</b>					<u>3,801,684</u>	<u>180,929</u>	<u>3,982,613</u>	<u>(979,998)</u>
<b>NET POSITION - ENDING</b>					<b>\$ 5,165,810</b>	<b>\$ 156,165</b>	<b>\$ 5,321,975</b>	<b>\$ (1,323,991)</b>

The Accompanying Notes are an integral part of these financial statements.

**Executive Education Academy Charter School  
Balance Sheet  
Governmental Funds  
As of June 30, 2021**

	<u>GENERAL</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 3,894,114	\$ -	\$ 3,894,114
Investments	37,868	-	37,868
Due from Component Unit	100,000	-	100,000
Due from other funds	49,721	-	49,721
Due from Other Governments	1,775,469	-	1,775,469
Other Receivables	1,500	-	1,500
Inventories	8,296	-	8,296
Prepaid Expenditures	-	-	-
Security Deposits	675,000	-	675,000
Other Current Assets	-	-	-
<b>TOTAL ASSETS</b>	<u>6,541,968</u>	<u>-</u>	<u>6,541,968</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred Charges on Refundings, net	-	-	-
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 6,541,968</u>	<u>\$ -</u>	<u>\$ 6,541,968</u>
<b><u>LIABILITIES:</u></b>			
Due to Other Funds	\$ -	\$ -	\$ -
Due to Other Governments	6,305	-	6,305
Accounts Payable	265,744	-	265,744
Current Portion of Long-Term Debt	-	-	-
Accrued Salaries and Benefits	1,385,250	-	1,385,250
Short-Term Line-of-Credit	-	-	-
Other Retirement Liabilities	-	-	-
Other Current Liabilities	5,370	-	5,370
<b>TOTAL LIABILITIES</b>	<u>1,662,669</u>	<u>-</u>	<u>1,662,669</u>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>			
Lease Buy-Backs	-	-	-
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<u>1,662,669</u>	<u>-</u>	<u>1,662,669</u>
<b><u>FUND BALANCES:</u></b>			
Nonspendable	683,296	-	683,296
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	4,196,003	-	4,196,003
<b>TOTAL FUND BALANCES</b>	<u>4,879,299</u>	<u>-</u>	<u>4,879,299</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 6,541,968</u>	<u>\$ -</u>	<u>\$ 6,541,968</u>

The Accompanying Notes are an integral part of these financial statements.

**Executive Education Academy Charter School  
 Reconciliation of the Governmental Funds Balance Sheet  
 to the Statement of Net Position  
 As of June 30, 2021**

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** \$ 4,879,299

**Amounts reported for governmental activities in the statement of net position are different because:**

Capital assets used in governmental activities are not financial resources and therefore they are not reported as assets in governmental funds. The cost of the assets is \$1,067,156 and the accumulated depreciation is \$780,645. 286,511

Additional receivables established that do not meet the availability criteria reflected in the fund financial statements. This amount represents the difference between the prior year receivables and the current year receivables established under the accrual basis of accounting. -

The governmental funds follow the purchase method of inventory; therefore no inventory is reflected on the balance sheet. However, the statement of net position uses the consumption method of inventory. -

This amount represents the difference between the deferred outflows of resources associated with the net pension liability less the deferred inflows of resources pertaining to the net pension liability. -

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Lease Obligations	\$	-	
Net Pension Liability		-	
Net OPEB Obligation		-	-

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** **\$ 5,165,810**

The Accompanying Notes are an integral part of these financial statements.

**Executive Education Academy Charter School**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2021**

	GENERAL	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>			
Local Sources	\$ 17,627,382	\$ -	\$ 17,627,382
State Sources	214,158	-	214,158
Federal Sources	1,603,509	-	1,603,509
<b>TOTAL REVENUES</b>	19,445,049	-	19,445,049
<b>EXPENDITURES</b>			
Instruction	9,659,003	-	9,659,003
Support Services	7,951,432	-	7,951,432
Operation of Non-Instructional Services	351,009	-	351,009
Capital Outlay	-	-	-
Debt Service	90,152	-	90,152
<b>TOTAL EXPENDITURES</b>	18,051,596	-	18,051,596
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,393,453	-	1,393,453
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Extended Term Financings	-	-	-
Interfund Transfers In	-	-	-
Sale/Compensation for Fixed Assets	-	-	-
Refunds of Prior Year Receipts	-	-	-
Operating Transfers Out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-
<b>SPECIAL/EXTRAORDINARY ITEMS</b>			
Special Items	-	-	-
Extraordinary Items	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	1,393,453	-	1,393,453
<b>FUND BALANCES - BEGINNING</b>	3,485,846	-	3,485,846
<b>FUND BALANCES - ENDING</b>	\$ 4,879,299	\$ -	\$ 4,879,299

The Accompanying Notes are an integral part of these financial statements.

**Executive Education Academy Charter School  
Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
to the Statement of Activities  
For the Year Ended June 30, 2021**

**NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ 1,393,453

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Depreciation expense	\$ 91,468	
less - capital outlays	<u>                    -</u>	(91,468)

Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the statement of activities, but rather constitute long-term liabilities. -

In the statement of activities, only the gain on the sale of the capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of fixed assets sold. -

Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 62,141

In the statement of activities, certain operating expenses--compensated absences (vacations) and special termination benefits (early retirement) - are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used. -

In the statement of activities, certain operating revenues are recognized when earned versus the revenues using the modified accrual basis of accounting in the fund statements that are recognized when the funds are available. As such, the amount shown here represents the difference between earned revenues and revenues that are earned, but not available.                     -

**SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING** **1,364,126**

**Executive Education Academy Charter School  
Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
to the Statement of Activities  
For the Year Ended June 30, 2021**

**SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING  
(CONT'D)** \$ 1,364,126

The difference between current year pension expense reported on the governmental activities column of the government-wide statement of net position and the pension contributions made this past year reported as expenditures in the governmental funds. -

The governmental funds use the purchase method of inventory, where all items purchased are charged to expenditures. However, the statement of activities is reflected on the consumption method of recording inventory type items; therefore, this adjustment reflects the inventory difference. -

**CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 1,364,126

The Accompanying Notes are an integral part of these financial statements.



**Executive Education Academy Charter School  
Statement of Fund Net Position  
Proprietary Funds  
As of June 30, 2021**

	<b>FOOD SERVICE FUND</b>	<b>NON-MAJOR FUNDS</b>	<b>TOTAL</b>
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 204,088	\$ -	\$ 204,088
Investments	-	-	-
Due from other funds	-	-	-
Due From Other Governments	40,953	-	40,953
Other Receivables	-	-	-
Inventory	19,071	-	19,071
Other Current Assets	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>264,112</b>	<b>-</b>	<b>264,112</b>
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<b>NON-CURRENT ASSETS:</b>			
Building & Bldg. Improvements (net)	-	-	-
Machinery & Equipment (net)	45,908	-	45,908
Other Long-Term Receivables	-	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>45,908</b>	<b>-</b>	<b>45,908</b>
<b>TOTAL ASSETS</b>	<b>\$ 310,020</b>	<b>\$ -</b>	<b>\$ 310,020</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred Outflows of Resources - Current Year Contributions	-	-	-
Deferred Outflows of Resources - Diff. in Projected vs Actual Invest. Earnings	-	-	-
	<b>\$ 310,020</b>	<b>\$ -</b>	<b>\$ 310,020</b>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 310,020</b>	<b>\$ -</b>	<b>\$ 310,020</b>
<b><u>LIABILITIES</u></b>			
<b>CURRENT LIABILITIES:</b>			
Due to Other Funds	\$ 49,721	\$ -	\$ 49,721
Due to Other Governments	-	-	-
Accounts Payable	103,813	-	103,813
Prepayments from Students	321	-	321
<b>TOTAL CURRENT LIABILITIES</b>	<b>153,855</b>	<b>-</b>	<b>153,855</b>
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<b>NON-CURRENT LIABILITIES:</b>			
Long-Term Portion of Compensated Absences	-	-	-
Net Pension Liability	-	-	-
<b>TOTAL LIABILITIES</b>	<b>153,855</b>	<b>-</b>	<b>153,855</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred Inflows of Resources - Diff. in Projected vs Actual Invest. Earnings	-	-	-
Deferred Inflows of Resources - Diff. in Projected vs Actual Contributions	-	-	-
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>153,855</b>	<b>-</b>	<b>153,855</b>
	-----	-----	-----
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	45,908	-	45,908
Restricted for Legal Purposes	-	-	-
Unrestricted	110,257	-	110,257
<b>TOTAL NET POSITION</b>	<b>156,165</b>	<b>-</b>	<b>156,165</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 310,020</b>	<b>\$ -</b>	<b>\$ 310,020</b>

The Accompanying Notes are an integral part of these financial statements.

**Executive Education Academy Charter School**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	<b>FOOD SERVICE FUND</b>	<b>NON-MAJOR FUNDS</b>	<b>TOTAL</b>
<b>OPERATING REVENUES:</b>			
Charges for Services	\$ -	\$ -	\$ -
Other Operating Revenues	-	-	-
<b>TOTAL OPERATING REVENUES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OPERATING EXPENSES:</b>			
Salaries	44,184	-	44,184
Employee benefits	3,328	-	3,328
Purchased Professional and Technical Services	-	-	-
Purchased Property Service	3,227	-	3,227
Other Purchased Services	564,901	-	564,901
Supplies	64,472	-	64,472
Depreciation	5,554	-	5,554
Dues and Fees	-	-	-
Equipment	-	-	-
Claims and Judgments	-	-	-
Other Operating Expenses	321	-	321
<b>TOTAL OPERATING EXPENSES</b>	<b>685,987</b>	<b>-</b>	<b>685,987</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(685,987)</b>	<b>-</b>	<b>(685,987)</b>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>			
Earnings on investments	359	-	359
Contributions and Donations	-	-	-
Gain/Loss on Sale of Fixed Assets	-	-	-
State Sources	24,276	-	24,276
Federal Sources	636,588	-	636,588
Interest Expenses	-	-	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>661,223</b>	<b>-</b>	<b>661,223</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<b>(24,764)</b>	<b>-</b>	<b>(24,764)</b>
Capital contributions	-	-	-
Transfers in (out)	-	-	-
<b>CHANGES IN NET POSITION</b>	<b>(24,764)</b>	<b>-</b>	<b>(24,764)</b>
<b>NET POSITION - BEGINNING</b>	<b>180,929</b>	<b>-</b>	<b>180,929</b>
<b>NET POSITION - ENDING</b>	<b>\$ 156,165</b>	<b>\$ -</b>	<b>\$ 156,165</b>

The Accompanying Notes are an integral part of these financial statements.

**Executive Education Academy Charter School  
Statement of Cash Flows  
Proprietary Funds  
As of June 30, 2021**

	<b>FOOD SERVICE FUND</b>	<b>NON-MAJOR FUNDS</b>	<b>TOTAL</b>	<b>DISCRETELY PRESENTED COMPONENT UNIT EXECUTIVE EDUCATION FOUNDATION</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Users	\$ -	\$ -	\$ -	\$ 5,017,174
Cash Received from Assessments made to Other Funds	-	-	-	-
Cash Received from Earnings on Investments	-	-	-	-
Cash Received from Other Operating Revenue	-	-	-	5,598
Cash Payments to Employees for Services	(49,721)	-	(49,721)	-
Cash Payments for Insurance Claims	-	-	-	-
Cash Payments to Suppliers for Goods and Services	(487,259)	-	(487,259)	(1,777,431)
Cash Payments to Other Operating Expenses	-	-	-	(120,716)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>(536,980)</u>	<u>-</u>	<u>(536,980)</u>	<u>3,124,625</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Local Sources	-	-	-	-
State Sources	22,665	-	22,665	-
Federal Sources	553,346	-	553,346	-
Interest Paid on Notes/Loans	-	-	-	-
Operating Transfers In (Out)	-	-	-	-
<b>NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES</b>	<u>576,011</u>	<u>-</u>	<u>576,011</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Facilities Acquisition/Const./Improvement Svcs.	-	-	-	(213,520)
Proceeds on Loans from Primary Government	-	-	-	-
Proceeds on Security Deposits	-	-	-	-
Payments on Bond Principal	-	-	-	(470,000)
Payments on Bond Interest	-	-	-	(2,616,813)
Gain/Loss on Sale of Fixed Assets (Proceeds)	-	-	-	-
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,300,333)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Earnings on Investments	359	-	359	1,504
Proceeds from Sale and Maturity of Investment Securities	-	-	-	-
<b>NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>	<u>359</u>	<u>-</u>	<u>359</u>	<u>1,504</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	39,390	-	39,390	(174,204)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>164,698</u>	<u>-</u>	<u>164,698</u>	<u>5,525,433</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 204,088</u>	<u>\$ -</u>	<u>\$ 204,088</u>	<u>\$ 5,351,229</u>

Executive Education Academy Charter School  
Statement of Cash Flows  
Proprietary Funds  
As of June 30, 2021

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES**

	<b>FOOD SERVICE FUND</b>	<b>NON-MAJOR FUNDS</b>	<b>TOTAL</b>	<b>DISCRETELY PRESENTED COMPONENT UNIT EXECUTIVE EDUCATION FOUNDATION</b>
<b>OPERATING INCOME (LOSS)</b>	\$ (685,987)	\$ -	\$ (685,987)	\$ 2,271,316
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>				
Donated Commodities Used	42,085	-	42,085	-
Depreciation	5,554	-	5,554	662,175
Bond Issuance Costs	-	-	-	-
Amortization of Bond Discount	-	-	-	2,565
<b>CHANGE IN ASSETS AND LIABILITIES:</b>				
(Increase) Decrease in Accounts Receivable	-	-	-	34,949
(Increase) Decrease in Advances from Other Funds	-	-	-	33,939
(Increase) Decrease in Inventory	9,776	-	9,776	-
(Increase) Decrease in Deferred Outflows of Resources - Changes in Proportion of NPL	-	-	-	-
(Increase) Decrease in Deferred Outflows of Resources - Current Year Contributions	-	-	-	-
(Increase) Decrease in Deferred Outflows of Resources - Diff. in Projected vs Actual Contributions	-	-	-	-
(Increase) Decrease in Deferred Outflows of Resources - Diff. in Projected vs Actual Investment Earnings	-	-	-	-
Increase (Decrease) in Accounts Payable	93,427	-	93,427	83,332
Increase (Decrease) in Interfund Payable	(2,156)	-	(2,156)	100,000
Increase (Decrease) in Interest Payable	-	-	-	(18,594)
Increase (Decrease) in Prepayments from Persons or Firms	321	-	321	-
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Expected vs Actual Experience	-	-	-	-
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Projected vs Actual Contributions	-	-	-	-
Increase (Decrease) in Unearned Revenue	-	-	-	(45,057)
<b>TOTAL ADJUSTMENTS</b>	<b>149,007</b>	<b>-</b>	<b>149,007</b>	<b>853,309</b>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>\$ (536,980)</b>	<b>\$ -</b>	<b>\$ (536,980)</b>	<b>\$ 3,124,625</b>

The Accompanying Notes are an integral part of these financial statements.

**Executive Education Academy Charter School  
Statement of Fiduciary Net Position  
Fiduciary Funds  
As of June 30, 2021**

	<b>PRIVATE- PURPOSE TRUST FUNDS</b>	<b>CUSTODIAL FUNDS</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ -
Investments	-	-
Due from Other Funds	-	-
Other Receivables	-	-
Prepaid Expenses	-	-
Other Current Assets	-	-
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES</b>		
Accounts Payable	\$ -	\$ -
Due to Other Funds	-	-
Other Current Liabilities	-	-
<b>TOTAL LIABILITIES</b>	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-
<b>NET POSITION</b>		
Restricted	-	-
Unrestricted	-	-
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ -</b>	<b>\$ -</b>

The Accompanying Notes are an integral part of these financial statements.

**Executive Education Academy Charter School  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2021**

	<b>PRIVATE- PURPOSE TRUST FUND</b>	<b>CUSTODIAL FUNDS</b>
<b>ADDITIONS</b>		
Contributions - Members	\$ -	\$ -
Contributions - Employer	-	-
Special Events	-	-
Other Income	-	-
<b>Investment Earnings:</b>		
Interest and Dividends	-	-
Net increase (decrease) in fair value of investments	-	-
Less investment expense	-	-
<b>TOTAL ADDITIONS</b>	-	-
 <b>DEDUCTIONS</b>		
Administrative expense	-	-
Benefits paid to participants or beneficiaries	-	-
Payments for student club activities	-	-
Scholarships	-	-
<b>TOTAL DEDUCTIONS</b>	-	-
 <b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	-	-
 <b>NET POSITION - BEGINNING OF YEAR</b>	-	-
 <b>NET POSITION - END OF YEAR</b>	\$ -	\$ -

**Executive Education Academy Charter School**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -**  
**General Fund**  
**For the Year Ended June 30, 2021**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL (BUDGETARY BASIS)</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>	<b>BUDGET TO GAAP DIFFERENCE</b>	<b>ACTUAL AMOUNTS GAAP BASIS</b>
	<b>ORIGINAL</b>	<b>FINAL</b>				
<b>REVENUES</b>						
Local Sources	\$ 17,238,418	\$ 17,238,418	\$ 17,627,382	\$ 388,964	\$ -	\$ 17,627,382
State Sources	208,095	208,095	214,158	6,063	-	214,158
Federal Sources	<u>1,497,394</u>	<u>1,497,394</u>	<u>1,603,509</u>	<u>106,115</u>	-	<u>1,603,509</u>
<b>TOTAL REVENUES</b>	<u>18,943,907</u>	<u>18,943,907</u>	<u>19,445,049</u>	<u>501,142</u>	-	<u>19,445,049</u>
<b>EXPENDITURES</b>						
Regular Instruction	8,035,466	8,685,466	8,571,381	114,085	-	8,571,381
Special Programs	1,293,165	1,115,165	1,087,622	27,543	-	1,087,622
Vocational Programs	-	-	-	-	-	-
Other Instructional Programs	-	-	-	-	-	-
Adult Education Programs	-	-	-	-	-	-
Community/Junior College Ed. Programs	2,000	2,000	-	2,000	-	-
Pupil Personnel Services	92,617	92,617	81,948	10,669	-	81,948
Instructional Staff Services	636,292	431,292	400,086	31,206	-	400,086
Administrative Services	3,247,133	2,619,133	2,572,875	46,258	-	2,572,875
Pupil Health	301,967	301,967	227,900	74,067	-	227,900
Business Services	330,575	481,575	240,163	241,412	-	240,163
Operation & Maintenance of Plant Services	4,165,029	4,232,029	4,201,592	30,437	-	4,201,592
Student Transportation Services	15,000	15,000	6,193	8,807	-	6,193
Central Support Services	199,400	297,400	220,675	76,725	-	220,675
Other Support Services	-	-	-	-	-	-
Student Activities	228,795	248,795	238,883	9,912	-	238,883
Community Services	123,582	123,582	112,126	11,456	-	112,126
Facilities, Acquisition and Construction	-	-	-	-	-	-
Debt Service	<u>65,823</u>	<u>90,823</u>	<u>90,152</u>	<u>671</u>	-	<u>90,152</u>
<b>TOTAL EXPENDITURES</b>	<u>18,736,844</u>	<u>18,736,844</u>	<u>18,051,596</u>	<u>685,248</u>	-	<u>18,051,596</u>
Excess (deficiency) of revenues over expenditures	<u>207,063</u>	<u>207,063</u>	<u>1,393,453</u>	<u>1,186,390</u>	-	<u>1,393,453</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds From Extended Term Financing	-	-	-	-	-	-
Interfund Transfers In	-	-	-	-	-	-
Sale/Compensation for Fixed Assets	-	-	-	-	-	-
Fund Transfers Out	-	-	-	-	-	-
Budgetary Reserve	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-	-	-	-
Extraordinary Items	-	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>207,063</u>	<u>207,063</u>	<u>1,393,453</u>	<u>1,186,390</u>	-	<u>1,393,453</u>
<b>FUND BALANCE - JULY 1, 2020</b>	<u>3,663,593</u>	<u>3,663,593</u>	<u>3,485,846</u>	<u>(177,747)</u>	-	<u>3,485,846</u>
<b>FUND BALANCE - JUNE 30, 2021</b>	<u>\$ 3,870,656</u>	<u>\$ 3,870,656</u>	<u>\$ 4,879,299</u>	<u>\$ 1,008,643</u>	\$ -	<u>\$ 4,879,299</u>

The Accompanying Notes are an integral part of these financial statements.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2021**

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**Note 1 - Description of the School and Reporting Entity**

***School***

The Executive Education Academy Charter School (the School) was established to operate a Charter School within the Allentown School District through June 30, 2024 in accordance with the provisions of the Charter School Law, 24 P.S. 17 17-01-A et seq. The School is regulated by the Pennsylvania Department of Education. The charter may be renewed for additional periods of five years and can only be terminated in accordance with the provisions of applicable law.

Executive Education Academy Charter School established in September 2014, is a non-profit, K-12 public charter school presently serving over 1,300 students. As a charter school, EEACS is funded by public dollars and represents an alternative choice for parents/guardians to education available in public school districts.

Executive Education Academy Charter School utilizes the 10 integrated principles to meet the demands of the common core and design our academic program. These were developed by a scan of design principles used by New York City Department of Education. These principles are highly researched by high performing school networks, and refined with the feedback and contributions of experienced educators, integrates positive youth development to optimize student engagement and effort.

What encapsulates all of the design principles is our signature normative culture. Our normative culture model uses the intentional manipulation of norms to change anti-social behavior into pro-social behavior.

The School's financial statements are prepared in accordance with generally accepted accounting principles, (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing (GAAP) for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

***Board of Trustees***

As part of Executive Education Academy Charter School's governing board, trustees are volunteers who support the continued success of Executive Education Academy Charter School (EEACS) by contributing their experience and expertise to the oversight of school operations and accountability.

Members of the Board of Trustees are charged with setting overall policy and direction for the Executive Education Academy Charter School. Specific duties are listed in the school's By Laws and the term of office for At Large Trustees is three years. Each Trustee is required to attend monthly Board Meetings and to serve as a liaison to various school committees and organizations.

***Administration***

The Chief Executive Officer (CEO) shall administer the School in conformity with Board policies and the School Laws of Pennsylvania. The CEO shall be directly responsible to, and therefore appointed by, the Board of Trustees. The CEO shall be responsible for the overall administration, supervision, and operation of the School.

The Chief Financial Officer, recommended by the CEO and appointed by the Board of Trustees, shall supervise and coordinate all business aspects of the School. In this capacity, he or she shall be responsible to ensure that all work accomplished by him/her, or by personnel under his/her supervision, is in the best interests of the Executive Education Academy Charter School. The Chief Financial Officer is directly responsible to the Chief Executive Officer.



**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2021**

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***Reporting Entity***

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School. For Executive Education Academy Charter School, this includes general operations, food service, and student related activities of the School.

Executive Education Academy Charter School governed by an appointed five-member board. As required by generally accepted accounting principles, these financial statements are to present Executive Education Academy Charter School (the primary government) and organizations for which the primary government is financially accountable. The School is financially accountable for an organization if the School appoints a voting majority of the organization's governing board and (1) the School is able to significantly influence the programs or services performed or provided by the organization; or (2) the School is legally entitled to or can otherwise access the organization's resources; the School is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School is obligated for the debt of the organization. Component units may also include organizations that are financially dependent on the School in that the School approved the budget, the issuance of debt, or the levying of taxes. The Executive Education Academy Charter School has one component unit.

***Component Unit***

As defined by generally accepted accounting principles established by the GASB, the financial reporting entity consists of the primary government, as well as its component unit The Executive Education Academy Charter School Foundation (the Foundation). The Foundation is a legally separate, nonprofit corporation and is considered a component unit of the School. The Foundation is a tax exempt organization under the Internal Revenue Code. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the School in support of its programs. Per its organizing documents, the Foundation has been established to operate exclusively for the support and benefit of the School. The activities of the Foundation are reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a not-for-profit organization that reports its financial results in accordance with Financial Accounting Standard Board (FASB) Codification. Most significant to the Foundation's operations and reporting model are FASB ASC 958-605 related to revenue recognition and FASB ASC 958-205 related to presentation of financial statements. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and revenue features. Modifications have been made to the Foundation's financial information in the School's financial reporting entity for these differences; however, note disclosures significant to the Foundation's financial statements have been incorporated into the School's notes to the financial statements.

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the School have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced. GASB Statement No. 62 was issued to include all prior Financial Accounting Standards Board's statements and interpretations, along with predecessors' statements and interpretations, pertaining to governments into the hierarchy of the Governmental Accounting Standards Board's jurisdiction.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2021**

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**A. Basis of Presentation**

The School's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-wide Financial Statements** The statement of net position and the statement of activities display information about the School as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the School at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School's governmental activities, and for one business-type activity of the School, and the discretely presented component unit. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School, and the component unit, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business activity or governmental function is self-financing or draws from the general revenues of the School or the component unit.

**Fund Financial Statements** During the year, the School segregates transactions related to certain School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

**B. Fund Accounting**

The School uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Deferred Outflows of Resources is recorded in a particular governmental fund where costs are spent for a future period. Current Liabilities are assigned to the governmental fund from which they will be paid. Deferred Inflows of Resources is recorded in a particular governmental fund that has received resources for a future period. The difference between the sum of assets and deferred outflows of resources minus the sum of liabilities and deferred inflows of resources is reported as fund balance. The following are the School's major governmental funds:

**General Fund**

The general fund should be used to account for and report all financial resources not accounted for and reported in another fund.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
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**Proprietary Funds** Proprietary funds focus on the determination of changes in net position, financial position and cash flows and are classified as enterprise funds. The Proprietary Funds of the School have operating and nonoperating revenues and/or expenses. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are reported as nonoperating revenues and/or expenses, including subsidies received from the state and federal government for school lunches, donated commodities, and amounts received for fica and retirement subsidies. Operating revenues reported are consistent with the fees or charges incurred based on the intent of the individual proprietary fund.

### **Enterprise Funds**

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School's major enterprise fund is:

#### *Food Service Fund*

This fund accounts for the financial transactions related to the food service operations of the School.

**Fiduciary Funds** Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: Pension (and other employee benefit) trust funds, investment trust funds, Private-purpose trust funds and Custodial funds. The School District has two Fiduciary Funds.

### **C. Measurement Focus**

**Government-wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the School are included on the statement of net position.

The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation's with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all enterprise funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities, including required deferred outflows of resources or required deferred inflows of resources, associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School finances and meets the cash flow needs of its enterprise activities.

### **D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
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**Revenues - Exchange and Non-Exchange Transactions** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**E. Budgetary Process**

An operating budget is adopted prior to the beginning of each year for the General Fund on the modified accrual basis of accounting.

The Pennsylvania School Code dictates specific procedures relative to adoption of the School's budget and reporting in its financial statements, specifically:

- The School is required to prepare a proposed operating budget for the following fiscal year. The budget is prepared on a form prescribed the Pennsylvania Department of Education.
- The Board of Trustees may make transfers of funds appropriated to any particular item of expenditure by legislative action. There were no supplemental budget amendments for the year ended June 30, 2021.
- Fund balances in budgetary funds may be appropriated based on resolutions passed by the Board of Trustees, which authorize the School to make expenditures. Appropriations lapse at the end of the fiscal period. The level of control or the level on which expenditures may not legally exceed appropriations is the fund. Included in the General Fund budget are program budgets as prescribed by the state and federal agencies funding the program. These budgets are approved on a program-by-program basis by the state or federal funding agency.
- A Proprietary fund budget is not adopted.

**F. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**G. Changes in Accounting Principles**

During the 2020-21 fiscal year the School District implemented the following new generally accepted accounting principles:

GASB Statement No. 90 (Accounting and Financial Reporting for Majority Equity Interests). This Statement is designed to improve consistency and comparability when a government has a majority

**Executive Education Academy Charter School**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2021**

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equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

GASB Statement No. 97 (Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans). This Statement is designed to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for the IRC Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans.

#### **H. Pensions**

The School established a 403 (b) plan, known as the PSERS Alternative Plan, which is available to all eligible employees.

#### **I. Assets, Liabilities, and Net Position**

##### *Cash and Cash Equivalents*

For purposes of the Statement of Cash Flows, the Proprietary Fund type considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

##### *Investments*

In accordance to GASB Statement No. 72, investments generally are to be measured at fair value. An investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has the present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools, investments in life insurance contracts, common stock meeting the criteria for applying the equity method, unallocated insurance contracts, and synthetic guaranteed investment contracts.

A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share of the investment.

This Statement requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets. These assets were previously required to be measured at fair value.

Fair Value is measured using a hierarchy of inputs using valuation techniques. The hierarchy has three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs.

The valuation techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts (such as cash flows or income and expenses) to a single current (discounted) amount.

**Executive Education Academy Charter School  
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*Receivables and Payables*

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

*Prepaid Expenses*

In both the government-wide and fund financial statements, prepaid expenses are recorded as assets in the specific governmental fund in which future benefits will be derived.

*Capital Assets*

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The School maintains a capitalization threshold of two-thousand five hundred (\$2,500) dollars. The School does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized.

All reported capital assets except land, certain land improvements and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<b>PRIMARY GOVERNMENT</b>		
<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Leasehold Improvements	5 years	5 years
Equipment	5 years	5 years
Furniture & Fixtures	7 years	7 years

<b>COMPONENT UNIT - FOUNDATION</b>	
<u>Description</u>	<u>Foundation Activities Estimated Lives</u>
Buildings	50 years
Building Improvements	20 to 25 years
Equipment	5 to 15 years
Furniture & Fixtures	5 to 15 years

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
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*Compensated Absences*

The School provides paid sick leave benefits to all eligible employees for periods of temporary absence due to illnesses or injuries.

Sick leave benefits will be calculated based on the employee's base pay rate at the time of absence and will not include any special forms of compensation, such as incentives, commissions, bonuses, or shift differentials.

Unused sick leave benefits or paid time off benefits are allowed to accumulate up to a specific annual limit per written policy. Upon termination, other than at year-end contract completion, employees are not eligible for reimbursement of any unused personal time off.

*Long-Term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, which consists of capital leases, are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. The discretely presented component unit (Foundation) reports taxable and tax exempt revenue bonds.

In the fund financial statements, the face amount of debt issued is reported as other financing sources while debt payments are reported as expenditures.

*Reclassification*

Certain amounts have been reclassified to conform to the June 30, 2021, presentation of government-wide financial statements on the accrual basis of accounting versus the governmental fund financial statements reported on the modified accrual basis of accounting.

*Net Position*

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net Investment in Capital Assets component of Net Position is comprised of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, any deferred outflows of resources and/or deferred inflows of resources related to such capital assets or liabilities associated with the capital assets should also be added to or deducted from the overall Net Investment in Capital Assets. The restricted component of Net Position is used when there are limitations imposed on their use either through the enabling legislation adopted by a higher governmental authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining component of Net Position is unrestricted.

The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

*Fund Balance Categories*

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Below are the potential categories of fund balance the government may use with their definitions, the actual categories used is explained in Note 8 to the financial statements.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2021**

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*Nonspendable Fund Balance*

This category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted Fund Balance*

Fund balance should be reported as restricted when constraints placed on the use of resources are externally imposed by creditors, grantors, contributors, or other government laws or regulations, or the constraint is imposed by enabling legislation or constitutional provisions.

*Committed Fund Balance*

This category pertains to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action.

This government's governing body is the School Board and the formal action taken to commit resources is done by resolution.

*Assigned Fund Balance*

This category includes all remaining amounts that are reported in governmental funds, except the general fund, that are not classified in one of the above-mentioned categories. In the general fund, this category represents the School's intent to use resources for a specific purpose, which does not require formal action by the governing body.

*Unassigned Fund Balance*

This category of fund balance represents the residual classification for the general fund after segregating resources used in the other categories listed above. Unassigned fund balance will only be shown in other governmental funds if those governmental funds have a negative net fund balance.

The School's policy on fund balance does not dictate which category of unrestricted fund balance is spent first, when resources are available to be spent in various categories. As such, committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts. The School's policy also does not dictate whether restricted (nonspendable or restricted) or unrestricted (committed, assigned, and unassigned) is spent first when resources are available in both categories. As such, in these circumstances, restricted will be assumed to have been spent first followed by the unrestricted categories.

*Contributions of Capital*

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The proprietary funds received no capital contributions during this fiscal year.

**Note 3 - Reconciliation of Government-Wide and Fund Financial Statements**

- A.** *Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.*



**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2021**

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The governmental fund balance sheet includes a reconciliation between "fund balance - total governmental funds" and "net position - governmental activities" as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including lease payable, are not due and payable in the current period and therefore are not reported in the funds".

The details of the \$0 difference are:

Lease Obligations	\$	-
Net Pension Liability		-
		-
Net adjustment to reduce "fund balance - total governmental funds" to arrive at "net position - governmental activities"	<b>\$</b>	<b>-</b>

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**B. *Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities.***

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and School-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. Differences between the governmental funds statement of revenues, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown in the columns below represent:

- a) Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expenses reported below recognize the change in vested employee benefits.
- b) Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording of depreciation expense on those items as recorded in the statement of activities.
- c) Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability; principal payments are recorded as a reduction of liabilities.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2021**

**Explanation of Differences between Governmental Fund Statements and School-Wide Statements**

	<b>TOTAL GOVERNMENTAL FUNDS</b>	<b>LONG-TERM REVENUES/ EXPENSES</b>	<b>CAPITAL RELATED ITEMS</b>	<b>LONG-TERM DEBT TRANSACTIONS</b>	<b>TOTAL FOR STATEMENT OF ACTIVITIES</b>
<b>REVENUES AND OTHER SOURCES</b>					
<b>LOCAL SOURCES:</b>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes levied for specific purposes	-	-	-	-	-
Interest and investment earnings	9,759	-	-	-	9,759
Miscellaneous	9,822	-	-	-	9,822
Contributions and Donations	10,854	-	-	-	10,854
Charges for Services	7,668	-	-	-	7,668
Receipts from Other LEAs	17,427,968	-	-	-	17,427,968
Grants not restricted	-	-	-	-	-
Transfers In	-	-	-	-	-
Proceeds from Extended-Term Financing	-	-	-	-	-
<b>INTERMEDIATE SOURCES:</b>					
Charges for Services	-	-	-	-	-
Operating grants and contributions	9,260	-	-	-	9,260
<b>STATE SOURCES:</b>					
Operating grants and contributions	214,158	-	-	-	214,158
Capital grants and contributions	-	-	-	-	-
<b>FEDERAL SOURCES:</b>					
Operating grants and contributions	1,755,560	-	-	-	1,755,560
Capital grants and contributions	-	-	-	-	-
<b>SPECIAL AND EXTRAORDINARY ITEMS:</b>					
Gain or (Loss) on disposal of assets	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>19,445,049</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,445,049</b>
<b>EXPENDITURES/EXPENSES</b>					
Instruction	9,659,003	-	69,305	-	9,728,308
Instructional Student Support	709,934	-	-	-	709,934
Admin. & Fin'l Support Services	3,033,713	-	1	-	3,033,714
Oper. & Maint. Of Plant Svcs.	4,201,592	-	14,468	-	4,216,060
Pupil Transportation	6,193	-	-	-	6,193
Student activities	238,883	-	7,693	-	246,576
Community Services	112,126	-	-	-	112,126
Capital Outlay	-	-	-	-	-
Debt Service	90,152	-	-	(62,140)	28,012
Transfers Out	-	-	-	-	-
Depreciation - unallocated	-	-	-	-	-
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>18,051,596</b>	<b>-</b>	<b>91,467</b>	<b>(62,140)</b>	<b>18,080,923</b>
<b>NET CHANGE FOR THE YEAR</b>	<b>\$ 1,393,453</b>	<b>\$ -</b>	<b>\$ (91,467)</b>	<b>\$ 62,140</b>	<b>\$ 1,364,126</b>

**Note 4 - Stewardship, Compliance, and Accountability**

**A. Compliance with Finance Related Legal and Contractual Provisions**

The School has no material violations of finance related legal and contractual provisions.

**B. Deficit Fund Balance or Net Position of Individual Funds**

No individual fund contains a deficit fund balance or net position at June 30, 2021, except the executive education foundation has \$1,323,991 in deficit net position.

**C. Excess of Expenditures over Appropriations in Individual Funds**

No individual fund, which had a legally adopted budget, had an excess of expenditures over appropriations.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
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**D. Budgetary Compliance**

The School's only legally adopted budget is for the General Fund. All budgetary transfers were made within the last nine months of the fiscal year. The School cancels all purchase orders open at year-end; therefore, it does not have any outstanding encumbrances at June 30, 2021.

**Note 5 - Detailed Notes on All Funds and Account Groups**

**Assets**

*Cash – Charter School*

*Custodial Credit Risk - Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2021, \$3,893,538 of the District's bank balance of \$4,143,538 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	893
Collateralized with securities held by the pledging financial institution		-
Uninsured and collateral held by the pledging bank's trust department not in the School's name		3,892,645
<b>TOTAL</b>	<b>\$</b>	<b><u>3,893,538</u></b>

*Reconciliation to Financial Statements*

Uncollateralized Amount Above	\$	3,893,538
Plus: Insured Amount		250,000
Less: Outstanding Checks		<u>(45,566)</u>
Carrying Amount - Bank Balances		4,097,972
Plus: Petty Cash		230
Deposits in Investment Pools Considered Cash Equivalents		-
Less: Certificates of Deposit considered Investment by School Code		<u>-</u>
<b>TOTAL CASH PER FINANCIAL STATEMENTS</b>	<b>\$</b>	<b><u>4,098,202</u></b>

*Cash – Component Unit Foundation*

*Custodial Credit Risk - Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Foundation does not have a policy for custodial credit risk. As of June 30, 2021, \$5,211,410 of the Foundation's bank balance of \$5,461,410 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	161,104
Collateralized with securities held by the pledging financial institution		-
Uninsured and collateral held by the pledging bank's trust department not in the School's name		5,050,306
<b>TOTAL</b>	<b>\$</b>	<b><u>5,211,410</u></b>

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2021**

*Reconciliation to Financial Statements*

Uncollateralized Amount Above	\$ 5,211,410
Plus: Insured Amount	250,000
Less: Outstanding Checks	<u>(110,182)</u>
Carrying Amount - Bank Balances	5,351,228
Plus: Petty Cash	-
Deposits in Investment Pools Considered Cash Equivalents	-
Less: Certificates of Deposit considered Investment by School Code	<u>-</u>
<b>TOTAL CASH PER FINANCIAL STATEMENTS</b>	<b><u>\$ 5,351,228</u></b>

*Investments*

Permitted investments for Executive Education Academy Charter School are defined in the Public School Code of 1949, as amended by Act 10 of 2016 as:

1. United States Treasury Bills;
2. Short-term obligations of the United States Government or its agencies or instrumentalities;
3. Deposits in savings accounts or time deposits or share accounts of institutions insured by the F.D.I.C; and,
4. Obligations of the United States of America or any of its agencies or instrumentalities, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities.
5. Obligations, participations or other instruments of any Federal Agency, instrumentality or United States government sponsored enterprise, including those issued or fully guaranteed as the principal and interest by Federal agencies, instrumentalities or United States government sponsored enterprises, if the debt obligations are rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
6. Repurchase agreements with respect to United States Treasury bills or obligations, participations or other instruments of or guaranteed by the United States or any Federal agency, instrumentality or United States government sponsored enterprise.
7. Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less, issued by a nationally or State-chartered bank, a Federal or State savings and loan association or a State-licensed branch of a foreign bank. For obligations with a maturity of one year or less, the debt obligations of the issuing institution or its parent must be rated in the top short-term rating category by at least two nationally recognized statistical ratings organizations. For obligations with a maturity in excess of one year, the senior debt obligations of the issuing institution or its parent must be rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
8. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2021**

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9. Commercial paper issued by corporations or other business entities organized in accordance with Federal or State law, with a maturity not to exceed 270 days, if the paper is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
10. Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933 and, if all of the following conditions are met:
  - The investments of the company are the authorized investments listed above.
  - The investment company is managed in accordance with 17 CFR 270.2a-7 (related to money market funds).
  - The investment company is rated in the highest category by a nationally recognized rating agency.
11. Savings or demand deposits placed in accordance with the following conditions:
  - The money is initially deposited and invested through a federally insured institution having a place of business in this Commonwealth, which is selected by the public corporation or municipal authority.
  - The selected institution arranges for the redeposit of the money in savings or demand deposits in one or more financial institutions insured by the Federal Deposit Insurance Corporation, for the account of the public corporation or municipal authority.
  - The full amount of principal and any accrued interest of each such deposit is insured by the Federal Deposit Insurance Corporation.
  - On the same date that the money is redeposited pursuant to above, the selected institution receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of money initially invested through the selected institution by the public corporation or municipal authority.

**Fair Value Reporting**

The Charter School and Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Charter School and Foundation did not have any recurring or non-recurring fair value investments at June 30, 2021.

As of June 30, 2021, the School had the following investments:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
PLGIT		\$ -
PSDLAF		-
LEGEND HOLDINGS		37,868
Total Investments		<u>\$ 37,868</u>

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2021**

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Interest Rate Risk

The Charter School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Charter School has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2021, the District's investments were rated as follows:

Concentration of Credit Risk

The Charter School places no limit on the amount the District may invest in any one issuer. Of the General Fund's investments, 100% were invested with Legend Holdings. Of the Governmental Activities' investments, 100% were invested with Legend Holdings. Of the investments held entity wide, 100% of those investments were in Legend Holdings.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Chart School will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Charter School has no investments subject to custodial credit risk.

Reconciliation to Financial Statements

Total Investments Above	\$ 37,868
Less: Deposits in Investment Pools Considered Cash Equivalents	-
Deposits in money Money Market Mutual Funds Considered Cash Equivalents	-
Total Investments, per financial statements	<u>\$ 37,868</u>

As of June 30, 2021, the Component Unit Foundation had the following investments:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
PLGIT		\$ -
PSDLAF		-
PA INVEST		-
PLIGT-CDS		-
Total		<u>\$ -</u>

Interest Rate Risk

The Foundation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Foundation has no investment policy that would limit its investment choices to certain credit ratings.

Concentration of Credit Risk

The Foundation places no limit on the amount the entity may invest in any one issuer. The Foundation did not have any investments as of June 30, 2021.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2021**

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Foundation has no investments subject to custodial credit risk.

Reconciliation to Financial Statements

Total Investments Above	\$ -
Less: Deposits in Investment Pools Considered Cash Equivalents	-
Deposits in money Money Market Mutual Funds Considered Cash Equivalents	-
Total Investments, per financial statements	\$ -

*Receivables*

Receivables, as of year-end, for the government's individual major funds and non-major and fiduciary funds, in the aggregate, including the applicable allowances for uncollectible accounts, are:

**Schedule on Receivables for major, nonmajor, and fiduciary funds**

	GENERAL FUND	FOOD SERVICE FUND	NON- MAJOR FUNDS	FIDUCIARY FUNDS	TOTAL
<b>RECEIVABLES:</b>					
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-
Accounts	1,500	-	-	-	1,500
Intergovernmental	1,775,469	40,953	-	-	1,816,422
<b>GROSS RECEIVABLES</b>	1,776,969	40,953	-	-	1,817,922
Less: Allowance for Uncollectibles	-	-	-	-	-
<b>NET RECEIVABLES</b>	<b>\$ 1,776,969</b>	<b>\$ 40,953</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,817,922</b>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds.

**Schedule on Deferred Inflows of Resources - Unavailable and Unearned**

	UNAVAILABLE	UNEARNED
Grants drawdowns prior to meeting eligibility requirements	-	-
Lease Buy-Backs	-	-
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ -</b>

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2021**

*Capital Assets*

Capital asset balances and activity for the year ending June 30, 2021, were:

Charter School

<b>CAPITAL ASSET BALANCES AND CURRENT YEAR ACTIVITY</b>				
	<b>BEGINNING BALANCE</b>	<b>INCREASES</b>	<b>DECREASES</b>	<b>ENDING BALANCE</b>
<b>GOVERNMENTAL ACTIVITIES:</b>				
Capital Assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	-	-	-
Total Capital Assets not being depreciated	-	-	-	-
Capital Assets being depreciated:				
Lease Improvements	88,470	-	-	88,470
Equipment	482,581	-	-	482,581
Furniture & Fixtures	496,105	-	-	496,105
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED</b>	<b>1,067,156</b>	<b>-</b>	<b>-</b>	<b>1,067,156</b>
Less accumulated depreciation for:				
Lease Improvements	(13,537)	(4,170)	-	(17,707)
Equipment	(385,648)	(24,686)	-	(410,334)
Furniture & Fixtures	(289,993)	(62,611)	-	(352,604)
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>(689,178)</b>	<b>(91,467)</b>	<b>-</b>	<b>(780,645)</b>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED NET OF ACCUMULATED DEPRECIATION</b>	<b>377,978</b>	<b>(91,467)</b>	<b>-</b>	<b>286,511</b>
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION</b>	<b>\$ 377,978</b>	<b>\$ (91,467)</b>	<b>\$ -</b>	<b>\$ 286,511</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Capital Assets being depreciated:				
Equipment	\$ 64,707	\$ -	\$ -	\$ 64,707
Less accumulated depreciation	(13,245)	(5,554)	-	(18,799)
<b>BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS,</b>				-
<b>NET OF ACCUMULATED DEPRECIATION</b>	<b>\$ 51,462</b>	<b>\$ (5,554)</b>	<b>\$ -</b>	<b>\$ 45,908</b>

**\* DEPRECIATION EXPENSE WAS CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:**

Regular Instruction	\$ 69,305
Special Instruction	-
Vocational Instruction	-
Other Instruction	-
Adult Instruction	-
Community College Instruction	-
Supervision of Pupil Personnel	-
Instructional Support Svcs.	-
School Library Services	-
Administrative Services	-
Health Services	-
Business Services	-
Operation & Maintenance of Plant Svcs.	14,469
Pupil Transportation	-
Central Services	-
Other Support Services	-
School Sponsored Activities	7,693
Community Services	-
Depreciation - unallocated	-
<b>TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES</b>	<b>\$ 91,467</b>



**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2021**

Component Unit - Foundation

**CAPITAL ASSET BALANCES AND CURRENT YEAR ACTIVITY**

	<b>BEGINNING BALANCE</b>	<b>INCREASES</b>	<b>DECREASES</b>	<b>ENDING BALANCE</b>
<b>GOVERNMENTAL ACTIVITIES:</b>				
Capital Assets not being depreciated:				
Land	\$ 6,500,000	\$ -	\$ -	\$ 6,500,000
Construction in Progress	-	-	-	-
Total Capital Assets not being depreciated	<u>6,500,000</u>	<u>-</u>	<u>-</u>	<u>6,500,000</u>
Capital Assets being depreciated:				
Site Improvements	-	113,520	-	113,520
Building	26,569,840	-	-	26,569,840
Building Improvements	4,909,459	-	-	4,909,459
Equipment	28,940	-	-	28,940
Furniture & Fixtures	-	-	-	-
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED</b>	<u>31,508,239</u>	<u>113,520</u>	<u>-</u>	<u>31,621,759</u>
Less accumulated depreciation for:				
Site Improvements	-	(3,406)	-	(3,406)
Building	(1,195,643)	(478,257)	-	(1,673,900)
Building Improvements	(296,573)	(178,638)	-	(475,211)
Equipment	(1,591)	(1,874)	-	(3,465)
Furniture & Fixtures	-	-	-	-
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<u>(1,493,807)</u>	<u>(662,175)</u>	<u>-</u>	<u>(2,155,982)</u>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED NET OF ACCUMULATED DEPRECIATION</b>	<u>30,014,432</u>	<u>(548,655)</u>	<u>-</u>	<u>29,465,777</u>
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION</b>	<u>\$ 36,514,432</u>	<u>\$ (548,655)</u>	<u>\$ -</u>	<u>\$ 35,965,777</u>

**\* DEPRECIATION EXPENSE WAS CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:**

Regular Instruction	\$ -
Special Instruction	-
Vocational Instruction	-
Other Instruction	-
Adult Instruction	-
Community College Instruction	-
Supervision of Pupil Personnel	-
Instructional Support Svcs.	-
School Library Services	-
Administrative Services	-
Health Services	-
Business Services	-
Operation & Maintenance of Plant Svcs.	-
Pupil Transportation	-
Central Services	-
Other Support Services	-
School Sponsored Activities	-
Community Services	-
Depreciation - unallocated	<u>662,175</u>
<b>TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES</b>	<u>\$ 662,175</u>

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2021**

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**Commitments**

*Encumbrances*

Any encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. The General Fund Budget is maintained on the modified accrual basis of accounting, except that budgetary basis expenditures include any encumbrances issued for goods or services not received at year-end and not terminated.

The actual results of operations are presented in accordance with GAAP and the School's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. If budgetary encumbrances exist at year-end, they are included in the fund financial statements to reflect actual revenues and expenditures on a budgetary basis consistent with the School's legally adopted budget.

The Foundation had no construction commitments at year end.

**Short-Term Debt**

*Interfund Receivables and Payables*

The following interfund receivables and payables existed on June 30, 2021:

	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 149,721	\$ -
Foundation	-	100,000
Food Service Fund	-	49,721
<b>TOTAL</b>	<b>\$ 149,721</b>	<b>\$ 149,721</b>

*Interfund Transfers*

The School made the following interfund transfers during the fiscal year ended June 30, 2021:

	<u>TRANSFER IN</u>	<u>TRANSFER OUT</u>
General Fund	\$ -	\$ -
Food Service Fund	-	-
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ -</b>

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2021**

**Long-Term Liabilities**

Long-term liability balances and activity for the year ended June 30, 2021, were:

Primary Government-Charter School

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
<b>Governmental Activities</b>					
<b>General Obligation Debt:</b>					
Short-Term Line-of-Credit	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Leases	62,140	-	(62,140)	-	-
<b>Total general obligation debt</b>	<b>62,140</b>	<b>-</b>	<b>(62,140)</b>	<b>-</b>	<b>-</b>
<b>Other liabilities:</b>					
Vested employee benefits:					
Vacation Pay	-	-	-	-	-
<b>Total other liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES</b>	<b>\$ 62,140</b>	<b>\$ -</b>	<b>\$ (62,140)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
<b>Other liabilities:</b>					
Vested employee benefits:					
Vacation pay	\$ -	\$ -	\$ -	\$ -	\$ -
Sick pay	-	-	-	-	-
<b>TOTAL BUSINESS-TYPE ACTIVITY LONG-TERM LIABILITIES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Payments on leases are made by the general fund. Vested employee benefits will be liquidated by governmental and proprietary funds. The School currently does not have any leases payable in business-type activities.

Total Interest paid and accrued during the year:

GOVERNMENTAL ACTIVITIES:	EXPENSE	PAID
Lease Interest	\$ 3,683	\$ 3,683
Refund of Prior Year Receipts	24,329	24,329
<b>TOTAL INTEREST FOR GOVERNMENTAL ACTIVITIES</b>	<b>\$ 28,012</b>	<b>\$ 28,012</b>

Component Unit- Foundation

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
<b>Foundation Debt:</b>					
Series A of 2017 Bonds - Tax Exempt Bonds	\$ 34,810,000	\$ -	\$ -	\$ 34,810,000	\$ -
Series B of 2017 Bonds - Taxable Bonds	6,091,098	-	(467,435)	5,623,663	505,000
<b>Total revenue bond debt</b>	<b>40,901,098</b>	<b>-</b>	<b>(467,435)</b>	<b>40,433,663</b>	<b>505,000</b>
<b>Other liabilities:</b>					
Vested employee benefits:					
Vacation Pay	-	-	-	-	-
<b>Total other liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LONG-TERM LIABILITIES</b>	<b>\$ 40,901,098</b>	<b>\$ -</b>	<b>\$ (467,435)</b>	<b>\$ 40,433,663</b>	<b>\$ 505,000</b>

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2021**

Total interest paid and accrued during the year for the Foundation:

<b>COMPONENT UNIT - FOUNDATION</b>	<b>EXPENSE</b>	<b>PAID</b>
Revenue Bond - Tax Exempt	\$ 2,144,425	\$ 2,144,425
Revenue Bond - Taxable	456,359	472,388
<b>TOTAL INTEREST FOR COMPONENT UNIT FOUNDATION</b>	<b>\$ 2,600,784</b>	<b>\$ 2,616,813</b>

**Component Unit – Foundation Debt**

*Lease Revenue Bonds – Series A of 2017*

On August 9, 2017, the Executive Education Academy Charter School Foundation issued \$34,810,000 of Tax Exempt Revenue Bonds – Series A of 2017. The purposes of this issue are to: (1) acquire, renovate, and equip a facility to be used, in part, as a charter school facility, and the construction of additions or other capital expenditures with respect to such facility; (2) the funding of a debt service reserve fund for the bonds, and (3) pay the costs of issuance. Certain portions of the facility not leased to the Charter School will be leased to certain other organizations pursuant to certain other individual leases. These bonds are special limited obligations of the Allentown Commercial and Industrial Development Authority and are payable solely from the revenue and property of the Borrower (Foundation) and the Charter School pledged under the Agreement. The Revenue Bonds were purchased by Zions Bank and mature between July 1, 2029 and July 1, 2047, at interest rates ranging from 5.875% to 6.25%, with total interest indebtedness of \$50,342,257.

The remaining debt service obligations at June 30, 2021, are:

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2021-22	\$ -	\$ 2,144,425	\$ 2,144,425
2022-23	-	2,144,425	2,144,425
2023-24	-	2,144,425	2,144,425
2024-25	-	2,144,425	2,144,425
2025-26	-	2,144,425	2,144,425
2026-31	1,690,000	10,631,944	12,321,944
2031-36	5,950,000	9,384,552	15,334,552
2036-41	7,965,000	7,298,101	15,263,101
2041-46	10,785,000	4,397,969	15,182,969
2046-48	8,420,000	628,437	9,048,437
<b>TOTAL OUTSTANDING</b>	<b>\$ 34,810,000</b>	<b>\$ 43,063,128</b>	<b>\$ 77,873,128</b>

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2021**

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*Lease Revenue Bonds – Series B of 2017*

On August 9, 2017, the Executive Education Academy Charter School Foundation issued \$6,865,000 of Taxable Revenue Bonds – Series B of 2017. The purposes of this issue are to: (1) acquire, renovate, and equip a facility to be used, in part, as a charter school facility, and the construction of additions or other capital expenditures with respect to such facility; (2) the funding of a debt service reserve fund for the bonds, and (3) pay the costs of issuance. Certain portions of the facility not leased to the Charter School will be leased to certain other organizations pursuant to certain other individual leases. These bonds are special limited obligations of the Allentown Commercial and Industrial Development Authority and are payable solely from the revenue and property of the Borrower (Foundation) and the Charter School pledged under the Agreement. The Revenue Bonds were purchased by Zions Bank and mature between July 1, 2018 and July 1, 2029, at interest rates ranging from 8.0% to 8.25%, with total interest indebtedness of \$3,825,822.

The remaining debt service obligations at June 30, 2021, are:

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<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2021-22	\$ 505,000	\$ 433,388	\$ 938,388
2022-23	545,000	391,388	936,388
2023-24	590,000	345,988	935,988
2024-25	640,000	296,788	936,788
2025-26	690,000	243,588	933,588
2026-30	<u>2,665,000</u>	<u>376,995</u>	<u>3,041,995</u>
<b>TOTAL OUTSTANDING</b>	<b>\$ 5,635,000</b>	<b>\$ 2,088,135</b>	<b>\$ 7,723,135</b>
Less: Unamortized Discount	<u>(11,338)</u>		
<b>GRAND TOTAL</b>	<b><u>\$ 5,623,662</u></b>		

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**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2021**

*Education Foundation Combined Long-Term Debt*

The Foundation general long-term debt obligations, except for compensated absences for subsequent years are as follows:

<b>Summary of Principal Requirements</b>			
<b>FISCAL YEAR</b>	<b>TAX-EXEMPT SERIES A of 2017</b>	<b>TAXABLE SERIES B of 2017</b>	<b>TOTAL PAYMENTS</b>
2021-22	\$ -	\$ 505,000	\$ 505,000
2022-23	-	545,000	545,000
2023-24	-	590,000	590,000
2024-25	-	640,000	640,000
2025-26	-	690,000	690,000
2026-31	1,690,000	2,665,000	4,355,000
2031-36	5,950,000	-	5,950,000
2036-41	7,965,000	-	7,965,000
2041-46	10,785,000	-	10,785,000
2046-48	8,420,000	-	8,420,000
<b>TOTAL</b>	<b>34,810,000</b>	<b>5,635,000</b>	<b>40,445,000</b>
LESS PAYABLE WITHIN ONE YEAR	-	505,000	505,000
<b>LONG-TERM PRINCIPAL DUE AFTER ONE YEAR</b>	<b>\$ 34,810,000</b>	<b>\$ 5,130,000</b>	<b>\$ 39,940,000</b>

<b>Summary of Principal and Interest Requirements</b>			
<b>FISCAL YEAR</b>	<b>TAX-EXEMPT SERIES A of 2017</b>	<b>TAXABLE SERIES B of 2017</b>	<b>TOTAL PAYMENTS</b>
2021-22	\$ 2,144,425	\$ 938,388	\$ 3,082,813
2022-23	2,144,425	936,388	3,080,813
2023-24	2,144,425	935,988	3,080,413
2024-25	2,144,425	936,788	3,081,213
2025-26	2,144,425	933,588	3,078,013
2026-31	12,321,944	3,041,995	15,363,939
2031-36	15,334,552	-	15,334,552
2036-41	15,263,101	-	15,263,101
2041-46	15,182,969	-	15,182,969
2046-48	9,048,437	-	9,048,437
<b>TOTAL</b>	<b>\$ 77,873,128</b>	<b>\$ 7,723,135</b>	<b>\$ 85,596,263</b>

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2021**

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**Operating Lease**

Building Leases

The School leases the buildings which house its school and administrative functions from the Executive Education Charter School Foundation, its component unit. Based upon a signed lease agreement, the building leases run through June 30, 2047. The School is responsible for minimum annual rent payable on a monthly basis.

Tenant's Option to Lease for Additional Years - Landlord hereby grants Tenant an option to lease the Premises ("Extension Option"), for up to three (3) additional lease years, each comprised of separate one (1) year terms, following the expiration of the Term of this Lease. Tenant's exercise of such Extension Option shall be at Tenant's sole discretion.

Rent - Tenant agrees to pay the Landlord future annual fixed Gross Lease Rent ("Rent") during the Term in the following amounts:

<u>FISCAL YEAR</u>	<u>BASE RENTAL ANNUAL</u>	<u>BASE RENTAL MONTHLY</u>
2021-22	\$ 3,132,340	\$ 261,028
2022-23	3,132,487	261,041
2023-24	3,132,782	261,065
2024-25	3,132,655	261,055
2025-26	3,132,634	261,053
2026-27	3,132,677	261,056
2027-28	3,132,214	261,018
2028-29	3,132,596	261,050
2029-30	3,132,474	261,039
2030-31	3,132,606	261,050
2031-32	3,132,367	261,031
2032-33	3,137,282	261,023
2033-34	3,132,167	261,014
2034-35	3,132,135	261,011
2035-36	3,132,157	261,013
2036-37	3,132,198	261,017
2037-38	3,132,230	261,019
2038-39	3,132,329	261,027
2039-40	3,132,296	261,025
2040-41	3,132,624	261,052
2041-42	3,132,197	261,016
2042-43	3,132,591	261,049
2043-44	3,132,657	261,055
2044-45	3,132,361	261,030
2045-46	3,132,197	261,016
2046-47	3,132,558	261,047
<b>TOTALS</b>	<b>\$ 81,447,811</b>	<b>\$ 6,786,900</b>

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2021**

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- 1) Base Rentals shall mean an amount equal to the sum of the premises Rent (as defined below and the Gymnasium Rent (as defined below.)
- 2) Premises Rent shall mean an amount equal to \$2,806,566 (which is equal to \$14.25 per square foot of space on all of floors 1 and 2 buildings 3, 4 and 5 of the Premise, totaling 196,952 square feet.
- 3) Gymnasium Rent shall mean an amount equal to 10.50% of the principal and interest due on the Bonds during each year (which reflects the proportion of the net proceeds of the Bonds allocable to construction of the gymnasium.
- 4) Payments shall be made in monthly payments, as shown above, commencing September, 2017 on the dates and in the manner set forth Section 4.02 of the Loan and Trust Agreement.

**Note Payable - Bank**

The School has a line-of-credit in the amount of \$350,000 with Quakertown National Bank. The outstanding balance on the line-of-credit is \$0 as of June 30, 2020. The line is secured by substantially all of the School's assets and is used for the purpose of providing working capital for the School. The interest rate on the line-of-credit is 4.25%.

**Retirement Plan**

Effective October 1, 2014, the School established a 403(b) plan, known as the PSERS Alternative Plan, which is available to all eligible employees. For employees who elect to participate, a mandatory 5% will be withheld from their pay. The School will make a mandatory match of 5%. The School's expense to the Plan for the year ended June 30, 2021, was \$436,138.

**Note 6 - Risk Management**

The School is exposed to various risks of loss related to torts; theft of, damage to the destruction of assets; errors and omissions; injuries to employees; and natural disaster. Significant losses are covered by commercial insurance for all major programs.

**Note 7 - Income Tax Status**

The School is exempt from Federal income taxes under Section 501c (3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. For the year ended June 30, 2021, the School had no unrelated business income. The School has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The School's Federal Exempt Organization Income Tax Return (Form 990) for 2020 is subject to examination by the IRS, generally for up to three years after filed.

The School files a Return of Organization Exempt from Income Tax annually.



**Executive Education Academy Charter School**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2021**

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**Note 8 - Fund Balance Allocations**

*Nonspendable Fund Balance*

The General Fund had \$683,296 in nonspendable fund balance at June 30, 2021, comprised of \$8,296 of Inventory and \$675,000 held in Security Deposits.

**Note 9 - Restricted Net Position**

*Net Investment in Capital Assets*

The components of this restriction are total capital assets of \$288,511, in the governmental activities as invested in capital assets net of related debt, with \$45,908 in business activities.

**Note 10 - New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued the following standards, which have not yet been implemented:

- Statement No. 87, *Leases* – The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Effective date: Periods beginning after June 15, 2021.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* – The objectives of the statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before construction ends. This standard requires expensing interest costs when incurred rather than capitalizing the costs. Effective date: Periods beginning after December 15, 2020.
- Statement No. 91, *Conduit Debt Obligations* – The primary objective is to provide a single method of reporting conduit debt obligations by issuers associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Effective date: Periods beginning after December 15, 2021.
- Statement No. 92, *Omnibus 2020* – The primary objective is to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including (1) effective date of Statement No 87, Leases for interim financial reports (2) Reporting of intra-entity transfers between primary government employer and a component unit defined benefit pension plan or defined benefit OPEB plan (3) Applicability of certain requirements of Statement No 84 (4) Measurement of liabilities related to AROs (5) Reporting risk pools for amounts that are recoverable from reinsurers or excess insurers (6) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (7) Terminology used to refer to derivative instruments. Effective date: Periods beginning after June 15, 2021.

**Executive Education Academy Charter School  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2021**

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- Statement No. 93, *Replacement of Interbank Offered Rates* – The primary objective of this Statement is to address the issue the London Interbank Offered Rate (LIBOR) is being replaced with an interbank offered rate (IBOR). Effective date: Periods beginning after June 15, 2021.
- Statement No. 94, *PPP's* – The primary objective of this Statement is to improve financial reporting related to public-private and public-public partnership arrangements (PPPs). A PPP is defined in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. Effective date: Periods beginning after June 15, 2022.
- Statement No. 96, *Subscription-Based Information Technology Arrangements* – This statement provided guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to use subscription asset – and intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Effective date: Periods beginning after June 15, 2022.

**Note 11 - Contingencies**

*Grants*

The School received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund, or other applicable funds. However, in the opinion of management any such disallowed claims will not have a material adverse effect on the overall financial position of the School as of June 30, 2021.

**S U P P L E M E N T A L   I N F O R M A T I O N**

**Executive Education Academy Charter School  
Budget and Actual - General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the Year Ended June 30, 2021**

		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b><u>6000 - Revenue from Local Sources</u></b>				
6510	Investment Earnings	\$ 3,300	\$ 9,759	\$ 6,459
6630	Special Functions	-	-	-
6710	Admissions	-	2,550	2,550
6730	Student Organization Membership Dues and Fees	-	359	359
6740	Fees	-	4,009	4,009
6750	Student Activity - Special Events	-	500	500
6831	Federal Revenue Received from Other Sources	157,172	-	(157,172)
6832	Federal IDEA Revenue Received as Pass Through	-	152,051	152,051
6910	Rentals	-	-	-
6920	Contributions and Donations	-	10,854	10,854
6941	Regular Day School Tuition	-	-	-
6942	Summer School Tuition	-	250	250
6944	Receipts from Other LEAs in PA	17,007,946	17,427,968	420,022
6991	Refunds of Prior Year Expenditures	-	9,822	9,822
6999	Miscellaneous	70,000	9,260	(60,740)
	<b>TOTAL REVENUE FROM LOCAL SOURCES</b>	<b>\$ 17,238,418</b>	<b>\$ 17,627,382</b>	<b>\$ 388,964</b>
<b><u>7000 - Revenue from State Sources</u></b>				
7320	Rental and Sinking Fund Payments	186,225	192,207	5,982
7330	Health Services	21,870	21,951	81
7505	Ready to Learn Grant	-	-	-
7506	Pasmart Grants	-	-	-
7920	Technology for Education	-	-	-
	<b>TOTAL REVENUE FROM STATE SOURCES</b>	<b>208,095</b>	<b>214,158</b>	<b>6,063</b>
<b><u>8000 - Revenue from Federal Sources</u></b>				
8513	IDEA, Section 619	-	-	-
8514	Title I	741,886	733,394	(8,492)
8515	Title II	75,077	72,106	(2,971)
8516	Title III	14,614	11,486	(3,128)
8517	Title IV	56,473	51,629	(4,844)
8741	ESSER - Elementary and Secondary School Emergency	609,344	609,344	-
8742	Governor's Emergency Education Relief Fund(GEER)	-	35,550	35,550
8749	Other CARES Act and CRRSA Act Funding	-	90,000	90,000
8810	Medical Assistance Reimbursements (Access)	-	-	-
	<b>TOTAL REVENUE FROM FEDERAL SOURCES</b>	<b>1,497,394</b>	<b>1,603,509</b>	<b>106,115</b>
<b><u>9000 - Other Financing Sources</u></b>				
9299	Proceeds from Extended Term Financing	-	-	-
9400	Sale of Fixed Assets	-	-	-
	<b>TOTAL OTHER FINANCING SOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>TOTAL REVENUE AND OTHER FINANCING SOURCES</b>	<b>\$ 18,943,907</b>	<b>\$ 19,445,049</b>	<b>\$ 501,142</b>

**Executive Education Academy Charter School**  
**Budget and Actual - General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Year Ended June 30, 2021**

<b>1000 - Instruction</b>		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
1110	Regular Programs - Elem./Secondary	\$ 7,035,466	\$ 6,970,171	\$ 65,295
1190	Federally Funded Regular Programs	1,650,000	1,601,210	48,790
1225	Speech and Language Support	93,165	82,867	10,298
1231	Emotional Support - Public	-	-	-
1241	Learning Support - Public	1,000,000	983,112	16,888
1243	Gifted Support	-	-	-
1260	Physical Support	22,000	21,643	357
1420	Summer School	-	-	-
1700	Higher Education Programs	2,000	-	2,000
	Total Instruction	9,802,631	9,659,003	143,628
<b>2000 - Support Services</b>				
2122	Counseling Services	10,617	-	10,617
2143	Psychological Counseling Services	82,000	81,948	52
2160	Social Work Services	-	-	-
2200	Support Services - Instructional Staff	29,792	-	29,792
2220	Technology Support Service	61,000	60,390	610
2260	Instruction and Curriculum Development Services	338,000	337,397	603
2270	Instructional Staff Professional Development Services	2,500	2,299	201
2271	Instructional Staff Development Services (Certified)	-	-	-
2310	Board Services	40,133	-	40,133
2350	Legal Services	99,000	98,783	217
2360	Office of the Superintendent (Executive Director)	600,000	597,330	2,670
2380	Office of the Principal Services	1,880,000	1,876,762	3,238
2440	Nursing Services	301,967	227,900	74,067
2511	Supervision of Fiscal Services	330,575	90,497	240,078
2514	Payroll Services	40,000	39,823	177
2515	Financial Accounting Services	110,000	108,915	1,085
2519	Other Fiscal Services	-	-	-
2540	Printing, Publishing and Duplicating Services	-	-	-
2590	Other Support Services - Business	1,000	928	72
2620	Operation of Buildings Services	4,165,029	4,135,316	29,713
2660	Security Services	67,000	66,276	724
2720	Vehicle Operation Services	15,000	6,193	8,807
2790	Other Student Transportation Services	-	-	-
2818	System-Wide Technology Services	199,400	123,267	76,133
2830	Staff Services	98,000	97,408	592
2834	Staff Development Services - Non-Instructional, Certified	-	-	-
	Total Support Services	8,471,013	7,951,432	519,581
<b>3000 - Operation of Non-Instructional Services</b>				
3210	School Sponsored Student Activities	8,795	-	8,795
3250	School Sponsored Athletics	240,000	238,883	1,117
3300	Community Services	3,582	139	3,443
3390	Community Services	120,000	111,987	8,013
	Total Non-Instructional Services	372,377	351,009	21,368
<b>4000 - Facilities Acquisition, Construction, and Improvement Services</b>				
4300	Architecture and Engineering Services	-	-	-
4500	Building Acquisition and Construction Svcs.	-	-	-
4600	Existing Building Improvement Services	-	-	-
	Total Facilities Acquisition, Construction, and Improvement Services	-	-	-
<b>5000 - Other Expenditures and Financing Uses</b>				
5110	Debt Service	65,823	65,823	-
5130	Refund of Prior Year Receipts	25,000	24,329	671
	Total Other Expenditures and Financing Uses	90,823	90,152	671
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>		<b>\$ 18,736,844</b>	<b>\$ 18,051,596</b>	<b>\$ 685,248</b>

**Executive Education Academy Charter School  
 Budget and Actual - General Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 For the Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>TOTAL REVENUE AND OTHER FINANCING SOURCES</b>	\$ 18,943,907	\$ 19,445,049	\$ 501,142
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>18,736,844</u>	<u>18,051,596</u>	<u>685,248</u>
<b>NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	\$ 207,063	\$ 1,393,453	\$ 1,186,390
<b>FUND BALANCE - JULY 1, 2020</b>	3,663,593	3,485,846	(177,747)
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - JUNE 30, 2021</b>	<u>\$ 3,870,656</u>	<u>\$ 4,879,299</u>	<u>\$ 1,008,643</u>

**Executive Education Academy Charter School  
Food Service Fund  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
For the Year Ended June 30, 2021**

<b>REVENUES</b>		
Sales - Non-Reimbursable	\$	-
Federal Subsidy		592,688
State Subsidy		24,276
Federal Subsidy for Non-Food Assistance		-
Donated Commodities Revenue		43,900
Interest		359
<b>TOTAL REVENUES</b>		<u>\$ 661,223</u>
<b>COST OF GOODS SOLD</b>		
Beginning Inventory - 7/1		27,032
Food and Milk		-
Donated Commodities		43,900
Supplies		10,926
Ending Inventory - 6/30		<u>(19,071)</u>
<b>TOTAL COST OF GOODS SOLD</b>		<u>62,787</u>
<b>GROSS PROFIT</b>		598,436
<b>EXPENSES</b>		
Salaries		44,184
Employee Benefits		3,328
Food Service Mgt. - Food		199,238
Food Service Mgt. - Non-Food		365,663
Advertising		-
Supplies & Fees - Technology		1,685
Depreciation		5,554
Miscellaneous Expenditures		321
Repairs and Maintenance		<u>3,227</u>
<b>TOTAL EXPENSES</b>		<u>623,200</u>
<b>CHANGES IN FUND NET POSITION</b>		(24,764)
<b>FUND NET POSITION - JULY 1, 2020</b>		<u>180,929</u>
<b>FUND NET POSITION - JUNE 30, 2021</b>		<u><b>\$ 156,165</b></u>

**Executive Education Academy Charter School  
Food Service Fund  
Statement of Fund Net Position  
As of June 30, 2021**

**ASSETS**

Cash and Cash Equivalents	\$ 204,088
Due From Other Funds	-
Intergovernmental Receivables	40,953
Other Receivables	-
Inventory	19,071
Equipment (net of accum. Depreciation)	45,908

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows of Resources - Diff. in Projected vs Invest. Earnings	-
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<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 310,020</u></b>
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**LIABILITIES**

Accounts Payable	\$ 103,813
Due to Other Funds	49,721
Other Payables	321
Net Pension Liability	-

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows of Resources - Diff. in Expected vs Actual Experience	-
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<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>153,855</b>
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<b>FUND NET POSITION</b>	<b><u>156,165</u></b>
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<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND NET POSITION</b>	<b><u>\$ 310,020</u></b>
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**Executive Education Academy Charter School  
Schedule on Component Unit's Tax Exempt  
Revenue Bonds - Series A of 2017  
For the Year Ended June 30, 2021**

<b>FISCAL YEAR</b>	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b><u>TOTAL</u></b>
2021-22	-	2,144,425	2,144,425
2022-23	-	2,144,425	2,144,425
2023-24	-	2,144,425	2,144,425
2024-25	-	2,144,425	2,144,425
2025-26	-	2,144,425	2,144,425
2026-27	-	2,144,425	2,144,425
2027-28	-	2,144,425	2,144,425
2028-29	-	2,144,425	2,144,425
2029-30	690,000	2,124,156	2,814,156
2030-31	1,000,000	2,074,513	3,074,513
2031-32	1,060,000	2,014,000	3,074,000
2032-33	1,120,000	1,949,963	3,069,963
2033-34	1,185,000	1,881,513	3,066,513
2034-35	1,255,000	1,808,313	3,063,313
2035-36	1,330,000	1,730,763	3,060,763
2036-37	1,410,000	1,648,563	3,058,563
2037-38	1,495,000	1,561,413	3,056,413
2038-39	1,585,000	1,467,031	3,052,031
2039-40	1,685,000	1,364,844	3,049,844
2040-41	1,790,000	1,256,250	3,046,250
2041-42	1,905,000	1,140,781	3,045,781
2042-43	2,020,000	1,018,125	3,038,125
2043-44	2,150,000	887,813	3,037,813
2044-45	2,285,000	749,219	3,034,219
2045-46	2,425,000	602,031	3,027,031
2046-47	2,575,000	445,781	3,020,781
2047-48	5,845,000	182,656	6,027,656
<b>TOTAL OUTSTANDING</b>	<b>\$ 34,810,000</b>	<b>\$ 43,063,128</b>	<b>\$ 77,873,128</b>

**Executive Education Academy Charter School  
Schedule on Component Unit's Taxable  
Revenue Bonds - Series B of 2017  
For the Year Ended June 30, 2021**

<b>FISCAL YEAR</b>	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b><u>TOTAL</u></b>
2021-22	\$ 505,000	\$ 433,388	\$ 938,388
2022-23	545,000	391,388	936,388
2023-24	590,000	345,988	935,988
2024-25	640,000	296,788	936,788
2025-26	690,000	243,588	933,588
2026-27	745,000	186,188	931,188
2027-28	805,000	124,188	929,188
2028-29	865,000	56,306	921,306
2029-30	250,000	10,313	260,313
<b>TOTAL OUTSTANDING</b>	<b><u>\$ 5,635,000</u></b>	<b><u>\$ 2,088,135</u></b>	<b><u>\$ 7,723,135</u></b>

**S I N G L E   A U D I T   S E C T I O N**

**Executive Education Academy Charter School  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL CFDA NO.	PASS THROUGH GRANTOR NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) 7/1/2020	REVENUE	EXPEND.	ACCRUED OR (DEFERRED) 6/30/2021	FOOTNOTES
<b>U.S. DEPT. OF THE TREASURY</b>											
<b>PASSED THROUGH THE PA COMMISSION ON CRIME &amp; DELINQUENCY(PCCD)</b>											
COVID-19 - CORONAVIRUS RELIEF FUND	I	21.019	2020-CS-01-33966	3/1/20 - 10/30/20	\$ 90,000	\$ 90,000	\$ -	\$ 90,000	\$ 90,000	\$ -	2
<b>TOTAL U.S. DEPARTMENT OF THE TREASURY</b>						90,000	-	90,000	90,000	-	
<b>U.S. DEPT. OF EDUCATION</b>											
<b>PASSED THROUGH THE PA DEPARTMENT OF EDUCATION(PDE)</b>											
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-20-1134 A	7/1/19 - 9/30/20	\$ 741,886	171,167	171,167	-	-	-	2
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-21-1134 A	7/1/20 - 9/30/21	\$ 733,394	576,698	-	733,394	733,394	156,696	
<b>TOTAL TITLE I PROGRAM</b>						747,865	171,167	733,394	733,394	156,696	
<b>PASSED THROUGH THE PDE</b>											
TITLE IIIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-20-1134 A	7/1/19 - 9/30/20	\$ 75,077	17,744	17,744	-	-	-	2
TITLE IIIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-21-1134 A	7/1/20 - 9/30/21	\$ 72,106	56,237	-	72,106	72,106	15,869	
<b>TOTAL TITLE II PROGRAM</b>						73,981	17,744	72,106	72,106	15,869	
<b>PASSED THROUGH THE PDE</b>											
TITLE III - LANGUAGE INST LEP/IMMIGRANT STUDENTS	I	84.365	FA-010-20-1134 A	7/1/19 - 9/30/20	\$ 14,614	5,621	5,621	-	-	-	2
TITLE III - LANGUAGE INST LEP/IMMIGRANT STUDENTS	I	84.365	FA-010-21-1134 A	7/1/20 - 9/30/21	\$ 14,257	12,220	-	11,486	11,486	(734)	
<b>TOTAL TITLE III PROGRAM</b>						17,841	5,621	11,486	11,486	(734)	
<b>PASSED THROUGH THE PDE</b>											
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-20-1134 A	7/1/19 - 9/30/20	\$ 56,473	26,064	26,064	-	-	-	2
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-21-1134 A	7/1/20 - 9/30/21	\$ 56,264	56,264	-	51,629	51,629	(4,635)	
<b>TOTAL TITLE IV PROGRAM</b>						82,328	26,064	51,629	51,629	(4,635)	
<b>PASSED THROUGH THE PDE</b>											
COVID-19 - ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND	I	84.425D	FA-200-20-1134	3/13/20 - 9/30/21	\$ 609,344	545,203	(64,141)	609,344	609,344	-	2
<b>PASSED THROUGH THE PDE</b>											
COVID-19 - GOVERNOR'S EMERGENCY EDUCATION RELIEF (GEER) FUND	I	84.425C	FA-252-20-1134	7/1/20 - 9/30/21	\$ 5,000	5,000	-	5,000	5,000	-	2
COVID-19 - GOVERNOR'S EMERGENCY EDUCATION RELIEF (GEER) FUND	I	84.425C	FA-253-20-1134	3/13/20 - 9/30/21	\$ 30,550	30,550	-	30,550	30,550	-	
<b>TOTAL EDUCATION STABILIZATION FUND UNDER THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT</b>						580,753	(64,141)	644,894	644,894	-	
<b>PASSED THROUGH THE CARBON-LEHIGH I.U. #21</b>											
IDEA - B	I	84.027	N/A	7/1/19 - 9/30/20	\$ 156,007	34,194	34,194	-	-	-	2
IDEA - B	I	84.027	N/A	7/1/20 - 9/30/21	\$ 150,971	95,884	-	150,971	150,971	55,087	1
IDEA - SECTION 619	I	84.173	N/A	7/1/19 - 9/30/20	\$ 1,165	1,165	1,165	-	-	-	1
IDEA - SECTION 619	I	84.173	N/A	7/1/20 - 9/30/21	\$ 1,080	-	-	1,080	1,080	1,080	1
<b>TOTAL IDEA CLUSTER</b>						131,243	35,359	152,051	152,051	56,167	
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>						1,634,011	191,814	1,665,560	1,665,560	223,363	
<b>U. S. DEPARTMENT OF AGRICULTURE</b>											
<b>PASSED THROUGH THE PDE</b>											
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/19 - 6/30/20	N/A	-	-	-	-	-	2
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/20 - 6/30/21	N/A	339,638	-	363,816	363,816	24,178	
BREAKFAST PROGRAM	I	10.553	N/A	7/1/19 - 6/30/20	N/A	-	-	-	-	-	
BREAKFAST PROGRAM	I	10.553	N/A	7/1/20 - 6/30/21	N/A	213,708	-	228,872	228,872	15,164	
<b>PASSED THROUGH THE PA DEPARTMENT OF AGRICULTURE</b>											
NATIONAL SCHOOL LUNCH - USDA COMMODITIES	I	10.555	N/A	7/1/20 - 6/30/21	N/A	43,900	(2,863)	42,085	42,085	(4,678)	2
<b>TOTAL CHILD NUTRITION CLUSTER</b>						597,246	(2,863)	634,773	634,773	34,664	3,4
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>						597,246	(2,863)	634,773	634,773	34,664	
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>						\$ 2,321,257	\$ 188,951	\$ 2,390,333	\$ 2,390,333	\$ 258,027	

SOURCE: D -DIRECT; I -INDIRECT

**Executive Education Academy Charter School  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021**

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**Note 1 – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Executive Education Academy Charter School under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Executive Education Academy Charter School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Executive Education Academy Charter School.

**Note 2 – Significant Accounting Policies**

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting for all federal awards charged to governmental funds and on the accrual basis of accounting for all federal awards charged to proprietary funds, as contemplated by accounting principles, generally accepted in the United States of America.

**Note 3 – Organization and Scope**

The School recognized 9.0% of its total general fund revenue in federal awards, and 96.0% of its total enterprise fund revenue.

**Note 4 – Indirect Costs**

The School did not charge any indirect costs to any of their federal grants and programs during this fiscal year. As such, the School did not use the 10% de minimis cost rate.

**Note 5 – Program Disclosure – Footnotes**

1. The federal awards passed through the Carbon-Lehigh Intermediate Unit #21 under the U.S. Department of Education heading, is part of a consortium of participating Schools. In accordance with directions from the Commonwealth of Pennsylvania, these awards are reported on the basic financial statements as local source revenue
2. The Federal Grants were passed through the following entities in the totals below:

<u>Passed through</u>	<u>Total Awards</u>	<u>Total Expenditures</u>
PA Department of Education	\$ 2,408,965	\$ 2,106,197
Carbon-Lehigh I.U. #21	309,223	152,051
PA Commission on Crime & Delinquency	90,000	90,000
PA Department of Agriculture	N/A	42,085
<b>Totals</b>	<b>\$ 2,808,188</b>	<b>\$ 2,390,333</b>

**Executive Education Academy Charter School  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021**

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3. The amount recognized as revenue in the Schedule of Expenditures of Federal Awards, under the U.S. Department of Agriculture heading, represents the commodities used, versus the commodities received, which are recognized as revenue in the basic financial statements.
  
4. The Charter School received non-monetary assistance from the U.S. Department of Agriculture of \$43,900 in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the 2020-21 fiscal year, the Charter School used \$42,085 in commodities and established year-end inventory of \$4,678 at June 30, 2021.

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**FINANCIAL STATEMENT RECONCILIATION**

General Fund Federal Source Revenues	\$ 1,603,509
Federal Grants in Local Sources	152,051
Food Service Fund Federal Revenue	<u>636,588</u>
<b>Total Federal Revenue, per financial statements</b>	2,392,148
Less - Change in Donated Commodities	<u>(1,815)</u>
<b>Federal Revenue on SEFA</b>	<b><u>\$ 2,390,333</u></b>

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GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of  
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Pennsylvania Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Executive Education Academy Charter School  
555 Union Boulevard  
Allentown, PA 18109

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statement of the general fund of the Executive Education Academy Charter School, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Executive Education Academy Charter School's basic financial statements, and have issued our report thereon dated November 30, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Executive Education Academy Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Executive Education Academy Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Executive Education Academy Charter School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be a material weakness or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Executive Education Academy Charter School**

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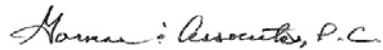
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Executive Education Academy Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



November 30, 2021





GORMAN & ASSOCIATES, P.C.

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Members of  
American Institute of Certified Public Accountants  
Pennsylvania Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees  
Executive Education Academy Charter School  
555 Union Boulevard  
Allentown, PA 18109

***Report on Compliance for Each Major Federal Program***

We have audited Executive Education Academy Charter School's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Executive Education Academy Charter School's major federal programs for the year ended June 30, 2021. Executive Education Academy Charter School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Executive Education Academy Charter School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Executive Education Academy Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Executive Education Academy Charter School's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Executive Education Academy Charter School, complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

***Report on Internal Control over Compliance***

Management of Executive Education Academy Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Executive Education Academy Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Executive Education Academy Charter School's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been detected.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

*Norman Associates, P.C.*

November 30, 2021

**Executive Education Academy Charter School  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021**

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**Section I - Summary of Auditor Results**

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**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) Identified?       yes     no
- Significant Deficiencies identified that  
are not considered to be material  
weaknesses?       yes     none reported
- Noncompliance material to financial  
statements noted?       yes     no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) Identified?       yes     no
- Significant Deficiencies identified that  
are not considered to be material  
weaknesses?       yes     none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required  
to be reported in accordance with section  
200.516 of the Uniform Guidance?       yes     no

Identification of major program:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I Program

Percentage of program tested to total awards      30.7%

Dollar threshold used to distinguish between  
type A and type B program:      \$ 750,000

Auditee qualified as low-risk auditee?       yes     no

**Executive Education Academy Charter School  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021**

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**Section II – Financial Statement Findings**

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There were no findings discovered, relating to the financial statements, which are to be reported in accordance with generally accepted government auditing standards.

**Section III – Findings and Questioned Costs for Federal Awards**

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There were no findings discovered, relating to the federal awards, which are required to be reported in accordance with the Uniform Guidance Section 200.516.

*Audit Follow Up Procedures*

We did not perform any follow-up procedures on prior year findings since there were none to report.

**APPENDIX C**  
**FINANCIAL PROJECTIONS OF THE CHARTER SCHOOL**

Payment by the Borrower of principal of and interest on the Series 2024 Bonds is dependent upon the Charter School's ability to make payments of Base Rent to the Borrower and the Borrower's ability to make payments on the Series 2024 Bonds. The Charter School's ability to make rental payments when due under the Lease depends on the timely receipt of School District Payments.

Capitalized terms used but not otherwise defined herein shall have the same meaning as in the forepart of this Limited Offering Memorandum.

The Charter School commenced operations of the School for the 2014-15 school year. The Charter School's projections of revenues and expenses for the Fiscal Years ended June 30, 2025 through 2029 (the "Projections") contained in this APPENDIX C — "FINANCIAL PROJECTIONS OF THE CHARTER SCHOOL" were prepared by Management and have not been independently verified by any other party. No feasibility studies have been conducted with respect to operations of the Charter School pertinent to the Series 2024 Bonds. The Projections prepared by the Borrower and the Charter School are "forward-looking statements" and are subject to the general qualifications and limitations described under "INTRODUCTION — Forward-Looking Statements" with respect to such statements. Neither the Authority nor the Underwriter has independently verified such projections, and each makes no representations nor gives any assurances that such projections, or the assumptions underlying them, are complete or correct. Further, the Projections relate only to a limited number of Fiscal Years and consequently do not cover the entire period that the Series 2024 Bonds will be outstanding.

The Projections are derived from the actual operations of the School and from assumptions made by Management about future student enrollment. There can be no assurance that the actual enrollment, revenues and expenses for the School will be consistent with the assumptions underlying the Projections contained herein. Moreover, no guarantee can be made that the Projections of revenues and expenses contained herein will correspond with the results actually achieved in the future because there is no assurance that actual events will correspond with the assumptions made by Management. Actual operating results may be affected by many factors, including, but not limited to, increased costs, lower than anticipated Pledged Revenues or Gross Revenues (as a result of insufficient enrollment, reduced School District Payments, or otherwise), employee relations, changes in taxes, changes in applicable government regulation or legislation, changes in demographic trends, factors associated with education, competition for students, changes in local or general economic conditions.

No assurance can be given that the results described in the Projections will be achieved, or that there has been no change in underlying considerations since the date of the Limited Offering Memorandum. See below to review the Projections, their underlying assumptions, and the various factors that could cause actual results to differ significantly from projected results.

NO GUARANTEE CAN BE MADE THAT THE PROJECTIONS CONTAINED HEREIN WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE BECAUSE THERE CAN BE NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE ASSUMPTIONS UNDERLYING SUCH PROJECTED INFORMATION. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY FACTORS, INCLUDING, BUT NOT LIMITED TO, INCREASED PERSONNEL, OPERATING, OR OTHER COSTS, LOWER THAN ANTICIPATED REVENUES (AS A RESULT OF INSUFFICIENT ENROLLMENT, REDUCED STATE OR FEDERAL AID PAYMENTS, OR OTHERWISE), EMPLOYEE RELATIONS, CHANGES IN TAXES, CHANGES IN APPLICABLE GOVERNMENTAL REGULATION, CHANGES IN DEMOGRAPHIC TRENDS, CHANGES IN EDUCATION COMPETITION, AND LOCAL OR GENERAL ECONOMIC CONDITIONS.

See "RISK FACTORS — Reliance on Projections."

The Projections were prepared by Management assuming that (i) the Tax Exempt Series 2024 Bonds are issued in an aggregate principal amount of \$70,560,000, bear interest at a stated interest rate of 5.000% and have a final maturity of July 1, 2059 and (ii) the Taxable Series 2024 Bonds are issued in an aggregate principal amount of \$2,255,000, bear interest at a stated interest rate of 6.029% and have a final maturity of July 1, 2029.

Certain assumptions are as follows:

- Future enrollment growth entirely outside ASD and approximately proportionate to the enrollment levels from those other districts for fall 2024.
- 3% annual increase in funding rates.
- 4% annual increase in instruction costs.
- 3% annual increase in other costs.

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## Executive Education Academy Charter School 5 Year Projections

	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029
<b>Projected Enrollment</b>	<b>1,500</b>	<b>1,638</b>	<b>1,726</b>	<b>1,770</b>	<b>1,792</b>
<b>Revenues</b>					
School District/Non ASD	22,608,959	25,676,495	28,049,504	29,694,301	31,022,027
Local	245,000	245,000	245,000	245,000	245,000
State	205,000	205,000	205,000	205,000	205,000
Federal	900,000	900,000	900,000	900,000	900,000
Food Service	1,620,000	1,822,111	1,977,602	2,088,857	2,178,265
<b>Total Revenue</b>	<b>25,578,959</b>	<b>28,848,607</b>	<b>31,377,106</b>	<b>33,133,158</b>	<b>34,550,292</b>
<b>Expenditures</b>					
Instruction	10,500,000	11,924,640	13,067,891	13,937,065	14,674,706
Student Support Services	2,170,000	2,440,729	2,649,011	2,798,037	2,917,799
Admin, Business, and Legal	3,100,000	3,193,000	3,288,790	3,387,454	3,489,077
Building	1,600,000	1,648,000	1,697,440	1,748,363	1,800,814
Security	100,000	103,000	106,090	109,273	112,551
Technology	316,000	355,424	385,755	407,456	424,896
Rent - current space	4,135,448	4,192,750	4,192,750	4,192,750	4,192,750
Rent - stadium	-	-	600,000	720,000	720,000
Food Service	1,445,000	1,625,278	1,763,973	1,863,209	1,942,958
Extra Curricular and Activities	740,000	832,322	903,349	954,169	995,010
<b>Total Expenditures</b>	<b>24,106,448</b>	<b>26,315,144</b>	<b>28,655,048</b>	<b>30,117,775</b>	<b>31,270,561</b>
<b>Revenue over Expenditures</b>	<b>1,472,512</b>	<b>2,533,463</b>	<b>2,722,058</b>	<b>3,015,383</b>	<b>3,279,731</b>
Beginning Cash	4,198,800	5,671,312	8,204,774	10,926,832	13,942,215
Ending Cash	5,671,312	8,204,774	10,926,832	13,942,215	17,221,946
Total Lease Payment	4,135,448	4,192,750	4,792,750	4,912,750	4,912,750
Lease / Revenue	16.2%	14.5%	15.3%	14.8%	14.2%
Lease Coverage	1.36x	1.60x	1.57x	1.61x	1.67x
School DCOH	86	114	139	169	201
Foundation Cash	1,849,439	2,228,235	2,536,075	2,958,955	3,385,192
School + Foundation DCOH	114	145	171	205	241
Debt Service	3,921,189	3,813,954	4,484,910	4,489,870	4,486,513
Debt Service / Revenue	15.3%	13.2%	14.3%	13.6%	13.0%
Debt Service Coverage	1.43x	1.76x	1.68x	1.77x	1.83x

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**APPENDIX D**  
**CHARTER SCHOOL LAWS AND FINANCING IN PENNSYLVANIA**

**Charter Schools**

*General*

A charter school is an independent public school established and operated under a charter from the local board of school directors and in which students are enrolled or attend. A charter school shall be organized as a public, nonprofit corporation. Charters may not be granted to any for-profit entity. A charter school is usually created or organized by a combination of teachers, parents and community leaders or a community-based organization. Specific goals and operating procedures for charter schools are detailed in the charter between the authorizing school district and the charter school. Charter schools in Pennsylvania are created pursuant to 24 P.S. §§ 17-1701-A, *et seq.* (the “Charter School Law”). See “SUMMARY OF CERTAIN PROVISIONS OF PENNSYLVANIA CHARTER SCHOOL LAW” herein for additional information on the Charter School Law.

Capitalized terms used but not otherwise defined herein shall have the same meaning as in the forepart of this Limited Offering Memorandum.

*Charters*

Generally, charters are effective in the Commonwealth for a period of no less than three years and no more than five years and may be renewed for periods of five years without statutory limit on the number of renewals. See “SUMMARY OF CERTAIN PROVISIONS OF PENNSYLVANIA CHARTER SCHOOL LAW – Term and Form of Charter” and “– Causes for Nonrenewal or Termination” herein.

**Charter School Funding**

This section provides a brief overview of the Commonwealth’s current system for funding charter schools. Prospective purchasers of the Series 2024 Bonds should note that the overview contained below is provided for the convenience of prospective purchasers but is not and does not purport to be comprehensive. Additional information regarding various aspects of charter school funding in the Commonwealth is available through other publicly available sources. Prospective purchasers should note that the law applicable to charter schools in the Commonwealth has developed over time and is subject to further changes in the future. See “RISK FACTORS – Funding and Future Changes to Charter School Law” in the forepart of this Limited Offering Memorandum.

*Calculation of Payments*

Charter schools do not charge tuition, but instead receive funding from the school district in which each charter school student lives, based on a statutory formula. Under the Charter School Law, school districts are required to use budgeted expenditures when calculating per pupil payments to charter schools.

Beginning in 1997, the Pennsylvania Department of Education (the “PDE”) instructed school districts to utilize the PDE-363 form to calculate its nonspecial education and special education charter school funding rates under section 1725-A of the Charter School Law, 24 P.S. §17-1725-A. In July 2012, following various meetings and discussions with representatives of the charter school community, school districts, and the Commonwealth of Pennsylvania General Assembly, PDE prepared and issued its (July 2012) version of the Guidelines for Form Completion, PDE-363, Funding for Charter Schools (the “Guidelines”). According to the PDE, the Guidelines were intended to implement the charter school funding requirements of section 1725-A of the Charter School Law and provide a verifiable process for initial and final calculation of each school district’s nonspecial education and special education rates. PDE, through the Guidelines, recognized that the information necessary for determining a school district’s expenditures and average daily membership (“ADM”) may not be available at the start of a school year when a district is to first determine its nonspecial education and special education rates under section 1725-A(a)(2) and (3) of the Charter School Law. Therefore, the PDE has indicated that the Guidelines set forth a process to permit additional confidence in the accuracy of rates calculated and paid by each school district. That process ultimately used a school district’s annual financial report (“AFR”) submitted to PDE under section 218 of the Public School Code, 24 P.S. §

2-218, and ADM as defined in section 2501 of the Public School Code, 24 P.S. § 25-2501, to calculate each school district's final charter school funding rates. The Guidelines were in use since July 2012, and the PDE purports that they were successful in reducing the number of disputes between school districts and charter schools relating to the accuracy of the calculated rates.

In April 2017, a group of charter schools filed a petition for review in the Commonwealth Court challenging the Guidelines. These charter schools alleged that the Guidelines were inconsistent with section 1725-A of the Charter School Law in that the Guidelines recommend that school districts calculate their charter school funding rates based upon expenditures included in their AFR, rather than the amounts in the budgets submitted to PDE prior to the beginning of the previous school year. Following a hearing on the charter schools' request for a preliminary injunction, the court opined that "the Guidelines [are] flatly inconsistent with the Charter School Law . . . ." *First Philadelphia Preparatory Charter Sch., et al. v. Pa. Dep't of Educ., et al.*, No. 159 MD 2017 (Pa. Cmwlth., July 19, 2017 Memorandum Opinion, Pg. 8) (*First Philadelphia*). While the PDE has taken the position that the Commonwealth Court recognized that the Guidelines present a fair and appropriate means to calculate charter school tuition rates, the PDE states that the Commonwealth Court also advised that proper implementation of the process would require legislative amendments. In further proceedings, the Commonwealth Court issued an Opinion stating that the Guidelines are in derogation of the plain language of the Charter School Law, and thus are "per se invalid . . . ." *First Philadelphia*, No. 159 MD 2017 (Pa. Cmwlth., February 22, 2018 Opinion, Pg. 12).

Accordingly, on March 16, 2018, the PDE issued a statement setting forth the information in the three preceding paragraphs above and providing notice that the PDE was, effective immediately, rescinding the July 2012 version and all prior versions of the Guidelines. Such notice further indicated that: (i) beginning with the 2018-19 school year, PDE will no longer receive completed PDE-363 forms from school districts or post charter school funding rates on its website, (ii) PDE will not calculate each school district's charter school funding rates using AFR and ADM information and, instead, each school district should calculate its own nonspecial education and special education charter school funding rates pursuant to the direction in section 1725-A(a)(2) and (3) of the Charter School Law and make that information available to charter schools as necessary to explain the amounts paid throughout the school year, and (iii) any disputes concerning the amounts paid by a school district to a charter school should be resolved pursuant to the procedures in section 1725-A(a)(5) and (6) of the Charter School Law. Based upon the foregoing change in the methodology of the calculation of nonspecial education and special education charter school funding rates, there can be no assurance that such revised calculations will not result in a material adverse effect on the ability of the Borrower to make payments under the Loan Agreement.

On April 19, 2018, the PDE issued further guidance (the "April Guidance") clarifying that *First Philadelphia* has no impact upon the federal fund deductions that should be removed from a school district's total expenditure data used to calculate per-student charter school funding rates, as specified in the PDE-363 calculation. In the April Guidance, PDE further clarified that school districts should continue to use the revised PDE-363 form, issued in April 2018, to calculate tuition rates. In addition, PDE has instructed that if a charter school requests a redirection of funds, it must submit a completed revised PDE-363 form as well as documentation identifying the budget or other financial documents that it used to complete the revised PDE-363 form.

In November 2021, six Pennsylvania school districts, along with several organizations and parents, sued the State for violating the Pennsylvania Constitution's Education Clause and Equal Protection Clause by failing to provide a thorough and efficient public education system and unequal treatment of low-wealth districts. The Court ruled that the State's school underfunding violated the Education Clause by failing to provide adequate and equitable education, found no rational basis for the disparities between low-wealth and high-wealth districts, and ordered the State to work with the suing school districts to remedy the constitutional deficiencies.\* See "Method of Payment" and "Summary of Certain Provisions of Pennsylvania Charter School Law – Funding for Charter Schools" herein for more information.

### ***Method of Payment***

Under the current Charter School Law, school districts are required to make payments to charter schools in twelve equal monthly payments by the fifth day of each month. If the applicable school district fails to make a payment

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\* *William Penn School District, et al. v. Pennsylvania Department of Education, et al.*, 294 A.3d 537 (Pa. Commw. Ct. 2023).

to the applicable charter school, the Secretary of Education of the Commonwealth will deduct the amount of such failed payment from any and all payments from the Commonwealth made to such school district after receipt of documentation from the applicable charter school and on request of the school district make an adjudication as to whether that payment is correct. In 2012, a Commonwealth Court decision held that under the Charter School Law, charter schools may only seek direct payment from the Commonwealth for claims in the current school year. In January 2016, PDE announced that due to the Commonwealth Court decision, it may not withhold money from a school district and give it to a charter school to settle claims from prior school years without a hearing and that it would no longer allow charter schools to bill PDE directly for payments when there are enrollment disputes with school districts for prior school years.

Pursuant to Section 1725-A(a)(5) of the Charter School Law, a charter school may ask the Secretary of Education of the Commonwealth to redirect a school district's per pupil payments when the applicable school district refuses to pay the charter school for educating students residing in such school district. Several charter schools within the School District have successfully used this alternative funding procedure in conjunction with their enrollment-cap related disputes with the School District to receive current school year per pupil payments for students enrolled in excess of the enrollment caps established by the School District and contained in their respective charters.

In a 2018 Commonwealth Court decision, *In re: Appointment of a Receiver for the Chester Upland School District*, Docket No. 2095 C.D. 2015 (Pa. Cmwlth. 2018), the Commonwealth Court held that the Delaware County Court of Common Pleas made a mistake when it approved a financial recovery plan (the "Recovery Plan") proposed by the Receiver for the Chester Upland School District that forced four cyber charter schools to accept payments for special education students below those required by the Charter School Law. The Commonwealth Court held that the statute governing the Chester Upland School District's financial recovery did not allow the Recovery Plan to unilaterally lower the payments Chester Upland School District is required to make to cyber charter schools for special education students who live in the Chester Upland School District but who decide to attend a cyber charter school. The Commonwealth Court also held that the Recovery Plan should not have been approved because it did not address certain financial problems facing the Chester Upland School District. In sum, the affected cyber charter schools may seek additional funds for special education students who attend the cyber charter school pursuant to the Charter School Law. Ultimately, the Commonwealth Court overturned the decision of the Delaware County Court of Common Pleas and remanded the matter back to that court for review of the Recovery Plan within the parameters of the Commonwealth Court's opinion.

The Chester Upland School District petitioned the Pennsylvania Supreme Court for an allowance of appeal from the Order of the Commonwealth Court. On March 20, 2019, the Pennsylvania Supreme Court issued an order denying the appeal without an opinion.

## **Commonwealth Budget**

### ***Current Budget***

On July 11, 2024, Governor Josh Shapiro (the "Governor") signed into law the Governor's Executive Budget for the fiscal year ending June 30, 2025 (the "Budget"), which increased spending to \$47.6 billion, 6% higher than the budget for the fiscal year ending June 30, 2024. The Budget includes an increase of \$1.11 billion for basic education funding, totaling a projected amount \$8,944,444,000, marking the largest investment in K-12 public education in Commonwealth history. The Budget also projects a surplus of \$10.6 billion by year-end. Relating to education, the Budget allocates (i) \$100 million for environmental repairs and facilities improvements, with \$25 million dedicated to the Solar for Schools initiative, (ii) a \$100 million increase for special education funding, (iii) \$100 million for reimbursement to school districts for cyber charter schools, and (iv) \$540 million and \$90 million increases to the caps for the Educational Improvement Tax Credit and the Opportunity Scholarship Tax Credit, respectively. Furthermore, approximately \$526 million in adequacy and equity grants will be distributed to Pennsylvania's school districts based on factors such as the student poverty rate.

Additional funds are allocated for online education, mental health services, and early childhood programs. postsecondary education benefits from the establishment of a State Board of Higher Education, a performance-based funding formula for public universities, and increased funding for community colleges, scholarships, and grants. The

Budget also addresses economic development, public safety, workforce development, affordable housing, public transit, health services, and environmental innovation.

### ***Budget Process***

The Pennsylvania Administrative Code of 1929 (as amended in 1978) requires the Governor to annually submit to the General Assembly by the first full week in February a balanced operating budget for the ensuing fiscal year setting forth in detail (i) proposed expenditures classified by department or agency and by program and (ii) estimated revenues from all sources. The Governor submits the executive budget to a joint session of the General Assembly through the budget address no later than the first full week of February.

Upon receiving the Governor's proposed budget, the appropriations committees of the House and Senate hold hearings to review agency requests for funds. After the hearings, the General Assembly will pass a general appropriations bill and individual appropriation bills, which will contain appropriations for the executive, legislative and judicial departments, public schools and public debt.

After the appropriations bills are passed by the General Assembly, the Governor has the authority to either veto the appropriations bills or to reduce the amount of appropriations in order to produce a budget that is in balance with revenues. The Governor also has the power to reduce or line-item veto any appropriation that he considers excessive or unnecessary. The Governor may veto an entire bill by returning the bill with objections to the General Assembly within ten days. The bill will not become law unless the General Assembly overrides the veto by a two-thirds vote. The Charter School would be materially harmed by any budget failure which delays or otherwise adversely affects appropriations for charter school funding.

### ***Future Budgets***

The deadline to pass the Budget was June 30, 2024, and such deadline was missed for such fiscal year and has been missed in the past. Any delay in passing the Commonwealth budget in future fiscal years may delay the Commonwealth's appropriation of such funds and could negatively impact the ongoing viability of the Borrower and its ongoing ability to make payments representing debt service on the Series 2024 Bonds.

Neither the Authority, the Borrower, nor the Charter School can predict what actions will be taken in the future by the Governor and the General Assembly to address changing Commonwealth revenues and expenditures or the impact such actions will have on Commonwealth revenues available in the current or future years for education. The Commonwealth budget will be affected by national and Commonwealth economic conditions and other factors beyond the control of the Authority, the Borrower, or the Charter School. These actions could result in a decrease in revenue, and certain actions could result in a significant shortfall of revenue and cash, each of which could impair the Commonwealth's ability to fund schools during future fiscal years. In addition, future budget impasses may affect payments under those withholding provisions. No assurances can be made by the Borrower or the Charter School with respect to the timing or amount of payments of Commonwealth appropriations for state aid to the School District.

## **Summary of Certain Provisions of Pennsylvania Charter School Law**

### ***Introduction***

This portion of Appendix D summarizes certain provisions of laws applicable to charter schools in the Commonwealth and provides only a summary of certain charter school laws and is for information purposes only; reference should be made to such provisions in their entirety for a complete understanding of their terms. Further, the provisions summarized below are subject to change by the Commonwealth's General Assembly, and this summary only pertains to certain aspects of currently existing law.

Various statutory provisions govern the creation, operation, and financing of charter schools in the Commonwealth. These provisions, which are described further below, generally derive from the Charter School Law, which includes, among other things, provisions governing the legal status and organization of charter schools, their relationship to their chartering entities, laws applicable to charter schools and related exemptions, charter school

enrollment, payments to charter schools, the charter application process, charter terms and renewals, and grounds for revocation or nonrenewal and the appeal process.

***Charter School (24 P.S. § 17-1703-A)***

“Charter school” is defined in the Charter School Law as an independent public school established and operated under a charter from the local board of school directors and in which students are enrolled or attend. A charter school must be organized as a public, nonprofit corporation. Charter contracts may not be granted to any for-profit entity.

***Legislative Intent (24 P.S. § 17-1702-A)***

The intent of the General Assembly in enacting the Charter School Law was to provide opportunities for teachers, parents, pupils, and community members to establish and maintain schools that operate independently from the existing school district structure as a method to accomplish all of the following:

- To improve pupil learning.
- To increase learning opportunities for all pupils.
- To encourage the use of different and innovative teaching methods.
- To create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site.
- To provide parents and pupils with expanded choices in the types of educational opportunities that are available within the public school system.
- To hold charter schools accountable for meeting measurable academic standards and provide them with a method to establish accountability systems.

***Powers of Charter Schools (24 P.S. § 17-1714-A)***

A charter school is a body corporate and shall have all powers necessary or desirable for carrying out its charter, including, but not limited to, the power to: (1) adopt a name and corporate seal; however, any name selected shall include the words “charter school;” (2) sue and be sued, but only to the same extent and upon the same condition that political subdivisions and local agencies can be sued; (3) acquire real property from public or private sources by purchase, lease, lease with an option to purchase or gift for use as a charter school facility; (4) receive and disburse funds for charter school purposes only; (5) make contracts and leases for the procurement of services, equipment and supplies; (6) incur temporary debts in anticipation of the receipt of funds; (6.1) incur debt for the construction of school facilities; and (7) solicit and accept any gifts or grants for charter school purposes. A charter school shall have such other powers as are necessary to fulfill its charter and which are not inconsistent with the Charter School Law. Any indebtedness incurred by a charter school in the exercise of the powers specified in this section shall not impose any liability or legal obligation upon a school entity or upon the Commonwealth.

***Charter School Requirements (24 P.S. § 17-1715-A)***

(a) Charter schools are required to comply with the following provisions:

(1) Except as otherwise provided in the Charter School Law, a charter school is exempt from statutory requirements established in the School Code, from regulations of the State Board of Education of the Commonwealth and the standards of the Secretary of Education of the Commonwealth (the “Secretary”) not specifically applicable to charter schools. Charter schools are not exempt from statutes applicable to public schools other than the School Code.

(2) A charter school shall be accountable to the parents, the public, and the Commonwealth, with the delineation of that accountability reflected in the charter. Strategies for meaningful parent and community involvement shall be developed and implemented by each school.

(3) A charter school shall not unlawfully discriminate in admissions, hiring, or operation.

(4) A charter school shall be nonsectarian in all operations.

(5) A charter school shall not provide any religious instruction, nor shall it display religious objects and symbols on the premises of the charter school.

(6) A charter school shall not advocate unlawful behavior.

(7) A charter school shall only be subject to the laws and regulations as provided for in 24 P.S. § 17-1732-A or as otherwise provided for in the Charter School Law.

(8) A charter school shall participate in the Pennsylvania State Assessment System, as provided for in 22 Pa. Code Ch. 5 (relating to curriculum), or subsequent regulations promulgated to replace 22 Pa. Code Ch. 5, in the manner in which the school district in which the charter school is located is scheduled to participate.

(9) A charter school shall provide a minimum of one hundred eighty (180) days of instruction or nine hundred (900) hours per year of instruction at the elementary level, or nine hundred ninety (990) hours per year of instruction at the secondary level. Nothing in this clause shall preclude the use of computer and satellite linkages for delivering instruction to students.

(10) Boards of trustees and contractors of charter schools shall be subject to the following statutory requirements governing construction projects and construction-related work: (i)(a) work on school buildings or school property to be done under contract let on bids and architects and engineers employed prohibited from bidding on public works and (b) additional bond for payment of labor, materials, etc. and actions by sub-contractors, etc., on performance bonds; (ii) an act regulating the letting of certain contracts for the erection, construction, and alteration of public building; (iii) the Pennsylvania Prevailing Wage Act; (iv) the Public Works Contractor's Bond Law of 1967; and (v) the Steel Products Procurement Act.

(11) Trustees of a charter school shall be public officials.

(b) An individual who serves as an administrator for a charter school entity is a public employe for the purposes of 65 Pa.C.S. Ch. 11 and shall file a statement of financial interests for the preceding calendar year with the board of trustees not later than May 1 of each year that the individual holds the position and of the year after the individual no longer holds the position.

(c)(1) No individual who serves as an administrator for a charter school entity may receive compensation from another charter school entity or an educational management service provider, unless:

(i) The administrator has submitted a sworn statement to the board of trustees of the charter school entity and the sworn statement details the work for the other entity and includes the projected number of hours, rate of compensation and projected duration.

(ii) The board of trustees of the charter school entity reviews the sworn statement under subparagraph (i) and agrees by resolution to grant permission to the administrator.

(2) A copy of the sworn statement under paragraph (1)(i) and the resolution by the board of trustees granting the permission under paragraph (1)(ii) shall be provided to, and kept on file with, the charter school entity and the local board of school directors or, in the case of a cyber charter school, the department.

(3) An administrator of a charter school entity and a family member of the administrator may not serve as a voting member of the board of trustees of the charter school entity that employs the administrator.

***Powers of Board of Trustees (24 P.S. § 17-1716-A)***

The board of trustees of a charter school shall have the authority to decide matters related to the operation of the school, including, but not limited to, budgeting, curriculum and operating procedures, subject to the school's charter. The board shall have the authority to employ, discharge, and contract with necessary professional and nonprofessional employees subject to the school's charter and the provisions of the Charter School Law. No member of a local board of school directors of a school entity shall serve on the board of trustees of a charter school that is located in the member's district. The board of trustees shall comply with the act of July 3, 1986 (P.L. 388, No. 84) (the "Sunshine Act").

***Publication of E-mail Addresses for Board of Trustees (24 P.S. § 17-1716.1-a)***

Each charter school shall establish and publish on its publicly accessible Internet website an e-mail address for each member of the board of trustees which may be used by members of the public, charter school staff and students to communicate with individual board members regarding matters of charter school governance. Such e-mail addresses shall be published in a location and manner that are easily visible and accessible to the public.

***Establishment of Charter School (24 P.S. § 17-1717-A)***

(a) A charter school may be established by an individual; one or more teachers who will teach at the proposed charter school; parents or guardians of students who will attend the charter school; any nonsectarian college, university or museum located in the Commonwealth; any nonsectarian corporation not-for-profit; as defined in 15 PA.C.S. (relating to corporations and unincorporated associations); any corporation, association, or partnership; or any combination thereof. A charter school may be established by creating a new school or by converting an existing public school or a portion of an existing public school. No charter school shall be established or funded by, and no charter shall be granted to any sectarian school, institution or other entity. No funds allocated or disbursed under the Charter School Law shall be used to directly support instruction pursuant to a home education program.

(b) The conversion of an existing public school or portion of an existing public school to a charter school may be initiated by any individual or entity authorized to establish a charter school under paragraph (a) of this section. In order to convert an existing public school to a charter school, the applicants must show that: (i) more than 50% of the teaching staff in the public school have signed a petition in support of the public school becoming a charter school; and (ii) more than fifty per centum of the parents or guardians of pupils attending that public school have signed a petition in support of the school becoming a charter school. In no event shall the board of school directors serve as the board of trustees of an existing school which is converted to a charter school pursuant to this paragraph.

(c) An application to establish a charter school shall be submitted to the local board of school directors of the district where the charter school will be located by November 15 of the school year preceding the school year in which the charter school will be established.

(d) Within forty-five (45) days of receipt of an application, the local board of school directors in which the proposed charter school is to be located shall hold at least one public hearing on the provisions of the charter application, under the Sunshine Act. At least forty-five (45) days must transpire between the first public hearing and the final decision of the board on the charter application.

(e) (1) Not later than seventy-five (75) days after the first public hearing on the application, the local board of school directors shall grant or deny the application.

(2) A charter school application submitted hereunder shall be evaluated by the local board of school directors based on criteria including, but not limited to, the following: (i) the demonstrated, sustainable support for the charter school plan by teachers, parents, other community members and students, including comments received at the public hearing held under paragraph (d) of this section; (ii) the capability of the charter school applicant, in terms of support and planning, to provide comprehensive learning experiences to students pursuant to the adopted charter; (iii) the extent to which the application considers the information requested in 24 P.S. § 17-1719-A and

conforms to the legislative intent outlined in 24 P.S. § 17-1702-A; and (iv) the extent to which the charter school may serve as a model for other public schools.

(3) The local board of school directors, in the case of an existing school being converted to a charter school, shall establish the alternative arrangements for current students who choose not to attend the charter school.

(4) A charter application shall be deemed approved by the local board of school directors of a school district upon affirmative vote by a majority of all the directors. Formal action approving or denying the application shall be taken by the local board of school directors at a public meeting, with notice or consideration of the application given by the board, under the Sunshine Act.

(5) Written notice of the board's action shall be sent to the applicant, the Pennsylvania Department of Education and the Charter School Appeal Board. If the application is denied, the reasons for the denial, including a description of deficiencies in the application, shall be clearly stated in the notice sent by the local board of school directors to the charter school applicant.

(f) At the option of the charter school applicant, a denied application may be revised and resubmitted to the local board of school directors. The decision of the local board of school directors may be appealed to the Charter School Appeal Board. When an application is revised and resubmitted to the local board of school directors, the board may schedule additional public hearings on the revised application. The board shall consider the revised and resubmitted application at the first board meeting occurring at least forty-five (45) days after receipt of the revised application by the board. The board shall provide notice of consideration of the revised application under the Sunshine Act.

(g) Notwithstanding the provisions of clause (5) of paragraph (e) of this section, failure by the local board of directors to hold a public hearing and to grant or deny the application for a charter school within the time periods specified in paragraphs (d), (e) and (f) of this section shall permit the applicant for a charter to file its application as an appeal to the Charter School Appeal Board. In such case, the Charter School Appeal Board shall review the application and decide to grant or deny a charter based on the criteria established in clause (2) of paragraph (e) of this section.

(h) In the case of a review by the Charter School Appeal Board of an application that is revoked or is not renewed the Charter School Appeal Board shall make its decision based on the criteria established in clause (2) of paragraph (e) of this section. A decision by the Charter School Appeal Board under this paragraph or paragraph (g) of this section to grant, to renew or not to revoke a charter shall serve as a requirement for the local board of directors of a school district or school districts, as appropriate, to sign the written charter of the charter school. Should the local board of directors fail to grant the application and sign the charter within ten (10) days of notice of reversal of the decision of the local board of directors, the charter shall be deemed to be approved and shall be signed by the chairman of the Charter School Appeal Board (as defined in the statute).

(i) (1) The Charter School Appeal Board shall have the exclusive review of an appeal by a charter school applicant, or by the board of trustees of an existing charter school, of a decision made by a local board of directors not to grant a charter as provided in this section.

(2) For a charter school applicant to be eligible to appeal the denial of a charter by the local board of directors, the applicant must obtain the signatures of at least two per centum of the residents of the school district or of one thousand (1,000) residents, whichever is less, who are over eighteen (18) years of age. For a regional charter school, the applicant must obtain the signatures of at least two per centum of the residents of each school district granting the charter or of one thousand (1,000) residents from each of the school districts granting the charter, whichever is less, who are over eighteen (18) years of age. The signatures shall be obtained within sixty (60) days of the denial of the application by the local board of directors in accordance with clause (3) below.

(3) Each person signing a petition to appeal denial of a charter under clause (2) above shall declare that he or she is a resident of the school district which denied the charter application and shall include their printed name; signature; address, including city, borough or township, with street and number, if any; and the date of signing. All pages shall be bound together. Additional pages of the petition shall be numbered consecutively. There



shall be appended to the petition a statement that the local board of directors rejected the petition for a charter school, the names of all applicants for the charter, the date of denial by the board and the proposed location of the charter school. No resident may sign more than one petition relating to the charter school application within the sixty (60) days following denial of the application. The department shall develop a form to be used to petition for an appeal.

(4) Each petition shall have appended thereto the affidavit of some person, not necessarily a signer, setting forth all of the following:

- (i) That the affiant is a resident of the school district referred to in the petition.
- (ii) The affiant's residence, giving city, borough, or township, with street and number, if any.
- (iii) That the signers signed with full knowledge of the purpose of the petition.
- (iv) That the signers' respective residences are correctly stated in the petition.
- (v) That the signers all reside in the school district.
- (vi) That each signer signed on the date set forth opposite the signer's name.
- (vii) That to the best of the affiant's knowledge and belief, the signers are residents of the school district.

(5) If the required number of signatures are obtained within sixty (60) days of the denial of the application, the applicant may present the petition to the court of common pleas of the county in which the charter school would be situated. The court shall hold a hearing only on the sufficiency of the petition. The applicant and local board of school directors shall be given seven (7) days' notice of the hearing. The court shall issue a decree establishing the sufficiency or insufficiency of the petition. If the petition is sufficient, the decree shall be transmitted to the Charter School Appeal Board for review in accordance with this section. Notification of the decree shall be given to the applicant and the local board of directors.

(6) In any appeal, the decision made by the local board of directors shall be reviewed by the Charter School Appeal Board on the record as certified by the local board of directors. The Charter School Appeal Board shall give due consideration to the findings of the local board of directors and specifically articulate its reasons for agreeing or disagreeing with those findings in its written decision. The Charter School Appeal Board shall have the discretion to allow the local board of directors and the charter school applicant to supplement the record if the supplemental information was previously unavailable.

(7) Not later than thirty (30) days after the date of notice of the acceptance of the appeal, the Charter School Appeal Board shall meet to officially review the certified record.

(8) Not later than sixty (60) days following the review conducted pursuant to clause (6) above, the Charter School Appeal Board shall issue a written decision affirming or denying the appeal. If the Charter School Appeal Board has affirmed the decision of the local board of directors, notice shall be provided to both parties.

(9) A decision of the Charter School Appeal Board to reverse the decision of the local board of directors shall serve as a requirement for the local board of directors of a school district or school districts, as appropriate, to grant the application and sign the written charter of the charter school as provided for in section 1720-A. Should the local board of directors fail to grant the application and sign the charter within ten (10) days of notice of the reversal of the decision of the local board of directors, the charter shall be deemed to be approved and shall be signed by the chairman of the Charter School Appeal Board.

(10) All decisions of the Charter School Appeal Board shall be subject to appellate review by the Commonwealth Court.

***Regional Charter School (24 P.S. § 17-1718-A)***

(a) A regional charter school may be established by an individual, one or more teachers who will teach at the proposed charter school; parents or guardians of students who will attend the charter school; any nonsectarian college, university or museum located in the Commonwealth; any nonsectarian corporation not-for-profit; any corporation, association, or partnership; or any combination thereof. A regional charter school may be established by creating a new school or by converting an existing public school or a portion of an existing public school. Conversion of an existing public school to a regional charter school shall be accomplished in accordance with 24 P.S. § 17-1714-A(b). No regional charter school shall be established or funded by, and no charter shall be granted to any sectarian school, institution or other entity.

(b) The boards of school directors of one or more school districts may act jointly to receive and consider an application for a regional charter school, except that any action to approve an application for a charter or to sign a written charter of an applicant shall require an affirmative vote of a majority of all the directors of each of the school districts involved. The applicant shall apply for a charter to the board of directors of any school district in which the charter school will be located.

(c) The provisions of the Charter School Law as they pertain to charter schools and the powers and duties of the local board of school directors of a school district and the Charter School Appeal Board shall apply to regional charter schools, except as provided in paragraphs (a) and (b) of this section or as otherwise clearly stated in the Charter School Law.

***Contents of Application (24 P.S. § 17-1719-A)***

An application to establish a charter school shall include all the following information:

- (1) The identification of the charter applicant.
- (2) The name of the proposed charter school.
- (3) The grade or age levels served by the school.
- (4) The proposed governance structure of the charter school, including a description and method for the appointment or election of members of the board of trustees.
- (5) The mission and education goals of the charter school, the curriculum to be offered and the methods of assessing whether students are meeting educational goals.
- (6) The admission policy and criteria for evaluating the admission of students which shall comply with the requirements of 17-1723-A.
- (7) Procedures which will be used regarding the suspension or expulsion of pupils. Said procedures shall comply with 24 P.S. § 13-1318.
- (8) Information on the manner in which community groups will be involved in the charter school planning process.
- (9) The financial plan for the charter school and the provisions which will be made for auditing the school under 24 P.S. § 4-437.
- (10) Procedures which shall be established to review complaints of parents regarding the operation of the charter school.
- (11) A description of and address of the physical facility in which the charter school will be located and the ownership thereof and any lease arrangements.

(12) Information on the proposed school calendar for the charter school, including the length of the school day and school year consistent with the provisions of 24 P.S. § 15-1502.

(13) The proposed faculty and a professional development plan for the faculty of a charter school.

(14) Whether any agreements have been entered into or plans developed with the local school district regarding participation of the charter school students in extracurricular activities within the school district. Notwithstanding any provision to the contrary, no school district of residence shall prohibit a student of a charter school from participating in any extracurricular activity of that school district of residence: Provided, that the student is able to fulfill all of the requirements of participation in such activity and the charter school does not provide the same extracurricular activity.

(15) A report of criminal history record, pursuant to 24 P.S. § 1-111, for all individuals who shall have direct contact with students.

(16) An official clearance statement regarding child injury or abuse from the Department of Human Services, as required by § 23 Pa.C.S. Ch. 63 Subch. C.2 (relating to background checks for employment in schools) for all individuals who shall have direct contact with students.

(17) How the charter school will provide adequate liability and other appropriate insurance for the charter school, its employees and the board of trustees of the charter school.

***Term and Form of Charter (24 P.S. § 17-1720-A)***

(a) Upon approval of a charter application under 24 P.S. § 17-1717-A, a written charter shall be developed which shall contain the provisions of the charter application and which shall be signed by the local board of school directors of a school district, by the local boards of school directors of a school district in the case of a regional charter school or by the chairman of the Charter School Appeal Board pursuant to 24 P.S. § 17-1717-A(i)(5) and the board of trustees of the charter school. This written charter, when duly signed by the local board of school directors of a school district, or by the local boards of school directors of a school district in the case of a regional charter school, and the charter school's board of trustees, shall act as legal authorization for the establishment of a charter school. This written charter shall be legally binding on both the local board of school directors of a school district and the charter school's board of trustees. Except as otherwise provided in paragraph (b) of this section, the charter shall be for a period of no less than three (3) nor more than five (5) years and may be renewed for five (5) year periods upon reauthorization by the local board of school directors of a school district or the Charter School Appeal Board. A charter will be granted only for a school organized as a public, nonprofit corporation.

(b) Notwithstanding paragraph (a) of this section, a governing board of a school district of the first class may renew a charter for a period of one (1) year if the board of school directors determines that there is insufficient data concerning the charter school's academic performance to adequately assess that performance and determines that an additional year of performance data would yield sufficient data to assist the governing board in its decision whether to renew the charter for a period of five (5) years. A one-year renewal shall not be considered an adjudication and may not be appealed to the Charter School Appeal Board. A governing board of a school district of the first class does not have the authority to renew a charter for successive one (1) year periods.

***Charter School Appeal Board (24 P.S. § 17-1721-A)***

(a) The Charter School Appeal Board shall consist of the Secretary of Education and six (6) members who shall be appointed by the Governor by and with the consent of a majority of all the members of the Senate. Appointments by the Governor shall not occur prior to January 1, 1999. The Governor shall select the chairman of the Charter School Appeal Board to serve at the pleasure of the Governor. The members shall include: (1) a parent of a school-aged child; (2) a school board member; (3) a certified teacher actively employed in a public school; (4) a faculty member or administrative employee of an institution of higher education; (5) a member of the business community; and (6) a member of the Pennsylvania Board of Education. The term of office of members of the Charter School Appeal Board, other than the Secretary, shall be for a period of four (4) years or until a successor is appointed and qualified, except that, of the initial appointees, the Governor shall designate two (2) members to serve terms of two

(2) years, two (2) members to serve terms of three (3) years and two (2) members to serve terms of four (4) years. Any appointment to fill any vacancy shall be for the period of the unexpired term or until a successor is appointed and qualified.

(b) The Charter School Appeal Board shall meet as needed to fulfill the purposes provided in this subsection. A majority of the members of the Charter School Appeal Board shall constitute a quorum, and a majority of the members of the Charter School Appeal Board shall have authority to act upon any matter properly before the Charter School Appeal Board. The Charter School Appeal Board is authorized to establish rules for its operation.

(c) The members shall receive no payment for their services. Members who are not employees of Commonwealth government shall be reimbursed for expenses incurred in the course of their official duties from funds appropriated for the general government operations of the Pennsylvania Department of Education.

(d) The Pennsylvania Department of Education shall provide assistance and staffing for the Charter School Appeal Board. The Governor, through the Governor's General Counsel, shall provide such legal advice and assistance as the Charter School Appeal Board may require.

(e) Meetings of the Charter School Appeal Board shall be conducted under the Sunshine Act and documents of the Charter School Appeal Board shall be subject to the Commonwealth's Right-to-Know Law.

***Facilities (24 P.S. § 17-1722-A)***

(a) A charter school may be located in an existing public school building, in a part of an existing public school building, in space provided on a privately owned site, in a public building or in any other suitable location.

(b) The charter school facility shall be exempt from public school facility regulations except those pertaining to the health or safety of the pupils.

(c) (Repealed.)

(d) Notwithstanding any other provision of this act, a school district of the first class may, in its discretion, permit a charter school to operate its school at more than one location.

(e) (1) All school property, real and personal, owned by any charter school, cyber charter school or an associated nonprofit foundation, or owned by a nonprofit corporation or nonprofit foundation and leased to a charter school, cyber charter school or associated nonprofit foundation at or below fair market value, that is occupied and used by any charter school or cyber charter school for public school, recreation or any other purposes provided for by this act, shall be made exempt from every kind of Commonwealth, county, city, borough, township or other real estate tax, including payments in lieu of taxes established through agreement with the Commonwealth or any local taxing authority, as well as from all costs or expenses for paving, curbing, sidewalks, sewers or other municipal improvements, provided, that any charter school or cyber charter school or owner of property leased to a charter school or cyber charter school may make a municipal improvement in a street on which its school property abuts or may contribute a sum toward the cost of the improvement.

(2) Any agreement entered into by a charter school, cyber charter school or associated nonprofit foundation with the Commonwealth or a local taxing authority for payments in lieu of taxes prior to December 31, 2009, shall be null and void.

(3) This subsection shall apply retroactively to all charter schools, cyber charter schools and associated nonprofit foundations that filed an appeal from an assessment, as provided in Article V of The General County Assessment Law of the Commonwealth, prior to the effective date of this subsection.\*

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\* See *Friends of Pennsylvania Leadership Charter Sch. v. Chester Cnty. Bd. of Assessment Appeals*, 627 Pa. 446, 101 A.3d 66 (2014) (holding that Section 1722-A(e)(3) of the Pennsylvania Public School Code violates the Pennsylvania

(4) For purposes of this subsection, “local taxing authority” shall include, but not be limited to, a county, city, borough, incorporated town, township, or school district.

***Enrollment (24 P.S. § 17-1723-A)***

(a) All resident children in this Commonwealth qualify for admission to a charter school within the provisions of paragraph (b) of this section. If more students apply to the charter school than the number of attendance slots available in the school, then students must be selected on a random basis from a pool of qualified applicants meeting the established eligibility criteria and submitting an application by the deadline established by the charter school, except that the charter school may give preference in enrollment to a child of a parent who has actively participated in the development of the charter school and to siblings of students presently enrolled in the charter school. First preference shall be given to students who reside in the district or districts.

(b) (1) A charter school shall not discriminate in its admission policies or practices on the basis of intellectual ability, except as provided in clause (2) below, or athletic ability, measures of achievement or aptitude, status as a person with a disability, proficiency in the English language or any other basis that would be illegal if used by a school district.

(2) A charter school may limit admission to a particular grade level, a targeted population group composed of at-risk students, or areas of concentration of the school such as mathematics, science or the arts. A charter school may establish reasonable criteria to evaluate prospective students which shall be outlined in the school’s charter.

(c) If available classroom space permits, a charter school may enroll nonresident students on a space-available basis, and the student’s district of residence shall permit the student to attend the charter school.

(d) (1) Enrollment of students in a charter school or cyber charter school shall not be subject to a cap or otherwise limited by any past or future action of a board of school directors, a board of control, a special board of control or any other governing authority, unless agreed to by the charter school or cyber charter school as part of a written charter pursuant to 24 P.S. § 17-1720-A.

(2) The provisions of this paragraph shall apply to a charter school or cyber charter school regardless of whether the charter was approved prior to or is approved subsequent to the effective date of this paragraph.

***School Staff (24 P.S. § 17-1724-A)***

(a) The board of trustees shall determine the level of compensation and all terms and conditions of employment of the staff except as may otherwise be provided herein. At least seventy-five per centum of the professional staff members of a charter school shall hold appropriate Commonwealth certification. Employees of a charter school may organize under the Pennsylvania Public Employe Relations Act. The board of trustees of a charter school shall be considered an employer. Upon formation of one or more collective bargaining units at the school, the board of trustees shall bargain with the employees based on the provisions of the Charter School Law, Article XI-A and the Pennsylvania Public Employe Relations Act. Collective bargaining units at a charter school shall be separate from any collective bargaining unit of the school district in which the charter school is located and shall be separate from any other collective bargaining unit. A charter school shall be considered a school entity for the purpose of the Secretary seeking an injunction requiring the charter school to meet the minimum requirements for instruction as provided for herein.

(b) Each charter application shall list the general qualifications needed to staff any noncertified positions. Professional employees who do not hold appropriate Pennsylvania certification must present evidence that they: meet the qualifications in the applicable provisions of the School Code; and have demonstrated satisfactorily a combination of experience, achievement and qualifications as defined in the charter school application in basic skills,

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Constitution as the real estate tax exemption violates the separation of powers doctrine). No changes have been made to the statute.

general knowledge, professional knowledge and practice and subject matter knowledge in the subject area where an individual will teach.

(c) All employees of a charter school shall be enrolled in the Public School Employees' Retirement System in the same manner as set forth in 24 Pa.C.S. § 8301(a) (relating to mandatory and optional membership) unless at the time of the application for the charter school the sponsoring district or the board of trustees of the charter school has a retirement program which covers the employees or the employee is currently enrolled in another retirement program. The charter school shall be considered a public school as defined in 24 Pa.C.S. § 8102 (relating to definitions) and shall make quarterly payments by employers to the Public School Employees' Retirement System and monthly payments on account of Social Security as established under 24 Pa.C.S. Pt. IV (relating to retirement for school employees). Except as otherwise provided, employees of a charter school shall make regular member contributions as required for active members under 24 Pa.C.S. Pt. IV. If the employees of the charter school participate in another retirement plan, then those employees shall have no concurrent claim on the benefits provided to public school employees under 24 Pa.C.S. Pt. IV. Notwithstanding any other provision of law to the contrary, nothing in the Charter School Law shall be construed to require the Commonwealth to make payments to charter schools or contributions on behalf of charter school employees from appropriated funds on account of charter school employees enrolled in the Public School Employees' Retirement System and on account of Social Security payments made by a charter school.

(d) Every employee of a charter school shall be provided the same health care benefits as the employee would be provided if he or she were an employee of the local district. The local board of school directors may require the charter school to provide the same terms and conditions with regard to health insurance as the collective bargaining agreement of the school district to include employee contributions to the district's health benefits plan. The charter school shall make any required employer's contribution to the district's health plan to an insurer, a local board of school directors or a contractual representative of school employees, whichever is appropriate to provide the required coverage.

(e) Any public school employee of a school entity may request a leave of absence for up to five (5) years in order to work in a charter school located in the district of employment or in a regional charter school in which the employing school district is a participant. Approval for a leave shall not be unreasonably withheld.

(f) Temporary professional employees on leave from a school district may accrue tenure in the non-charter public school system at the discretion of the local board of school directors, the same as they would under 24 P.S. § 11-1101 et seq. if they had continued to be employed by that district. Professional employees on leave from a school district shall retain their tenure rights, as defined in Article XI, in the school entity from which they came. No temporary professional employee or professional employee shall have tenure rights as against a charter school. Both temporary professional employees and professional employees shall continue to accrue seniority in the school entity from which they came if they return to that school entity when the leave ends.

(g) Professional employees who hold a first level teaching or administrative certificate may, at their option, have the time completed in satisfactory service in a charter school applied to the length of service requirements for the next level of certification.

(h) (1) Any temporary professional employee or professional employee who leaves employment at a charter school shall have the right to return to a comparable position for which the person is properly certified in the school entity which granted the leave of absence. In the case where a teacher has been dismissed by the charter school, the school entity which granted the leave of absence is to be provided by the charter school with the reasons for such dismissal at the time it occurs, a list of any witnesses who were relied on by the charter school in moving for dismissal, a description of and access to any physical evidence used by the charter school in moving for dismissal and a copy of any record developed at any dismissal proceeding conducted by the charter school. The record of any such hearing may be admissible in a hearing before the school entity which granted the leave of absence. Nothing in this paragraph shall affect the authority of the board of school directors to initiate proceedings under Article XI if the board determines that occurrences at the charter school leading to dismissal of a teacher constitute adequate and independent grounds for discipline under section 1122.

(2) No temporary employee or professional employee who is leaving employment at a charter school shall be returned to a position in the public school district which granted their leave of absence, until such public school district is in receipt of a current criminal history record under section 111 and the official clearance statement regarding child injury or abuse from the Department of Human Services as required by 23 Pa.C.S. Ch. 63 Subch. C.2 (relating to background checks for employment in schools).

(i) All individuals who shall have direct contact with students shall be required to submit a report of criminal history record information as provided for in section 111 prior to accepting a position with the charter school. This subsection shall also apply to any individual who volunteers to work on a full-time or part-time basis at the charter school.

(j) All applicants for a position as a school employee shall be required to submit the official clearance statement regarding child injury or abuse from the Department of Human Services as required by 23 Pa.C.S. Ch. 63 Subch. C.2. This section shall also apply to any individual who volunteers to work on a full-time or part-time basis at a charter school.

***Funding for Charter Schools (24 P.S. § 17-1725-A)***

(a) Funding for a charter school shall be provided in the following manner:

(1) There shall be no tuition charge for a resident or nonresident student attending a charter school.

(2) For non-special education students, the charter school shall receive for each student enrolled no less than the budgeted total expenditure per average daily membership of the prior school year, minus the budgeted expenditures of the district of residence for nonpublic school programs; adult education programs; community/junior college programs; student transportation services; for special education programs; facilities acquisition, construction and improvement services; and other financing uses, including debt service and fund transfers as provided in the Manual of Accounting and Related Financial Procedures for Pennsylvania School Systems established by the Pennsylvania Department of Education. This amount shall be paid by the district of residence of each student.

(3) For special education students, the charter school shall receive for each student enrolled the same funding as for each non-special education student as provided in clause (2) above, plus an additional amount determined by dividing the district of residence's total special education expenditure by the product of multiplying the combined percentage calculated pursuant to 24 P.S. §25-2509.5(k) times the district of residence's total average daily membership for the prior school year. This amount shall be paid by the district of residence of each student.

(4) A charter school may request the intermediate unit in which the charter school is located to provide services to assist the charter school to address the specific needs of exceptional students. The intermediate unit shall assist the charter school and bill the charter school for the services. The intermediate unit may not charge the charter school more for any service than it charges the constituent districts of the intermediate unit.

(5) Payments shall be made to the charter school in twelve (12) equal monthly payments, by the fifth day of each month, within the operating school year. A student enrolled in a charter school shall be included in the average daily membership of the student's district of residence for the purpose of providing basic education funding payments and special education funding pursuant to 24 P.S. Art. XXV. If a school district fails to make a payment to a charter school as prescribed in this clause, the Secretary shall deduct the estimated amount, as documented by the charter school, from any and all Commonwealth payments made to the district after receipt of documentation from the charter school. No later than October 1 of each year, a charter school shall submit to the school district of residence of each student final documentation of payment to be made based on the average daily membership for the students enrolled in the charter school from the school district for the previous school year. If a school district fails to make payment to the charter school, the secretary shall deduct and pay the amount as documented by the charter school from any and all State payments made to the district after receipt of documentation from the charter school from the appropriations for the fiscal year in which the final documentation of payment was submitted to the school district of residence.

(6) Within thirty (30) days after the Secretary makes the deduction described in clause (5) above, a school district may notify the Secretary that the deduction made from Commonwealth payments to the district under this paragraph is inaccurate. The Secretary shall provide the school district with an opportunity to be heard concerning whether the charter school documented that its students were enrolled in the charter school, the period of time during which each student was enrolled, the school district of residence of each student and whether the amounts deducted from the school district were accurate.

(7) Beginning November 1, 2024, and each year thereafter, each school district shall report the per-student amount to be paid and the component financial data used to calculate the per-student amount to be paid in clauses (2) and (3) and section 1725.1-A4 for the current school year in a manner and form prescribed by the department. Any subsequent revision to the information reported under this clause shall be reported to the department within fifteen (15) days of the revision. The department shall post the information received under this clause within thirty (30) days of receipt in an electronic format on the department's publicly accessible Internet website.

(b) The Commonwealth shall provide temporary financial assistance to a school district due to the enrollment of students in a charter school who attended a nonpublic school in the prior school year in order to offset the additional costs directly related to the enrollment of those students in a public charter school. The Commonwealth shall pay the school district of residence of a student enrolled in a nonpublic school in the prior school year who is attending a charter school an amount equal to the school district of residence's basic education subsidy for the current school year divided by the district's average daily membership for the prior school year. This payment shall occur only for the first year of the attendance of the student in a charter school, starting with school year 1997-1998. Total payments of temporary financial assistance to school districts on behalf of a student enrolling in a charter school who attended a nonpublic school in the prior school year shall be limited to funds appropriated for this program in a fiscal year. If the total of the amount needed for all students enrolled in a nonpublic school in the prior school year who enroll in a charter school exceeds the appropriation for the temporary financial assistance program, the amount paid to a school district for each qualifying student shall be pro rata reduced. Receipt of funds under this paragraph shall not preclude a school district from applying for a grant under paragraph (c) below.

(c) The Commonwealth shall create a grant program to provide temporary transitional funding to a school district due to the budgetary impact relating to any student's first-year attendance at a charter school. The Pennsylvania Department of Education shall develop criteria which shall include, but not be limited to, the overall fiscal impact on the budget of the school district resulting from students of a school district attending a charter school. The criteria shall be published in the Pennsylvania Bulletin. This subsection shall not apply to a public school converted to a charter school under 24 P.S. § 17-1717-A(b). Grants shall be limited to funds appropriated for this purpose.

(d) It shall be lawful for any charter school to receive, hold, manage, and use, absolutely or in trust, any devise, bequest, grant, endowment, gift or donation of any property, real or personal and/or mixed, which shall be made to the charter school for any of the purposes of the Charter School Law.

(e) It shall be unlawful for any trustee of a charter school or any board of trustees of a charter school or any other person affiliated in any way with a charter school to demand or request, directly or indirectly, any gift, donation or contribution of any kind from any parent, teacher, employee or any other person affiliated with the charter school as a condition for employment or enrollment and/or continued attendance of any pupil. Any donation, gift, or contribution received by a charter school shall be given freely and voluntarily.

***Transportation (24 P.S. § 17-1726-A)***

(a) Students who attend a charter school located in their school district of residence, a regional charter school of which the school district is a part or a charter school located outside district boundaries at a distance not exceeding ten (10) miles by the nearest public highway shall be provided free transportation to the charter school by their school district of residence on such dates and periods that the charter school is in regular session whether or not transportation is provided on such dates and periods to students attending schools of the district. Transportation is not required for elementary students, including kindergarten students, residing within one and one-half (1.5) miles or for secondary students residing within two (2) miles of the nearest public highway from the charter school in which the students are enrolled unless the road or traffic conditions are such that walking constitutes a hazard to the safety of



the students when so certified by the Department of Transportation, except that if the school district provides transportation to the public schools of the school district for elementary students, including kindergarten students, residing within one and one-half (1.5) miles or for secondary students residing within two (2) miles of the nearest public highway under nonhazardous conditions, transportation shall also be provided to charter schools under the same conditions. Districts providing transportation to a charter school outside the district and, for the 2007-08 school year and each school year thereafter, districts providing transportation to a charter school within the district shall be eligible for payments for each public school student transported.

(a.1) In addition to any other requirements in this section, school districts of the first class shall provide transportation to students who attend a charter school if they are the same age or are enrolled in the same grade, grades or their grade equivalents as any of the students of the school district for whom transportation is provided under any program or policy to the schools of the school district.

(b) In the event that the Secretary of Education determines that a school district is not providing the required transportation to students to the charter school, the Department of Education shall pay directly to the charter school funds for costs incurred in the transportation of its students. Payments to a charter school shall be determined in the following manner: for each eligible student transported, the charter school shall receive a payment equal to the total expenditures for transportation of the school district divided by the total number of school students transported by the school district under any program or policy.

(c) The Pennsylvania Department of Education shall deduct the amount paid to the charter school under paragraph (b) of this section from any and all payments made to the district.

(d) A school district of the first class shall submit a copy of its current transportation policy to the Pennsylvania Department of Education no later than August 1 of each year.

***Tort Liability (24 P.S. § 17-1727-A)***

For purposes of tort liability, employees of the charter school shall be considered public employees, and the board of trustees shall be considered the public employer in the same manner as political subdivisions and local agencies. The board of trustees of a charter school and the charter school shall be solely liable for any and all damages of any kind resulting from any legal challenge involving the operation of a charter school. Notwithstanding this requirement, the local board of directors of a school entity shall not be held liable for any activity or operation related to the program of the charter school.

***Annual Reports and Assessments (24 P.S. § 17-1728-A)***

(a) The local board of school directors shall annually assess whether each charter school is meeting the goals of its charter and shall conduct a comprehensive review prior to granting a five (5) year renewal of the charter. The local board of school directors shall have ongoing access to the records and facilities of the charter school to ensure that the charter school is in compliance with its charter and this act and that requirements for testing, civil rights and student health and safety are being met.

(b) In order to facilitate the local board's review and Secretary's report, each charter school shall submit an annual report no later than August 1 of each year to the local board of school directors and the Secretary in the form prescribed by the Secretary.

***Causes for Nonrenewal or Termination (24 P.S. § 17-1729-A)***

(a) During the term of the charter or at the end of the term of the charter, the local board of school directors may choose to revoke or not to renew the charter based on any of the following:

(1) One or more material violations of any of the conditions, standards, or procedures contained in the written charter.

(2) Failure to meet the requirements for student performance set forth in the Pennsylvania Code relating to curriculum or subsequent regulations promulgated to replace such requirements or failure to meet any performance standard set forth in the written charter.

(3) Failure to meet generally accepted standards of fiscal management or audit requirements.

(4) Violation of provisions of this section.

(5) Violation of any provision of law from which the charter school has not been exempted, including Federal laws and regulations governing children with disabilities.

(6) The charter school has been convicted of fraud.

(a.1) When a charter school located in a school district of the first class is in corrective action status and seeks renewal of its charter, if the governing body of the school district of the first class renews the charter, it may place specific conditions in the charter that require the charter school to meet specific student performance targets within stated periods of time subject to the following: (i) the performance targets and the periods of time in which the performance targets must be met shall be reasonable; (ii) the placement of conditions in a charter as specified in this subsection shall not be considered an adjudication and may not be appealed to the Charter School Appeal Board; and (iii) if the charter school fails to meet the performance targets within the stated period of time, such failure shall be sufficient cause for revocation of the charter.

(b) A member of the board of trustees who is convicted of a felony or any crime involving moral turpitude shall be immediately disqualified from serving on the board of trustees.

(c) Any notice of revocation or nonrenewal of a charter given by the local board of school directors of a school district shall state the grounds for such action with reasonable specificity and give reasonable notice to the governing board of the charter school of the date on which a public hearing concerning the revocation or nonrenewal will be held. The local board of school directors shall conduct such hearing, present evidence in support of the grounds for revocation or nonrenewal stated in its notice and give the charter school reasonable opportunity to offer testimony before taking final action. Formal action revoking or not renewing a charter shall be taken by the local board of school directors at a public meeting pursuant to the Sunshine Act, after the public has had thirty (30) days to provide comments to the board. All proceedings of the local board pursuant to this paragraph shall be subject to 2 Pa.C.S. Ch. 5 Subch. B (relating to practice and procedure of local agencies). Except as provided in paragraph (d) of this section, the decision of the local board shall not be subject to 2 Pa.C.S. Ch. 7 Subch. B (relating to judicial review of local agency action).

(d) The charter school may appeal the decision of the local board of school directors to revoke or not renew the charter to the Charter School Appeal Board. The Charter School Appeal Board shall have the exclusive review of a decision not to renew or revoke a charter. The Charter School Appeal Board shall review the record and shall have the discretion to supplement the record if the supplemental information was previously unavailable. The Charter School Appeal Board may consider the charter school plan, annual reports, student performance and employee and community support for the charter school in addition to the record. The Charter School Appeal Board shall give due consideration to the findings of the local board of directors and specifically articulate its reasons for agreeing or disagreeing with those findings in its written decision.

(e) If the Charter School Appeal Board determines that the charter should not be revoked or should be renewed, the Charter School Appeal Board shall order the local board of directors to rescind its revocation or nonrenewal decision.

(f) Except as provided in paragraph (g) of this section, the charter shall remain in effect until final disposition by the Charter School Appeal Board.

(g) In cases where the health or safety of the school's pupils, staff or both is at serious risk, the local board of school directors may take immediate action to revoke a charter.

(h) All decisions of the Charter School Appeal Board shall be subject to appellate review by the Commonwealth Court.

(i) When a charter is revoked, not renewed, forfeited, surrendered, or otherwise ceases to operate, the charter school shall be dissolved. After the disposition of any liabilities and obligations of the charter school, any remaining assets of the charter school, both real and personal, shall be distributed on a proportional basis to the school entities with students enrolled in the charter school for the last full or partial school year of the charter school. In no event shall such school entities or the Commonwealth be liable for any outstanding liabilities or obligations of the charter school.

(j) When a charter is revoked or is not renewed, a student who attended the charter school shall apply to another public school in the student's school district of residence. Normal application deadlines will be disregarded under these circumstances. All student records maintained by the charter school shall be forwarded to the student's district of residence.

***Provisions Applicable to Charter Schools (24 P.S. § 17-1732-A)***

(a) Charter schools shall be subject to the following:

(1) Sections 108, 110, 111, 321, 325, 326, 327, 431, 436, 443, 510, 518, 527, 708, 736, 737, 738, 739, 740, 741, 752, 753, 755, 771, 776, 777, 808, 809, 810, 1109, 1111, 1112(a), 1301, 1310, 1317, 1317.1, 1317.2, 1318, 1326, 1327, 1327.2, 1329, 1330, 1332, 1333, 1333.1, 1333.2, 1333.3, 1303-A, 1513, 1517, 1518, 1521, 1523, 1531, 1547, 2014-A, Article XIII-A and Article XIV.1

Act of July 17, 1961 (P.L. 776, No. 341),<sup>2</sup> known as the "Pennsylvania Fair Educational Opportunities Act."

Act of July 19, 1965 (P.L. 215, No. 116),<sup>3</sup> entitled "An act providing for the use of eye protective devices by persons engaged in hazardous activities or exposed to known dangers in schools, colleges and universities."

Section 4 of the act of January 25, 1966 (1965 P.L. 1546, No. 541),<sup>4</sup> entitled "An act providing scholarships and providing funds to secure Federal funds for qualified students of the Commonwealth of Pennsylvania who need financial assistance to attend postsecondary institutions of higher learning, making an appropriation, and providing for the administration of this act."

Act of July 12, 1972 (P.L. 765, No. 181),<sup>5</sup> entitled "An act relating to drugs and alcohol and their abuse, providing for projects and programs and grants to educational agencies, other public or private agencies, institutions or organizations."

Act of December 15, 1986 (P.L. 1595, No. 175),<sup>6</sup> known as the "Antihazing Law."

(b) Charter schools shall be subject to the following provisions of 22 Pa. Code:

Section 5.216 (relating to ESOL).

Section 5.4 (relating to general policies).<sup>8</sup>

Chapter 11 (relating to pupil attendance).

Chapter 12 (relating to students).

Section 32.3 (relating to assurances).

Section 121.3 (relating to discrimination prohibited).

Section 235.4 (relating to practices).

Section 235.8 (relating to civil rights).

Chapter 711 (relating to charter school services and programs for children with disabilities).

(c)(1) The secretary may promulgate additional regulations relating to charter schools.

(2) The secretary shall have the authority and the responsibility to ensure that charter schools comply with Federal laws and regulations governing children with disabilities. The secretary shall promulgate regulations to implement this provision.

***Omnibus School Code and Fiscal Code Bill***

On July 13, 2016, the Omnibus School Code and Fiscal Code Bills (the “2016 Bills”) were enacted into law. The provisions of the two bills provide (in pertinent part) as follows.

- No later than October 1 of each year, a charter school shall submit to the school district of residence of each student final documentation of payment to be made based on the average daily membership for the students enrolled in the charter school from the school district for the previous school year. If a school district fails to make payment to the charter school, the Secretary shall deduct and pay the amount as documented by the charter school from any and all state payments made to the district after receipt of documentation-from the charter school from the appropriations for the fiscal year in which the final documentation of payment was submitted to the school district of residence.
- 2016 Bills removed any requirement for the Commonwealth to make payments to charter schools for contributions to retirement and social security payments.
- PDE is required to post annual financial information related to public school entities on its website. The 2016 Bills require the following information to be posted related to each school entity: (a) financial information, including (1) total expenditures by category, (2) per student expenditures, (3) charter school tuition rates, (4) average daily membership, (5) the market value/personal income aid ratio, (6) average teacher salary, (7) total revenue by source and (8) general fund balance; (b) the most recent copies of a summary of financial report data, a non-administrative staff compensation report and an administrative staff compensation report; (c) a link to the school’s website, where available; and (d) a statement instructing the public to contact the public school entity for access to any union contract. The information must be posted on the applicable entity’s School Performance Profile. No public school entity will be required to provide any additional information not specifically required as of the effective date of the legislation, and no public school entity shall be required to provide additional information beyond the information required to be provided by any other public school entity.
- Also implemented is the Special Education Funding Commission’s recommended formula currently contained in the Fiscal Code, which considers a weighted student count based on student costs, wealth, tax effort and sparsity/size.
- The 2016 Bills provide that one percent of the special education funding appropriation be set aside for the contingency fund to be used for extraordinary expenses.
- Any unspent funds from the appropriation for approved private schools that are returned after the annual audit is submitted is to be redistributed to the schools that have exhausted their state allocation to allow for the education of additional students.
- The 2016 Bills require (i) Social Security payments to be made on a quarterly basis, (ii) employers to submit a report to PDE documenting all wages for which payments are calculated on the 20<sup>th</sup> day

of the month following the end of the applicable quarter, and (iii) PDE to make payment on the fourth Tuesday of the month following the end of the applicable quarter.

- A program is established within PDE to award planning grants of up to \$50,000 and implementation grants of up to \$250,000 to school districts, intermediate units, area vocational-technical schools and charter schools to provide hybrid learning programs that blend digital resources with classroom teaching. School entities that wish to work together may submit a joint application. School entities that are awarded grants must provide a cash or in-kind local match of money of at least 25% of the total project cost and agree to share lessons with other grantees. The grants cannot be counted as expenditures when calculating a school district's charter school payment amount. At least 15% of the funds appropriated for the program must be used to support schools in the lowest 5% based on academic performance.
- The 2016 Bills clarify the method used to determine the aid ratio and market value/income aid ratio for charter schools and cyber charter schools. For a charter school, the aid ratio and market value/income aid ratio is the same as for the district that granted the charter. For a regional charter school, it will be a composite, as determined by PDE, based on the districts that granted the charter. For a cyber charter school, it will be that of the school district in which the administrative office of the cyber school is located.
- PDE is allowed to use up to \$4.5 million in undistributed funds to assist school districts in financial distress or identified for financial watch status.
- Reenacted in the School Code are the Education Improvement Tax Credit ("EITC") and Opportunity Scholarship Tax Credit ("OSTC") (currently in the Tax Reform Code). The 2016 Bills also increase the EITC tax credit from \$100 million to \$125 million and provides for the first \$10 million in tax credits available for reallocation to be set aside initially for pre-kindergarten scholarship organizations. The Department of Community and Economic Development is required to give written notice of reallocation application approvals to businesses within 30 days of receiving an application. The application date for a preferred tax credit is the same date as an alternative tax credit when the preferred credit is not available.

On June 30, 2021, Governor Wolf signed into law the Omnibus Fiscal Bill ("Act 24"). Act 24 included the largest education funding increase in Pennsylvania history of approximately \$416 million. Noteworthy effects from Act 24 are as follows.

- The "Level Up" funding proposal provided a \$100 million equity supplement to the 100 poorest school districts in Pennsylvania. "Level Up" is designed to close the funding gap between the Commonwealth's wealthiest and poorest school districts, and to help underserved students in those urban, suburban and rural districts that have been struggling with years of underfunding from the state.
- Language that continued to eliminate the charter school "double dip" for pension and social security. Under Pennsylvania law, charter schools are to receive payments from local school districts to pay charter school pension costs and also an additional reimbursement from the Commonwealth. Such payments equal an amount greater than 100% of such charter school pension costs. Act 24 continues to eliminate the appropriation of the additional reimbursement from the Commonwealth.
- Language that outlined the appropriate formula used to determine each school district's allotment of Federal ARP dollars and provides that the grant money is to be used to implement evidence-based interventions to address learning loss, provide summer enrichment programs, and provide comprehensive after-school programs in response to the academic, social, emotional, and mental needs of students impacted by COVID-19.

## **Proposed State Legislation on Charter Schools**

A variety of legislation had previously been introduced in the Pennsylvania General Assembly that, if enacted, would have impacted charter schools. Such legislation has included provisions which would: (1) convert the existing Charter Appeals Board to a statewide authorizing and appeals entity titled the State Charter Schools Entity Board (the “State Board”) to oversee charter schools, including the power to grant new charters and permit existing charter schools to petition to transfer their charter from their current school district to the State Board; (2) establish a Charter School Entities Funding Advisory Committee to conduct a comprehensive review of charter school funding and make recommendations regarding funding formulas and reimbursement procedures for charter schools; (3) provide for direct payment of funding from the PDE, with an option for a charter school to opt out; (4) extend the term of new charters from the current three years to a required five year term and renewals from charters from at least five to potentially ten years for those charter schools that satisfy the academy quality benchmarks established by the State Board; (5) put additional ethical restrictions on members of a charter school’s board and its administration, including restrictions on outside business relationships with the charter school or with other charter schools; (6) impose certain restrictions with respect to management, operating or educational service contracts; (7) prohibit enrollment caps; (8) limit unrestricted, unreserved fund balances at charter schools to 8% to 12% of budgeted expenditures, depending on budget size, with any excess to be refunded to the applicable school districts; (9) require charter schools that elect to issue debt to provide sufficient funds in escrow, and impose penalty for failure of charter schools to pay any indebtedness at the time payment is due; (10) allow charter schools to enter into concurrent enrollment agreements with institutions of higher education; (11) allow a governing body of a higher education institution to authorize and operate a charter school; (12) permanently reduce Commonwealth contribution on behalf of charter school employees enrolled in the Public School Employee’s Retirement System by 50%; (13) reduce the amount to be paid by a school district for each student enrolled in a cyber-charter school by 5%; (14) exclude 30% of employer’s share of retirement contributions from the calculation of charter school entity funding in determining per pupil payments; (15) permit charter schools to unilaterally amend the terms of their charter; (16) allow the PDE the power to grant new charters; (17) permit charter schools in the City of Philadelphia to ignore the authority of the School Reform Commission; (18) require that at least one parent serve on the charter school’s board; (19) require greater transparency with regard to education management service providers; (20) remove the ability of the School District of Philadelphia (the “SDP”) to grant one-year charters, give charter school the right of first refusal to buy school district buildings no longer in active use, and add deductions for school district revenues that come from grants, contributions or donations prior to calculating the charter tuition rate; (21) provide for each charter school to conduct an annual independent audit; (22) permit two or more charter schools to share one board and create a multiple charter school organization; (23) require the PDE to create a new performance matrix for all charter schools; (24) prevent charter schools from being paid twice for the same employee pension costs; (25) require an annual reconciliation, where charter schools will refund money to their sending school districts if the charter school’s audited expenditures are less than its revenue; (26) require all new charter school teachers to possess appropriate state certifications; and (27) mandatory training for a charter school’s board members.

The proposals referenced above did not receive enough support in the Legislature prior to the end of the current legislative session and therefore have not been enacted into law to date. New legislation would have to be introduced in a legislative session in order to be considered for passage.

## **Litigation with Potential Impact on Charter Schools**

Charter schools, school districts, and the Commonwealth file or engage in litigation, the outcome of which may have a negative state-wide effect on charter schools in the Commonwealth. Such litigation includes, but is not limited to the following:

*First Philadelphia Preparatory Charter School et al. v. School District of Philadelphia et al.*, filed March 29, 2017, in the Philadelphia Court of Common Pleas.

On March 29, 2017, seven schools (the “Plaintiffs”) chartered by SDP filed a Class Action Complaint (the “Complaint”) against the SDP and the SRC. The schools filed on behalf of themselves and other similarly situated Philadelphia charter schools including “all charter schools operating during the 2016-17 school year under charters authorized by the [SRC].” The Complaint alleges that SDP’s recalculation of per pupil funding rates based upon actual expenditures (rather than budgeted expenditures) and imposition of those rates upon its charter schools violates the

plain language of the Charter School Law. The Plaintiffs seek declaratory, injunctive and mandamus relief against the SDP and SRC.

The basis of the Complaint lies in Section 1725-A(a) of the Charter School Law. See “— Funding for Charter Schools” above. Clause (a)(2) of this section states that “For non-special education students, the charter school shall receive for each student enrolled no less than the budgeted total expenditure per average daily membership of the prior school year, as defined in section 2501(20), minus the budgeted expenditures of the district of residence....” (emphasis added) and clause (a)(3) provides that for special education students, “the charter school shall receive for each student enrolled the same funding as for each non-special education student as provided in clause (2), plus an additional amount....” (emphasis added).

In 2012 PDE, issued guidance to school districts whereby it instructed them to first calculate preliminary per pupil funding rates based upon budgeted expenditures (by no later than July 31 of the fiscal year for which the funding rates applied) and then to revise those funding rates throughout the year to reflect actual (rather than budgeted) expenditures. PDE further noted it would calculate each school district’s per pupil funding rates using final, approved data reported on a school district’s annual financial report with such revised rates to be posted on PDE’s website. It has done so since approximately 2012, sometimes to the benefit and sometimes to the detriment of charter schools, depending upon a particular district’s funding adjustment.

The Plaintiffs allege that Section 1725-A(a) of the Charter School Law has been misinterpreted and misapplied. The Complaint seeks an Order declaring that 1725-A(a), among other things, prohibits the calculation by SDP of charter school per pupil subsidy rates based upon actual expenditures of the prior school year rather than budgeted expenditures for the prior school year, where budgeted expenditures for that school year exceed actual expenditures.

On April 3, 2017, the Court of Common Pleas for Philadelphia County dismissed the Plaintiffs’ Emergency Motion for Preliminary Injunction due to a lack of jurisdiction ruling that the PDE is an indispensable party. The Court dismissed the Motion without Prejudice, allowing the Plaintiffs to file in the Commonwealth Court.

On April 19, 2017, the Plaintiffs both withdrew their remaining actions in Common Pleas Court and filed similar actions, as petitioners, against the SDP, the SRC, the PDE, the Governor of Pennsylvania, and the General Assembly (“Respondents”) in Commonwealth Court. In its Commonwealth Court filing, Plaintiffs not only allege that SDP misinterpreted and misapplied Section 1725-A(a) of the Charter School Law, but that PDE did so as well in the issuance of its 2012 363 Guidelines (the “Guidelines”) and its annual publishing of revised rates. Plaintiffs renewed their Motion for Preliminary Injunction in Commonwealth Court to prevent the SDP from revising its rates in the middle of the school year and force it to continue paying subsidies based on budgeted expenditures while this litigation is pending. Certain Respondents filed a response to Plaintiffs’ Motion on April 24, 2017, arguing that Plaintiffs have not yet exhausted their administrative remedies by filing for redirection, and that preliminary injunction is not proper. A hearing on the Plaintiff’s Motion for Preliminary Injunction was conducted on July 11, 2017 and on July 19, 2017 the Commonwealth Court granted the Plaintiffs’ motion for preliminary injunction, in part, as to the payment scheduled to be made on August 5, 2017, and as to any future payments until further order of the Commonwealth Court. *First Philadelphia Preparatory Charter Sch. v. Commonwealth, Dep’t of Educ.*, No. 159 M.D. 2017, 2017 WL 3048624, at \*4 (Pa. Commw. Ct. July 19, 2017).

While the SDP’s recalculation resulted in lower per pupil funding rates in 2016-17, the net change varies from year to year and district to district and is impossible to predict. The result of this litigation could impact whether charter schools will need to budget for variability (positive or negative) in their per pupil funding rates in the middle of a school year or whether a charter can plan for the same per pupil funding rates for a 12-month period.

Argument before the Commonwealth Court occurred on October 19, 2017. On February 22, 2018 the Commonwealth Court issued an Opinion stating that the Guidelines are in derogation of the plain language of the Charter School Law, and thus are “*per se* invalid . . .” *First Philadelphia Preparatory Charter Sch. v. Commonwealth, Dep’t of Educ.*, No. 159 M.D. 2017, 2017 WL 3048624, at \*12 (Pa. Commw. Ct. February 22, 2018).

Accordingly, on March 16, 2018, the PDE issued a statement providing notice that the PDE was, effective immediately, rescinding the July 2012 version and all prior versions of the Guidelines. Such notice further indicated

that: (i) beginning with the 2018-19 school year, PDE will no longer receive completed PDE-363 forms from school districts or post charter school funding rates on its website, (ii) PDE will not calculate each school district's charter school funding rates using AFR and ADM information and, instead, each school district should calculate its own nonspecial education and special education charter school funding rates pursuant to the direction in section 1725-A(a)(2) and (3) of the Charter School Law and make that information available to charter schools as necessary to explain the amounts paid throughout the school year, and (iii) any disputes concerning the amounts paid by a school district to a charter school should be resolved pursuant to the procedures in section 1725-A(a)(5) and (6) of the Charter School Law.

In response to the *First Philadelphia* decision, on April 19, 2018, the PDE issued a guidance stating that schools requesting redirection of funds must continue to submit PDE-363 forms calculating charter school funding rates in doing so. The PDE made a revised PDE-363 form available on its website and confirmed that requesting schools should continue to deduct federal funds in making the calculations to complete the form. Finally, the PDE guidance requires requesting schools to identify the budget or other financial document they relied upon in calculating funding rates and completing the PDE-363 form.

*PA Coalition of Pub. Ch. Schls et al. v. Dept Ed. et al.*, filed in the Commonwealth Court of Pennsylvania.

The Pennsylvania Commonwealth Court is currently considering preliminary objections to several Petitions For Review alleging that there is no statutory or administrative remedy pursuant to Section 17-1725-A that addresses the situation when the amounts of charter school funding are not in dispute, the school districts refuse to pay and the PDE has no authority to render or enforce a judgment.

The underlying issue arose during the 2015-16 school year. When school districts did not pay the charter schools the funding owed under Section 17-1725-A, the charter schools asked the PDE for redirection of funds, but the PDE declined to pay any reconciliation requests, regardless of whether those requests were timely. A subsequent amendment to § 17-1725-A provides the charter schools a deadline of October 1 to submit prior year reconciliation to applicable school districts. If payments are not issued to the charter schools by the school districts, reconciliations may be submitted to the PDE for processing no later than April 25 of every year.

The charter schools argue that this still leaves them without a remedy for a number of reasons. First, there could still be an insufficient amount in a state subsidy for a school district in a school year to pay all charter schools. Second, the Commonwealth could again find itself in a protracted budget impasse when the requests are submitted. The charter schools argue that under either of these two situations, even if the charter schools submit timely reconciliation requests, it could already be in the next school year by the time the PDE is able to respond to those requests, and PDE could refuse to make payment, citing the prior Commonwealth Court decision. The charter schools allege that the purported administrative remedies that the school districts and the PDE propose for redirection of funds are inadequate as the PDE already claimed that it will not redirect the funding past one prior school year.

On May 1, 2017, the Commonwealth Court issued decisions in two separate matters: *Richard Allen Preparatory Charter School v. PDE*, 51 MD 2016; *KIPP Philadelphia Charter Schools v. PDE*, 52 MD 2016. In these cases the Court reiterated, “[t]he Department has a *mandatory, non-discretionary duty* to withhold subsidies to a school district based upon the estimated amount documented by the charter school[.]” *Richard Allen* at 11, *KIPP* at 11. The Court further stated, “The General Assembly clearly stated in Section 1725-A(a)(6) of the CSL that a hearing will be held only upon a school district’s request whose funds have been withheld by [the PDE]. This Court has declared that ‘the [CSL] Section 1725A(a)(6) hearing is *intended to cover the accuracy of the Secretary’s deduction* of a [school district’s] subsidy....’ *Chester I*, 996 A.2d at 78 (emphasis added). *Where, as here, the Secretary has not withheld a deduction, a CSL Section 1725A(a)(6) hearing would be a nullity.* There being no circumstance presented here under which the Secretary could not withhold funds from the District’s next fiscal year once the budget impasse resolved, *the Chester I Court’s hearing process modification is inapposite.*” *Richard Allen* at 15, *KIPP* at 15.

The Court continued, “[S]ince [the amendments] did not amend Section 1725-A(a)(6) of the CSL, it is clear that the General Assembly intended that a hearing will be held only upon request by a school district whose funds have been withheld by [the PDE]... Therefore, our holding is limited to the Charter School, and similarly-situated charter schools that sought to reconcile school district payments since the end of the 2014-2015 school year.” *Richard Allen* at 16, *KIPP* at 16. Accordingly, in *Richard Allen* the Court directed the PDE to: (1) Deduct and withhold certain



amounts for the 2014-15 school year, as documented by the Charter School, from any and all state payments made to the School District of Philadelphia; (2) Deduct and withhold certain amounts for the 2014-15 school year, as documented by the Charter School, from any and all state payments made to the William Penn School District; and (3) Pay to the Charter School costs and attorney's fees incurred from the date the Charter School's Complaint was filed with this Court, until the aforementioned amounts are deducted and withheld by Respondents. In *KIPP*, the Court directed the PDE to: (1) Deduct and withhold certain amounts for the 2014-15 school year, as documented by the Charter School, from any and all state payments made to the School District of Philadelphia; and (2) Pay to the Charter School costs and attorney's fees incurred from the date the Charter School's Complaint was filed with this Court, until the aforementioned amounts are deducted and withheld by Respondents.

On May 30, 2017, the PDE appealed the decisions of the Commonwealth Court to the Supreme Court of Pennsylvania. The Supreme Court of Pennsylvania affirmed the decisions of the Commonwealth Court on June 1, 2018. *Richard Allen Preparatory Charter Sch. v. Dep't of Educ.*, 185 A.3d 984 (Pa. Cmwlth. 2018).

*In re: Appointment of a Receiver for the Chester Upland School District*, filed in the Commonwealth Court of Pennsylvania. See "CHARTER SCHOOL FUNDING – Method of Payment" above for a description of *In re: Appointment of a Receiver for the Chester Upland School District*, filed in the Commonwealth Court of Pennsylvania.

*Eastern University Academy Charter School v. School District of Philadelphia (No. 16 EAP 2021)*, appeal from the Commonwealth Court of Pennsylvania pending in the Supreme Court of Pennsylvania.

This case involves a school district's decision to retroactively non-renew a charter school's charter after the charter term for which renewal was sought had already expired. The charter school, Eastern University Academy Charter School (the "Charter School"), was authorized to operate pursuant to a written charter with the school district, the SDP. The most recent charter was effective from July 1, 2012 through June 30, 2017. In the fall of 2016, the Charter School applied to the SDP for renewal of the charter. On June 15, 2017, the governing board of the SDP approved a resolution whereby it recognized alleged grounds for nonrenewal, directed that an administrative hearing be held regarding nonrenewal, and directed that the SDP's governing board take formal action after the administrative hearing to determine whether the Charter School's charter should be renewed. On June 30, 2017, the term of the Charter School's charter expired. Thereafter, on April 26, 2018, following an administrative hearing, the SDP's governing board voted to non-renew the Charter School's charter. The Charter School then appealed that decision to the Charter School Appeal Board. On August 14, 2019, the Charter School Appeal Board entered an order in which it affirmed the SDP's nonrenewal of the Charter School's charter. The Charter School timely appealed Charter School Appeal Board's decision to the Commonwealth Court, which, on July 10, 2020, affirmed Charter School Appeal Board's August 14, 2019 decision. On July 22, 2020, the Charter School filed a timely application for re-argument, which was denied by the Commonwealth Court on September 11, 2020. The Charter School then filed a petition for allowance of appeal to the Supreme Court, which was granted on April 7, 2021. The issue pending before the Supreme Court was whether the SDP's decision to non-renew the Charter School's charter was untimely due to the fact that the nonrenewal decision was rendered after the expiration of the charter term for which the renewal was sought. The Charter School took the position that the Commonwealth Court's decision conflicts with the Charter School Law in three respects: (1) no provision of the Charter School Law permits retroactive nonrenewal of a charter; (2) permitting retroactive nonrenewal of a charter would render statutory provisions regarding the existence and length of charter terms meaningless; and (3) permitting retroactive nonrenewal would also render a statutory provision regarding provisional renewal of a charter meaningless. The SDP posited that the Commonwealth correctly interpreted the Charter School Law, which, according to the SDP, unambiguously provides that school districts may revoke and/or non-renew charters under certain circumstances, and, furthermore, does not impose any deadlines for initiating the nonrenewal process or completing the process required under the statute before a final decision by the board. Moreover, the SDP argued that the Charter School Law does not authorize or permit "automatic" charter renewals, which, according to the SDP, is consistent with the Charter School Law, which protects charter schools by requiring charter schools facing possible nonrenewal to remain open and operating during the pendency of nonrenewal proceedings and through appeal to the Charter School Appeal Board. In an opinion decided on December 22, 2021, the Supreme Court held that, when Section 1729-A(a) of the Charter School Law is read in concert with the Charter School Law as a whole, Section 1729-A(a) sets forth no deadline by which a school district must complete the process for declining to renew a charter school's charter for a new term. The Supreme Court went on to note that, by "...construing Section 1729-A(a) to impose a deadline could encourage school districts to rush their renewal decisions, without fully reviewing or evaluating charter schools, to the detriment of pupils, staff, the charter schools, and the

public in general. Moreover, providing automatic renewal would run afoul of the Legislature’s intent to hold charter schools accountable for their failures, permitting subpar charter schools to remain in operation indefinitely.” Finally, the Supreme Court added that charter schools would be incentivized to impede the review process of reviewing school districts were held to a strict deadline for renewal or nonrenewal.

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**APPENDIX E**  
**SUBSTANTIALLY FINAL FORMS OF CERTAIN FINANCING DOCUMENTS\***

Index of substantially final forms of the following documents:

1. Indenture
2. Loan Agreement
3. Lease
4. Master Trust Indenture
5. Supplemental Master Trust Indenture
6. Mortgage
7. SNDA

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\* To the extent set forth herein, delivery dates, dated dates, par amounts, maturity schedules, interest rates, prices, and yields for the Series 2024 Bonds are preliminary, subject to change.

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**INDENTURE OF TRUST**  
 by and between  
**ALLENTOWN COMMERCIAL AND INDUSTRIAL DEVELOPMENT AUTHORITY**  
 as Authority  
 and  
**ZIONS BANCORPORATION, NATIONAL ASSOCIATION**  
 as Trustee

§ \_\_\_\_\_  
 Allentown Commercial and Industrial Development Authority  
 Education Facility Lease Revenue Bonds  
 (Executive Education Academy Charter School Project)  
 Tax Exempt Series of 2024

§ \_\_\_\_\_  
 Allentown Commercial and Industrial Development Authority  
 Education Facility Lease Revenue Bonds  
 (Executive Education Academy Charter School Project)  
 Taxable Series of 2024

Dated as of November 1, 2024

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EXHIBIT A – Form of Series 2024 Bond

**INDENTURE OF TRUST**

**THIS INDENTURE OF TRUST** dated as of November 1, 2024 (this “Indenture”), is by and between the **ALLENTOWN COMMERCIAL AND INDUSTRIAL DEVELOPMENT AUTHORITY** (the “Authority”), a public instrumentality of the Commonwealth of Pennsylvania (the “Commonwealth”) and public body corporate and politic organized and existing under the Pennsylvania Economic Development Financing Law, Act of August 23, 1967, No. 74, P.L. 251, as amended (the “Act”), and **ZIONS BANCORPORATION, NATIONAL ASSOCIATION**, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the “Trustee”), being authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States of America.

**WITNESSETH:**

WHEREAS, certain of the capitalized terms used in the preambles hereto are defined in Article I of this Indenture; and

WHEREAS, Executive Education Academy Charter School Foundation (the “Borrower”) is a duly organized and validly existing Pennsylvania non-profit corporation that is an organization described in Section 501(c)(3) of the Code (as herein defined), which is exempt from federal taxation under Section 501(a) of the Code; and

WHEREAS, the Borrower has requested that the Authority issue its bonds and loan the proceeds therefrom to the Borrower to fund the costs of a project (the “Project”) that consists of:

- (i) the refunding of (a) a certain loan with QNB Bank, (b) its Tax Exempt Revenue Bonds Series A of 2017 (c) its Taxable Revenue Bonds Series B of 2017, and (d) its Tax Exempt Bonds Series of 2022 ; and
- (ii) to undertake the funding of various capital improvements at the Executive Education Charter School (“Charter School”) including but not limited to a new project to renovate, and construct certain additions to, equip and furnish a certain facility located at 413 and 555 Union Boulevard, Allentown, Pennsylvania, and 921 N. Bradford St, Allentown, PA, (the “Project Site”) and to construct a stadium on the Project Site; and the proceeds of the Series 2024 Bonds will be used to fund a loan (the “Loan”) from the Authority to Executive Education Academy Charter School Foundation (the “Borrower”), a Pennsylvania nonprofit corporation, pursuant to the Loan Agreement dated as of November 1, 2024 (the “Agreement”), by and between the Authority and the Borrower in order to (i) pay off an existing loan (the “Existing Debt”) and refund the Series 2017 Bonds and the Series 2022 Bonds, (ii) fund various capital improvements for the Charter School, including, but not limited to, a new project to renovate, and construct certain additions to, equip and furnish the Existing Facility together with a certain facility located at to undertake the funding of various capital improvements at the Executive Education Charter School (“Charter School”) including but not limited to a new project to renovate, and construct certain additions to, equip and furnish a certain facility located at 413 and 555 Union Boulevard, Allentown, Pennsylvania, and 921 N.

Bradford St, Allentown, PA, (the “Project Site”) and to construct a stadium on the Project Site; and the proceeds of the Series 2024 Bonds will be used to fund a loan (the “Loan”) from the Authority to Executive Education Academy Charter School Foundation (the “Borrower”), a Pennsylvania nonprofit corporation, pursuant to the Loan Agreement dated as of November 1, 2024 (the “Agreement”), by and between the Authority and the Borrower in order to (i) pay off an existing loan (the “Existing Debt”) and refund the Series 2017 Bonds and the Series 2022 Bonds, (ii) fund various capital improvements for the Charter School, including, but not limited to, a new project to renovate, and construct certain additions to, equip and furnish the Existing Facility together with a certain facility located at 413 Union Boulevard, Allentown, Pennsylvania (the “413 Facility”), and 921 North Bradford Street, Allentown, Pennsylvania, (a small parcel adjacent to the Existing Facility), (collectively, the “Project Site”) and to construct a stadium on the Project Site (the “Series 2024 Facilities” and together with the Existing Facility and the 413 Facility, the “Facilities”), (iii) pay costs in conjunction with the issuance of the Series 2024 Bonds, and (iv) fund any other costs related to the Series 2024 Bonds including, but not limited to, any reserve funds or capitalized interest (collectively, the “Project”).

- (iii) pay costs in conjunction with the issuance of the Series 2024 Bonds;
- (iv) and fund any other costs related to Series 2024 Bonds including but not limited to any reserve funds or capitalized interest;

WHEREAS, the Charter School is a nonprofit corporation duly created and validly existing under the laws of the Commonwealth and a tax-exempt organization under Section 501(c)(3) of the Code; and

WHEREAS, in order to finance the cost of the Project, the Authority shall issue its Education Facility Lease Revenue Bonds (Executive Education Academy Charter School Project), Tax Exempt Series of 2024 (the “Tax Exempt Series 2024 Bonds”) in the original aggregate principal amount of \$\_\_\_\_ and its Education Facility Lease Revenue Bonds (Executive Education Academy Charter School Project), Taxable Series of 2024 (“Taxable Series 2024 Bonds”) in the original aggregate principal amount of \$\_\_\_\_ pursuant to and secured by this Indenture; and

WHEREAS, the Tax Exempt Series 2024 Bonds and the Taxable Series 2024 Bonds are collectively referred to as the Series 2024 Bonds; and

WHEREAS, pursuant to a Loan Agreement dated as of the date hereof (the “Agreement”), between the Authority and the Borrower, the Authority has agreed to loan to the Borrower the sale proceeds of the Series 2024 Bonds to finance the Project and the Borrower has agreed to pay to the Authority loan payments sufficient to meet the obligations under the Series 2024 Bonds when the same become due and payable; and

WHEREAS, as security for its obligation to make payments required under the Agreement, the Borrower, as “Obligated Group Representative” of the Obligated Group identified in the Master Indenture described below, has issued a promissory note (the “2024 Note”) under the terms of and pursuant to the Master Trust Indenture dated as of November 1, 2024 (the “Original Master Indenture”), by and between the Borrower and Zions Bancorporation, National Association, as master trustee (the “Master Trustee”), as supplemented by a Supplemental Master Trust Indenture

No. 1 dated as of November 1, 2024 (the "Supplemental Master Indenture" and, together with the Original Master Indenture, the "Master Indenture"), between the Obligated Group Representative and the Master Trustee; and

WHEREAS, upon the issuance of the Series 2024 Bonds, the Charter School will enter into a Lease Agreement (the "Lease") for the Facilities that provides for, among other things, the payment of Base Rent (as defined in the Lease) by the Charter School to the Master Trustee (for the account of the Borrower) in an amount sufficient to pay the debt service due on the 2024 Note; and

WHEREAS, the Series 2024 Bonds and the authentication certificate is to be substantially in the form set forth in Exhibit A hereto, with such necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture; and

WHEREAS, all things necessary to make the Series 2024 Bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligations of the Authority and to constitute this Indenture a valid, binding and legal instrument for the security of the Series 2024 Bonds in accordance with its terms, have been done and performed.

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

That the Authority, in consideration of the premises and of the mutual covenants contained and of the purchase and acceptance of the Bonds by the Registered Owners thereof and of the sum of One Dollar to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on all the Series 2024 Bonds and any Additional Bonds at any time Outstanding under this Indenture, according to their tenor and effect, to secure the performance and observance of all the covenants and conditions in the Series 2024 Bonds and any Additional Bonds and herein contained, and to declare the terms and conditions upon and subject to which the Series 2024 Bonds are, or any Additional Bonds will be, issued and secured, has executed and delivered this Indenture and has granted, bargained, sold, alienated, assigned, pledged, set over and confirmed, and by these presents does grant, bargain, sell, alien, assign, pledge, set over and confirm unto the Trustee, for its benefit and the benefit of the Registered Owners from time to time of the Series 2024 Bonds and any Additional Bonds, and to its successors and assigns forever, all and singular the following described property, rights and interest:

- (a) The rights and interests of the Authority under the Agreement, except all rights of the Authority pursuant to Sections 5.02(f), 8.07, 10.04, 12.10 and 12.11 of the Agreement and all of its rights, without limiting the Trustee's obligation to exercise its rights and remedies under Sections 5.02(f), 8.07, 10.04, 12.10 and 12.11 of the Agreement, and its right to receive certain reports and perform certain discretionary acts pursuant to the Agreement (collectively, the "Unassigned Rights").
- (b) The 2024 Note.
- (c) All Funds created in this Indenture (other than the Rebate Fund), except for monies or obligations deposited with or paid to the Trustee for the payment or redemption

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agreements, trusts, uses and purposes as hereinafter expressed, and the Authority has agreed and covenanted, and does hereby agree and covenant with the Trustee for the benefit of the Registered Owners from time to time of the Bonds as follows:

#### ARTICLE I DEFINITIONS; INDENTURE TO CONSTITUTE CONTRACT

**Section 1.01 Definitions.** In addition to the defined terms in the Recitals to this Indenture, all words and phrases defined in Article I of the Agreement shall have the same meaning in this Indenture. In addition, the following terms, except where the context indicates otherwise, shall have the respective meanings set forth below:

"2024 Note" has the meaning set forth in the recitals to this Indenture.

"Act" has the meaning set forth in the recitals to this Indenture.

"Additional Bonds" means any bonds, other than the Series 2024 Bonds, that are authenticated and delivered under this Indenture in accordance with Section 2.11 hereof.

"Additional Tax-Exempt Bonds" means any Additional Bonds the interest on which is excluded from gross income of the holders thereof for federal income tax purposes.

"Agreement" has the meaning set forth in the recitals to this Indenture.

"Approving Opinion" means, with respect to any action relating to the Bonds, the occurrence of which requires an Opinion of Counsel delivered by Bond Counsel to the effect that such action (a) is permitted by this Indenture and the Act, and (b) will not adversely affect the exclusion of interest on the Series 2024 Bonds (and any series of Additional Tax-Exempt Bonds) from gross income of the Registered Owners for purposes of federal income taxation.

"Authority" has the meaning set forth in the granting clauses of this Indenture.

"Authorized Denomination" means \$100,000 and integral multiples of \$5,000 in excess thereof.

"Authorized Representative" means, in the case of the Authority, the Chairperson or the Vice-Chairperson or Executive Director thereof, in the case of the Borrower, the board Chair and the board Vice Chair thereof, in the case of the Charter School, the Chief Executive Officer or the Chief Financial Officer thereof and, when used with reference to the performance of any act, the discharge of any duty or the execution of any certificate or other document, any officer, employee or other person authorized to perform such act, discharge such duty or execute such certificate or other document.

"Beneficial Owner" means any person for which a Participant acquires an interest in the Bonds.

"Bond Counsel" means King, Spry, Herman, Freund & Faul LLC, or any other attorney or firm of attorneys, which is admitted to practice law before the highest court of any state in the

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of Bonds which are no longer deemed to be Outstanding hereunder, and all trust accounts containing all insurance and condemnation proceeds and all Revenues payable to the Trustee by or for the account of the Authority pursuant to the Agreement and this Indenture, subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Indenture.

(d) Any and all other interests in real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specifically mortgaged, pledged or hypothecated, as and for additional security hereunder by the Authority or by anyone on its behalf or with its written consent in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same, subject to the terms hereof.

TO HAVE AND TO HOLD the same with all privileges and appurtenances hereby conveyed and assigned, or agreed of intended to be, to the Trustee and its successors in said Trust and assigns forever.

IN TRUST NEVERTHELESS, upon the terms herein set forth for the equal and proportionate benefit, security and protection of all Registered Owners of the Bonds issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any other of the Bonds except as otherwise provided in Article VII hereof or with respect to monies otherwise held to redeem or pay particular Bonds hereunder.

PROVIDED, HOWEVER, that if the Authority, its successors or assigns shall well and truly pay or cause to be paid, the principal of the Bonds and the premium, if any, and the interest due or to become due thereon, at the times and in the manner mentioned in the Bonds according to the true intent and meaning thereof, and shall cause the payments to be made into the Bond Principal Fund and the Bond Interest Fund as hereinafter required or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon, or certain securities as herein permitted and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee, the Authority and the United States of America all sums of money due or to become due to them in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, terminate, and be void; otherwise this Indenture to be and remain in full force and effect.

IT IS HEREBY EXPRESSLY ACKNOWLEDGED that the Authority has entered into this Indenture and issued the Series 2024 Bonds and may issue Additional Bonds to fulfill the public purposes of the Act, and the Trustee, upon the terms and conditions set forth herein, hereby accepts such trust and covenants to enforce the provisions of this Indenture and the Agreement so as to affect the public purposes of the Act.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered, and all said property, rights, interests, revenues and funds hereby pledged, assigned and mortgaged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants,

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United States of America or the District of Columbia and nationally recognized and experienced in legal work relating to the issuance of tax-exempt bonds.

"Bond Documents" means this Indenture, the Agreement, the Lease, the Mortgage, the Master Indenture and the Bond Purchase Agreement.

"Bond Interest Fund" means the Bond Interest Fund created in Section 3.02 hereof.

"Bond Principal Fund" means the Bond Principal Fund created in Section 3.02 hereof.

"Bond Purchase Agreement" means the Bond Purchase Agreement dated September 28, 2024, by and among the Authority, the Borrower, the Charter School and the Underwriter.

"Bondholder" or "bondholder" or "Holder of the Bonds" or "holder of the bonds" or any similar term shall mean any registered owner of any Bond or legal representative thereof.

"Bonds" means, collectively, the Series 2024 Bonds and any Additional Bonds.

"Borrower" means the Executive Education Academy Charter School Foundation, or any surviving, resulting or transferee non-profit corporation as provided for in the Agreement.

"Business Day" means any day other than a Saturday or Sunday or a day on which banking institutions in the Commonwealth are authorized or required to close.

"Capital Maintenance Fund" means the Capital Maintenance Fund created in Section 3.02 hereof.

"Capital Maintenance Fund Requirement" means \$\_\_\_\_\_, provided, however, that such amount may be increased, if necessary, upon the issuance of Additional Bonds; such amount to be set forth in the documentation authorizing the issuance thereof.

"Cede" means Cede & Co., the nominee of DTC, and any successor nominee of DTC.

"Charter School" has the meaning set forth in the recitals to this Indenture.

"Clearing Fund" means the Clearing Fund created in Section 3.02 hereof.

"Closing Date" means November \_\_, 2024.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Commonwealth" means the Commonwealth of Pennsylvania.

"Consulting Architect" means an individual or an independent engineering or architectural firm (which may be an individual or an engineering or architectural firm retained by the Borrower for other purposes) selected by the Borrower.

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“Consulting Architect’s Certificate” means a written opinion or report signed by the Consulting Architect.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated as of November 1, 2024, by and among the Borrower, the Charter School and School Improvement Partnership, LLC, as dissemination agent.

“Debt Service Reserve Fund” means the Debt Service Reserve Fund created in Section 3.02 hereof.

“Debt Service Reserve Fund Requirement” means, with respect to the Series 2024 Bonds, an amount equal to \$\_\_\_\_\_, and with respect to each Series of Additional Bonds issued pursuant to the Indenture, unless otherwise provided, an amount equal to the least of (i) ten percent (10%) of the proceeds of such series of Additional Bonds determined on the basis of original principal amount (unless original issue premium or original issue discount exceeds two percent (2%) of the original principal, then determined on the basis of initial purchase price to the public), (ii) the maximum annual debt service during any year for each series of Additional Bonds, exclusive of the principal and interest due on any Additional Bonds on the final maturity date of such Bonds to the extent that the Borrower reasonably expect that funds for such final payments will be available in any debt service reserve fund, if any, established for such Bonds, or (iii) one hundred twenty-five percent (125%) of the average annual debt service for each Series of Additional Bonds.

“Determination of Taxability” means a determination that the interest accrued or paid on any of the Tax-Exempt Bonds is included in gross income of the Registered Owners or former Registered Owners for federal income tax purposes, which determination shall be deemed to have been made upon the occurrence of the first to occur of the following:

- (a) the day on which the Authority or the Borrower is advised in writing by the Internal Revenue Service that the interest on the Tax-Exempt Bonds is not excludable from gross income of any Registered Owner or former Registered Owner thereof for federal income tax purposes;
- (b) the day on which the Authority or the Borrower receives notice from the Trustee in writing that the Trustee has received (1) from any Registered Owner or former Registered Owner a copy of an Internal Revenue Service notice to such Registered Owner or former Registered Owner to the effect that interest on the Tax-Exempt Bonds received by such Registered Owner or former Registered Owner is not excludable from gross income of such Registered Owner or former Registered Owner for federal income tax purposes, or (2) an Opinion of Bond Counsel to the effect that (x) interest on the Tax-Exempt Bonds is not excludable from gross income for federal income tax purposes, (y) such interest would not be so excludable from gross income absent a redemption of all or part of the Tax-Exempt Bonds, or (z) that the Tax-Exempt Bonds or any of them must be redeemed under the terms of a closing agreement or similar agreement between the Authority and the Internal Revenue Service;
- (c) the day on which the Authority or the Borrower is advised in writing by Bond Counsel that interest on the Tax-Exempt Bonds is includable in the gross income of

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- (d) bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by a corporation which are, at the time of purchase, rated by any rating agency in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise);
- (e) commercial paper which is rated at the time of purchase in one of the two highest short-term rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by any rating agency, and which matures not more than 270 days after the date of purchase;
- (f) investment agreements with or which are guaranteed by a financial institution whose long-term debt or claims-paying ability at the time of purchase is in one of the four highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) by any rating agency, provided that if at any time after purchase the provider of the investment agreement drops below the four highest rating categories assigned by such rating agency, the investment agreement must either be (i) assigned to a provider whose debt is rated, or guaranteed by an affiliate or subsidiary whose debt is rated, in one of the four highest rating categories, (ii) secured by the provider who shall provide collateral to the Trustee with a market value maintained at levels and upon such condition as would be acceptable to any rating agency to maintain a rating on such investment agreement in one of the four highest applicable categories, or (iii) subject to a replacement guaranty of payment by an entity rated in one of the four highest rating categories assigned;
- (g) repurchase agreements with respect to and secured by Government Obligations or by obligations described in clause (b) above, which agreements may be entered into with a bank (including without limitation the Trustee), a primary dealer listed on the Federal Reserve reporting dealer list, or any financial institution whose debt is rated, or guaranteed by any entity rated, at the time of entry, BBB+/Baa1 or better by at least one of S&P, Moody’s, or Fitch, provided that (i) the Trustee or a custodial agent of the Trustee has possession of the collateral and that the collateral is free and clear of third-party claims, (ii) a master repurchase agreement or specific written repurchase agreement governs the transaction, (iii) the collateral securities are valued no less frequently than weekly, and (iv) the fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and accrued unpaid interest, is equal to at least 103%, or 104% should the rating of the provider decline below BBB+/Baa1;
- (h) United States denominated deposit accounts, certificates of deposit and banker’s acceptances of any bank, trust company, or savings and loan association, including the Trustee or its affiliates, which have a rating at the time of purchase in one of the two highest short-term rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by any rating agency, and which mature or are subject to withdrawal not more than 360 days after the date of purchase; and
- (i) investments in a money market fund, which may be funds of the Trustee or its affiliates, rated at the time of purchase in one of the two highest rating categories for

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any Registered Owner or former Registered Owner thereof for federal income tax purposes;

provided, however, no Determination of Taxability shall occur under subparagraphs (a), (b) and (c) of this paragraph unless the Authority or the Borrower has been afforded the opportunity to contest any such advisement, notice of deficiency, ruling or other conclusion and such contest by the Authority or the Borrower, if made, has been finally determined (with no further right of appeal) adversely to the Authority or the Borrower.

“DTC” means The Depository Trust Company, Jersey City, New Jersey, and its successors and assigns.

“DTC Participants” means those broker-dealers, banks and other financial institutions from time to time for which DTC holds bonds as securities depository.

“Facility” or “Facilities” has the meaning set forth in the recitals to this Indenture.

“Funds” means, collectively, the Clearing Fund, the Revenue Fund, the Bond Interest Fund, the Bond Principal Fund, the Debt Service Reserve Fund, the Issuance Expense Fund, the Project Fund, the Rebate Fund and the Capital Maintenance Fund.

“Government Obligations” means (a) State and Local Government Series securities issued by the United States Treasury (“SLGS”); (b) United States Treasury bills, notes and bonds, as traded on the open market; and (c) Zero Coupon United States Treasury Bonds.

“Interest Payment Date” means each Jan 1 and July 1, commencing January 1, 2025

“Investment Obligations” means the following:

- (a) Government Obligations;
- (b) any bond, debenture, note, participation certificate or other similar obligation issued by a government sponsored agency established by an Act of Congress (such as the Federal National Mortgage Association, the Federal Home Loan Bank System, the Federal Home Loan Mortgage Corporation, the Federal Farm Credit Bank or the Student Loan Marketing Association);
- (c) direct general obligations which are (i) issued by any state or political subdivision thereof or any agency or instrumentality of such state or political subdivision, and (ii) at the time of purchase, rated in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by any rating agency, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated, or revenue bonds of any state or political subdivision rated in one of the two highest rating categories by at least one rating agency (without regard to any refinement or gradation of rating category by numerical modifier or otherwise);

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this type of investment by any rating agency, including the First American Money Market Mutual Funds or any other mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder, servicing agent and/or custodian or subcustodian; notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from such funds for services rendered, (ii) the Trustee charges and collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or its affiliates;

(j) Certificates of deposit which are fully insured by the FDIC, including the DIF (Deposit Insurance Fund) or the NCUA of any bank, trust company, or savings and loan association, including the Trustee or its affiliates, without regard to rating.

“Issuance Expense Fund” means the Issuance Expense Fund created in Section 3.02 hereof.

“Issuance Expense Fund Initial Deposit” means an amount equal to \$\_\_\_\_\_, which amount represents the total costs of issuance for the Series 2024 Bonds less an underwriter’s discount.

“Lease” has the meaning set forth in the recitals to this Indenture.

“Majority Bondholders” means, the Registered Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding.

“Master Indenture” has the meaning set forth in the recitals to this Indenture.

“Master Trustee” has the meaning set forth in the recitals to this Indenture.

“Monthly Capital Maintenance Fund Contribution” means \$5,000.

“Monthly Disbursement Date” for each calendar month means the date that is one Business Day after School District Payments, or other funds deposited by or on behalf of the Borrower, for such calendar month become available for disbursement by the Trustee.

“Mortgage” means, the Open-End Mortgage, Assignment of Leases and Income, Security Agreement and Fixture Filing effective as of November 1, 2024, from Borrower in favor of the Master Trustee, as the same may be amended from time to time.

“Net Proceeds” means, when used with respect to any insurance payment or condemnation award, the gross proceeds thereof less the expenses (including attorneys’ fees) incurred in the collection of such gross proceeds.

“Nominee” means Cede, as nominee of DTC, the initial securities depository for the Bonds, and any successor nominee of DTC, and, if another securities depository replaces DTC as securities depository hereunder, any nominee of such substitute securities depository.



"Opinion of Counsel" means an opinion in writing signed by legal counsel. Such legal counsel may be an employee of or counsel to the Borrower.

"Original Master Indenture" has the meaning set forth in the recitals to this Indenture.

"Outstanding" means when used with respect to the Bonds, as of any particular time, all Bonds which have been duly authenticated and delivered by the Trustee under this Indenture, except:

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Bonds for the payment or redemption of which cash funds (or securities to the extent permitted in Section 7.01 hereof) shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee, shall have been filed with the Trustee;

(c) Bonds in lieu of which other Bonds have been authenticated under Section 2.05 or 2.06 hereof; and

(d) Bonds for which the conditions enumerated in Sections 5.07 and 5.08 hereof have been met.

"Participants" means those broker-dealers, banks and other financial institutions from time to time for which DTC holds Bonds as a securities depository.

"Person" means an individual, association, corporation, partnership, limited liability company, joint venture or a government or an agency or a political subdivision thereof or any other form of legal entity.

"Project" has the meaning set forth in the recitals to this Indenture.

"Project Fund" means the Project Fund created pursuant to Section 3.02 hereof.

"Project Fund Initial Deposit" means an amount equal to \$ \_\_\_\_\_.

"Pro Rata Portion" means when used with respect to a required deposit to the Bond Principal Fund or the Bond Interest Fund, the dollar amount derived by dividing the amount of principal or interest to come due on the first principal or interest payment date, respectively, by the number of monthly deposits required to be made prior to such payment date.

"Rating Agency" means any nationally recognized securities rating service, designated by the Borrower, with written notice to the Authority and the Trustee.

"Rebate Fund" means the Rebate Fund created pursuant to Section 3.02 hereof.

"Registered Owner" means the registered owner of any Bond.

"Regular Record Date" means the close of business on the first calendar day of the month containing each Interest Payment Date.

"Representation Letter" means the representation letter from the Authority to DTC, dated \_\_\_\_\_.

"Revenue Fund" means the Revenue Fund created in Section 3.02 hereof.

"Revenues" means all payments received by the Trustee for the account of the Authority pursuant to the Agreement and this Indenture.

"School District" means any and all school districts in which resides parents or guardians of a child who is enrolled in the Charter School and who is included in the average daily membership of the school district for the purposes of providing basic education funding and special education funding payments to the Charter School. t.

"School District Payments" means any and all payments made to or on behalf of the Charter School, by the Commonwealth or the School District, which are permitted to be used as Gross Revenues (as defined in the Lease) of the Charter School, as the same may be amended, modified or replaced.

"Series 2024 Bonds" has the meaning set forth in the recitals to this Indenture.

"Special Record Date" means a special record date, which shall be a Business Day, fixed to determine the names and addresses of owners for purposes of paying interest on a special Interest Payment Date for the payment of defaulted interest, all as further provided in Section 2.03 hereof.

"Supplemental Master Indenture" has the meaning set forth in the recitals to this Indenture.

"Tax Certificate" means the Tax Compliance Agreement dated the Closing Date, by and among by the Authority, the Borrower and the Charter School in connection with the issuance and delivery of the Series 2024 Bonds.

"Tax-Exempt Bonds" means the Tax-Exempt Series 2024 Bonds and any other Bonds the interest on which is excluded from gross income of the holders thereof for federal income tax purposes.

"Trust Estate" means the property pledged, assigned and mortgaged to the Trustee pursuant to the granting clauses hereof.

"Trustee" has the meaning set forth in the recitals to this Indenture.

"Underwriter" means Raymond James & Associates, Inc., its successors and assigns, or such other underwriter as is approved by the Authority.

**Section 1.02 Indenture to Constitute Contract.** In consideration of the purchase and acceptance of any or all of the Bonds by those who shall own the same from time to time, the provisions of this Indenture shall be part of the contract of the Authority with the Registered Owners of the Bonds and shall be deemed to be and shall constitute contracts among the Authority, the Trustee and the Registered Owners from time to time of the Bonds. The pledge made in this Indenture and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Authority shall be for the equal benefit, protection and security of the Registered Owners of any and all of the Bonds except as otherwise provided in Article VII hereof or with respect to monies otherwise held to redeem or pay particular Bonds hereunder. All of the Bonds, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or pursuant to this Indenture.

**Section 1.03 Notices to Trustee.** Whether or not so expressly stated herein or in any of the other Bond Documents, all directions, consents, orders, requisitions, approvals, certifications and like communications given to the Trustee must be in writing and the Trustee shall have no obligation to take action or refrain from taking action based upon any oral communication.

**ARTICLE II  
AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF BONDS**

**Section 2.01 Authorized Amount of Bonds.** No Bonds may be issued under this Indenture except in accordance with this Article. The total principal amount of the Series 2024 Bonds that may be issued hereunder is hereby expressly limited to \$ \_\_\_\_\_ except as provided in Sections 2.05 and 2.06 hereof.

**Section 2.02 All Bonds Equally and Ratably Secured by Trust Estate; Limited Obligation of Bonds and Pledges Securing the Same.** Except as provided herein, all Bonds issued under this Indenture and at any time Outstanding shall in all respects be equally and ratably secured hereby, without preference, priority or distinction on account of the date or dates or the actual time or times of the issue or maturity of the Bonds, so that all Bonds at any time issued and Outstanding hereunder shall have the same right, lien and preference under and by virtue of this Indenture, and shall all be equally and ratably secured hereby.

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY, AND THE SERIES 2024 BONDS AND THE INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, SHALL NOT BE DEEMED TO CONSTITUTE OR CREATE AN INDEBTEDNESS, LIABILITY OR OBLIGATION OF THE AUTHORITY, THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY COMMONWEALTH CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION OR A PLEDGE OF THE FAITH AND CREDIT OR THE TAXING POWER OF THE COMMONWEALTH OR ANY SUCH POLITICAL SUBDIVISION OR AGENCY. THE BONDS AND THE INTEREST THEREON ARE PAYABLE SOLELY FROM AND SECURED BY THE TRUST ESTATE, ALL AS DESCRIBED IN AND SUBJECT TO LIMITATIONS SET FORTH IN THIS INDENTURE, FOR THE EQUAL AND RATABLE BENEFIT OF THE HOLDERS, FROM TIME TO TIME, OF THE BONDS.

**Section 2.03 Authorization of Series 2024 Bonds.** There is hereby authorized to be issued hereunder and secured hereby an issue of bonds designated as the "Allentown Commercial and Industrial Development Authority, Education Facility Lease Revenue Bonds (Executive Education Academy Charter School Project), Tax Exempt Series of 2024 (the "Tax Exempt Series 2024 Bonds") in the original aggregate principal amount of \$ \_\_\_\_\_ and its Education Facility Lease Revenue Bonds (Executive Education Academy Charter School Project), Taxable Series of 2024 ("Taxable Series 2024 Bonds") in the original aggregate principal amount of \$ \_\_\_\_\_. The Tax Exempt Series 2024 Bonds and the Taxable Series 2024 Bonds are collectively referred to as the Series 2024 Bonds.

The Bonds shall be issuable as fully registered bonds in the Authorized Denominations. The Bonds shall be numbered separately and lettered, if at all, in each manner as the Trustee shall determine.

The Series 2024 Bonds shall be dated the Closing Date. The Series 2024 Bonds shall bear interest on the basis of a 360-day year, consisting of twelve 30-day months, from the Closing Date until payment of principal has been made or provided for, payable on each Interest Payment Date, except that Series 2024 Bonds which are reissued upon transfer, exchange or other replacement shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of the Series 2024 Bonds.

Maturity Date (Date)	Principal Amount	Coupon
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The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America at such office of the Trustee as it shall designate, or at the designated office of its successor in trust, upon presentation and surrender of the Bonds, provided, however, presentation and surrender shall not be required for sinking fund payments not representing final maturity. Payment of interest on any Bond shall be made to the Registered Owner thereof by check mailed on each Interest Payment Date by the Trustee to the Registered Owner at their address as it last appears on the registration records kept by the Trustee at the close of business on the Regular Record Date for such Interest Payment Date (except that the Registered Owners of at least \$1,000,000 in aggregate principal amount of Bonds Outstanding may, by written request received at least 10 Business Days prior to the Regular Record Date, receive payment of interest by wire transfer at the address specified in such request, which address must be in the United States of America), but any such interest not so timely paid or duly provided for shall cease to be payable to the Registered Owner thereof at the close of business on the Regular Record Date and shall be payable to the Registered Owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever monies become available for payment of the defaulted interest, and notice of such Special Record Date shall be given to the Registered Owners of the Bonds not less than 10 days prior thereto by first-class mail to each such owner as shown on the registration records on the date selected by the Trustee stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. All such payments shall be made in lawful money of the United States of America.

The Series 2024 Bonds are subject to the sinking fund redemption provisions of Section 5.04 hereof. The Series 2024 Bonds are otherwise subject to prior redemption as herein set forth. The Series 2024 Bonds shall be substantially in the form and tenor set forth as Exhibit A hereto with such appropriate variations, omissions and insertions as are permitted or required by this Indenture.

**Section 2.04 Execution of Bonds.** The Bonds shall be executed in the name and on behalf of the Authority by the manual or facsimile signature of the Chairperson or Vice-Chairperson of the Authority and its corporate seal or a facsimile thereof shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of the Secretary, or any Assistant Secretary of the Authority. Any Bond may be signed (manually or by facsimile), sealed or attested on behalf of the Authority by any person who, at the date of such act, shall hold the proper office, notwithstanding that at the date of authentication, issuance or delivery, such person may have ceased to hold such office.

**Section 2.05 Registration, Transfer and Exchange of Bonds; Persons Treated as Registered Owners.** The Authority shall cause books for the registration and for the transfer of the Bonds as provided in this Indenture to be kept by the Trustee. Upon surrender for transfer of any Bond at the designated corporate trust office of the Trustee duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or their attorney duly authorized in writing, the Authority shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds for a like series and aggregate principal amount of the same maturity.

The Bonds may be exchanged at the designated corporate trust office of the Trustee, or at such other location as it shall designate, for a like Series and aggregate principal amount of Bonds of the same maturity and interest rate in Authorized Denominations. The Authority shall execute and the Trustee shall authenticate and deliver Bonds which the Registered Owner making the exchange is entitled to receive, bearing numbers not contemporaneously Outstanding. The execution by the Authority of any Bond of any Authorized Denomination shall constitute full and due authorization of such denomination and the Trustee shall thereby be authorized to authenticate and deliver such Bond.

The Trustee shall not be required to transfer or exchange any Bond subject to redemption during the period of five days next preceding the mailing of notice of redemption as herein provided except that Bonds not subject to redemption pursuant to Section 5.02 hereof may be transferred or exchanged during such period in the event of redemption pursuant to Section 5.02 hereof. After the giving of such notice the Trustee shall not be required to transfer or exchange any Bond, which Bond or portion thereof has been called for redemption.

As to any Bond, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, except to the extent otherwise provided herein with respect to Regular Record Dates and Special Record Dates for the payment of interest, and payment of either principal or interest on any Bond shall be made only to or upon the written order of the Registered Owner thereof or his legal representative but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums paid.

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(f) Such other documents as required by the Trustee and Bond Counsel in connection with the issuance of the Series 2024 Bonds.

**Section 2.08 Authentication Certificate.** The authentication certificate upon the Bonds shall be substantially in the form and tenor set forth in the form of the Bonds attached hereto. No Bond shall be secured hereby or entitled to the benefit hereof, or shall be valid or obligatory for any purpose, unless the certificate of authentication, substantially in such form, has been duly executed by the Trustee; and such certificate of the Trustee upon any Bond shall be conclusive evidence and the only competent evidence that such Bond has been authenticated and delivered hereunder. The certificate of authentication shall be deemed to have been duly executed if manually signed by an authorized signatory of the Trustee, but it shall not be necessary that the same authorized signatory sign the certificate of authentication on all of the Bonds issued hereunder.

**Section 2.09 Cancellation and Destruction of Bonds.** Whenever any Outstanding Bonds shall be delivered to the Trustee for the cancellation thereof pursuant to this Indenture, upon payment of the principal amount thereof or for replacement pursuant to Section 2.06 hereof, such Bonds shall be promptly cancelled and destroyed by the Trustee in accordance with the customary practices of the Trustee and applicable retention laws.

**Section 2.10 Restrictions on Registration and Transfer of Bonds.** The Series 2024 Bonds do not have any transfer restrictions related to the status of the Bondholders or Beneficial Owners. However, such restrictions may be applicable to the holders or beneficial owners of Additional Bonds; any such restrictions will be contained in the supplemental indenture related to such Additional Bonds.

**Section 2.11 Additional Bonds.** Additional Bonds secured by and payable solely from the Trust Estate may be issued at the Borrower's request and in the Authority's sole discretion in one or more additional Series, provided the following terms and conditions have been met:

(a) the Trustee has received a certificate from the Borrower to the effect that (i) no Event of Default (as defined therein, respectively) by the Borrower has occurred and is continuing under the Agreement, the Lease, the Mortgage, the Continuing Disclosure Agreement, the Master Indenture or this Indenture, (ii) Borrower is not aware of any other Events of Default (as defined therein, respectively) under the Agreement, the Lease, the Mortgage, the Continuing Disclosure Agreement, the Master Indenture or this Indenture and (iii) that the requirements for additional Indebtedness set forth in Section 4.2 of the Master Indenture have been met;

(b) the Authority and the Charter School have consented in writing to the issuance of Additional Bonds pursuant to this Section 2.11;

(c) the Trustee has received a copy of the resolution adopted by the Authority authorizing the issuance of such Additional Bonds and the execution and delivery of a supplemental indenture, supplementing and amending this Indenture, providing the date, interest rates and maturities of such Additional Bonds, options and requirements for redemption prior to maturity with respect to such Additional Bonds, deposit of proceeds to

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The Trustee and the Authority shall require the payment by any Registered Owner requesting exchange or transfer of the reasonable expenses of the Authority, if any, of a reasonable transfer or exchange fee and of any tax or other governmental charge required to be paid with respect to such exchange or transfer.

**Section 2.06 Lost, Stolen, Destroyed and Mutilated Bonds.** Upon receipt by the Trustee of evidence satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Bond and, in the case of a lost, stolen or destroyed Bond, of indemnity satisfactory to the Trustee and the Authority, and upon surrender and cancellation of the Bond in accordance with the customary practices of the Trustee, if mutilated, (a) the Authority shall execute, and the Trustee shall authenticate and deliver, a new Bond of the same Series, date, maturity and Authorized Denomination in lieu of such lost, stolen, destroyed or mutilated Bond or (b) if such lost, stolen, destroyed or mutilated Bond shall have matured or have been called for redemption, in lieu of executing and delivering a new Bond as aforesaid, the Trustee may pay such Bond. Any such new Bond shall bear a number not contemporaneously Outstanding. The applicant for any such new Bond may be required to pay all expenses and charges of the Authority and of the Trustee in connection with the issuance of such Bond. All Bonds shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing conditions are exclusive with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds, negotiable instruments or other securities.

**Section 2.07 Delivery of Series 2024 Bonds.** On the Closing Date, the Authority shall execute and deliver to the Trustee and the Trustee shall authenticate the Series 2024 Bonds and deliver them to the initial purchasers thereof as directed by the Authority and as hereinafter in this Section provided. The Trustee shall be entitled to conclusively rely upon such direction and authorization from the Authority as to the names of the purchasers and the amount of such purchase price.

Prior to the delivery by the Trustee of any of the Series 2024 Bonds, there shall have been filed with or delivered to the Trustee the following:

(a) A resolution duly adopted by the Authority authorizing the execution and delivery of the Agreement, the Tax Certificate, and this Indenture and the issuance of the Series 2024 Bonds.

(b) A duly executed copy of this Indenture, the 2024 Note, the Tax Certificate, the Agreement, the Mortgage, the Lease, and the Continuing Disclosure Agreement.

(c) The written order of the Authority as to the delivery of the Series 2024 Bonds, signed by an Authorized Representative of the Authority.

(d) An opinion of Bond Counsel substantially to the effect that the Series 2024 Bonds constitute legal, valid and binding obligations and that interest on the Series 2024 Bonds will not be included in gross income of the Registered Owners thereof for federal income tax purposes.

(e) Mortgagee title insurance policy naming the Master Trustee as an insured party in an amount equal to the principal amount of the Series 2024 Bonds.

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the various funds and accounts, including amounts, if any, to the Debt Service Reserve Fund, and such other terms as may be required by reason of the foregoing and which adopts the applicable provisions of this Indenture, an agreement supplementing and amending the Agreement as well as the Mortgage and Lease, if necessary in the context of the issuance of the Additional Bonds, and a supplement to the Master Indenture authorizing the issuance of an additional Note (as defined in the Master Indenture) to evidence and secure the Borrower's payment obligations under the supplemental Agreement;

(d) the Authority and the Trustee have received an opinion of Bond Counsel to the effect that the issuance of such Additional Bonds will not affect adversely the exclusion from gross income for federal income tax purposes of interest on any Outstanding Bonds, the interest on which is excluded from gross income for federal income tax purposes;

(e) the Trustee has received original executed counterparts of the agreement supplementing and amending the Agreement, the supplemental indenture supplementing and amending this Indenture, and the agreement supplementing and amending the Lease and the amendment supplementing and amending the Mortgage, if necessary;

(f) the Trustee has received a request and authorization to the Trustee on behalf of the Authority and signed by an Authorized Representative of the Authority to authenticate and deliver such Additional Bonds to the purchasers therein identified, upon payment to the Trustee, but for the account of the Authority, of a sum specified in such request and authorization, plus accrued interest thereon, if any, to the date of delivery;

(g) the Trustee will receive from the proceeds of the Additional Bonds or otherwise on the date of delivery of the Additional Bonds an amount equal to the additional Debt Service Reserve Fund Requirement, if any, for deposit into the Debt Service Reserve Fund;

(h) the Authority and the Trustee have received an executed opinion of Bond Counsel to the effect that (i) the Additional Bonds have been duly authorized, executed and delivered and constitute the binding special limited obligations of the Authority, enforceable in accordance with their terms, subject to normal bankruptcy exceptions, and (ii) the interest on such Additional Bonds is excluded from gross income for federal income tax purposes (unless it is intended that such interest be taxable); and

(i) the Base Rent (as defined in the Lease), as recalculated pursuant to Section 6.02(a) of the Lease, shall be at least equal to the amounts necessary to make the principal, premium, if any, and interest payments on the Outstanding Bonds and the Additional Bonds when due.

The provisions, covenants and agreements herein set forth to be performed by or on behalf of the Authority and in the Agreement, the Lease and the Mortgage to be performed by Borrower shall be for the equal benefit, protection and security of the Registered Owners of any and all of the Bonds, all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in this Indenture.

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**Section 2.12 Book-Entry System; Limited Obligation of Authority.**

(a) The Bonds shall be initially issued in the form of single, certificated, fully registered Bonds for each maturity of each denominated Series. Upon initial issuance, the ownership of each such Bond shall be registered in the registration books kept by the Trustee in the name of Cede.

(b) With respect to Bonds registered in the name of Cede or held by a depository, neither the Authority nor the Trustee shall have any responsibility or obligation to any Participant or Beneficial Owner including, without limitation, any responsibility or obligation with respect to: (i) the accuracy of the records of the depository or any Participant concerning any ownership interest in the Bonds; (ii) the delivery to any Participant, Beneficial Owner, or person other than the Registered Owner, of any notice concerning the Bonds, including notice of redemption; or (iii) the payment to any Participant, Beneficial Owner, or person other than the Registered Owner, of the principal of, premium if any, and interest on the Bonds. The Authority and the Trustee may treat the Registered Owner of any Bond as the absolute owner of such Bond for the purpose of payment of the principal of, premium if any, and interest on such Bond, for purposes of giving notices of redemption and other matters with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of, premium if any, and interest on or in connection with the Bonds only to or upon the order of the Registered Owners, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the payment of the same. No person other than a Registered Owner, shall receive a certificated Bond evidencing the obligations of the Authority pursuant to this Indenture.

(c) DTC may determine to discontinue providing its service as depository with respect to the Bonds at any time by giving notice to the Authority and discharging its responsibilities with respect thereto under applicable law. Upon the termination of the services of DTC, a substitute depository which is willing and able to undertake the system of book-entry transfers upon reasonable and customary terms may be engaged by the Authority or, if the Authority determines in its sole and absolute discretion that it is in the best interests of the Beneficial Owners or the Authority that the Beneficial Owners should be able to obtain certificated Bonds, the Bonds shall no longer be restricted to being registered in the name of Cede or other nominee of a depository but shall be registered in whatever name or names the Beneficial Owners shall designate at that time, and fully registered Bond certificates shall be delivered to the Beneficial Owners.

(d) The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Bonds if the Authority determines that:

- (i) DTC is unable to discharge its responsibilities with respect to the Bonds; or
- (ii) a continuation of the requirement that all of the Outstanding Bonds be registered in the registration records kept by the Trustee in the name of Cede or

- (f) Project Fund.
- (g) Issuance Expense Fund.
- (h) Capital Maintenance Fund.
- (i) Rebate Fund.

The Trustee shall apply the proceeds of the Series 2024 Bonds in the manner set forth in Section 4.01 of the Agreement. The Trustee is hereby authorized, at the written direction of the Authority or the Borrower, to create such other Funds in any Supplemental Indenture related to the issuance of Additional Bonds or such accounts and subaccounts within the above funds in order to accomplish the purposes of this Indenture.

**Section 3.03 Revenue Fund.**

(a) A Revenue Fund is hereby established with the Trustee. The Trustee is hereby directed to deposit into the Revenue Fund all payments received under the 2024 Note issued by the Borrower, as Obligated Group Representative under the Master Indenture, to evidence and secure the Borrower's payment obligations under the Agreement, which 2024 Note and the Agreement have been assigned to the Trustee as security for the payment of the Series 2024 Bonds and any other amounts required or permitted to be deposited therein pursuant to the provisions herein.

(b) All monies held on deposit in the Revenue Fund shall be disbursed by the Trustee on each Monthly Disbursement Date in the following order of priority:

FIRST: on each Monthly Disbursement Date, commencing in the month of \_\_\_ 2024, to the Bond Interest Fund 1/6<sup>th</sup> of the interest which will become due on the Bonds on the next succeeding Interest Payment Date (after taking into consideration earnings previously earned and credited to the Bond Interest Fund and any other credits specified in this Indenture) so that the funds available therein are sufficient to pay interest which will become due on the Bonds on the next succeeding Interest Payment Date; provided however, in the event that the first full month following the month in which the Series 2024 Bonds are issued is not six months prior to the first Interest Payment Date, which is \_\_\_\_, 2024, an amount equal to the Pro Rata Portion of the interest to come due on the Series 2024 Bonds shall be substituted for the 1/6th payments otherwise required prior to the first Interest Payment Date;

SECOND: on each Monthly Disbursement Date, commencing in the month of \_\_\_ 2024, to the Bond Principal Fund 1/12th of the principal which will become due on the Bonds on the next succeeding principal payment date (after taking into consideration earnings previously earned and credited to the Bond Principal Fund and any other credits specified in this Indenture) so that the funds available therein are sufficient to pay the principal which will become due on the Bonds on the next succeeding principal payment date; provided, however, in the event that the first full month following the month in which the Series 2024 Bonds are issued is not twelve months prior to the first principal payment date, which is \_\_\_\_, 2024 an amount equal to the Pro Rata Portion of the principal to come due on the Series 2024 Bonds shall be substituted for the 1/12th payments otherwise required prior to the first principal payment date;

any other nominee of DTC, is not in the best interest of the beneficial owners of the Bonds.

(e) Upon the termination of the services of DTC with respect to the Bonds pursuant to subsection 2.12(c) or (d) hereof, after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Authority, is willing and able to undertake such functions upon reasonable and customary terms, the Trustee is obligated at the written direction of the Authority to deliver Bond certificates, and the Bonds shall no longer be restricted to being registered in the registration records kept by the Trustee in the name of Cede as nominee of DTC, but may be registered in whatever name or names Registered Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

**Section 2.13 Deposit of Funds.** The Authority, for and on behalf of the Borrower, shall deposit with the Trustee to the credit of the Clearing Fund, all of the proceeds (net of discount, if any) from the sale thereof in accordance with Section 4.01 of the Loan Agreement. The Trustee will, upon receipt of a written request from the Authority and the Borrower, out of such proceeds, make the transfers and deposits specified in such written request.

**ARTICLE III REVENUES AND FUNDS**

**Section 3.01 Pledge of Trust Estate.** Subject only to the rights of the Authority to apply amounts under the provisions of this Article, a pledge and assignment of the Trust Estate to the extent provided herein is hereby made, and the same is pledged and assigned to secure the payment of the principal of, premium, if any, and interest on the Bonds. The pledge and assignment hereby made shall be valid and binding from and after the time of the delivery by the Trustee of the first Bond authenticated and delivered under this Indenture. The security so pledged and assigned and then or thereafter received by the Authority shall immediately be subject to the lien of such pledge and assignment and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the Authority with respect to the Trust Estate and the lien of such pledge and assignment shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof.

**Section 3.02 Establishment of Funds.** The Authority hereby establishes and creates the following funds, which shall be special trust funds held by the Trustee:

- (a) Clearing Fund.
- (b) Revenue Fund.
- (c) Bond Principal Fund.
- (d) Bond Interest Fund.
- (e) Debt Service Reserve Fund.

THIRD: on each Monthly Disbursement Date, to the Debt Service Reserve Fund the amount required, if any, under Section 3.08 of this Indenture, to restore the balance therein to the Debt Service Reserve Fund Requirement;

FOURTH: at such time as may be required by Section 3.20 of this Indenture, to the Rebate Fund, the amount required to be deposited thereunder as directed by the Borrower;

FIFTH: on each Monthly Disbursement Date, commencing in the month of \_\_\_ 2024, to the Capital Maintenance Fund, the Monthly Capital Maintenance Fund Contribution, if necessary, until the amount therein equals the Capital Maintenance Fund Requirement; and

SIXTH: provided the Trustee has not received written notice that any Event of Default has occurred and is continuing hereunder, all amounts remaining on deposit in the Revenue Fund after the Trustee has made the disbursements required in FIRST through FIFTH above, shall be transferred to the Charter School pursuant to written instructions provided by or on behalf of the Borrower to the Trustee.

If monies held in the Revenue Fund are inadequate to complete the transfers described above on a Monthly Disbursement Date, the unfunded amounts shall be added to the amounts to be transferred as described above on the next Monthly Disbursement Date.

(c) If the Trustee does not receive payments under the Agreement or the 2024 Note by the 10<sup>th</sup> day of each month, the Trustee will immediately notify the Authority, the Borrower and the Charter School of such nonpayment.

(d) Payment of any and all management fees due and owing to any third-party management company will be subordinate to the payment of debt service on the Bonds and shall be paid by the Charter School to such management company in accordance with Section 3.03(b) SIXTH.

**Section 3.04 Clearing Fund.**

(a) There will be deposited in the Clearing Fund all of the proceeds of the sale of the Series 2024 Bonds, including accrued interest payable thereon, if any, in accordance with Section 2.13 hereof, and any equity contribution made by the Borrower to be applied to costs of issuance.

(b) The amounts so deposited in the Clearing Fund will be disbursed or transferred by the Trustee upon the delivery of a written request from the Authority on the Closing Date or the Borrower subsequent thereto for the payment of the Costs of the Project. There may be reserved in the Clearing Fund, after the Closing Date, monies for the payment of any unpaid items, including a contingency amount therefor, as may be set forth in the aforesaid written request, and payment thereof after the Closing Date will be made by the Trustee upon the receipt of a subsequent written request of the Borrower to the Trustee, accompanied by the corresponding invoices, certifying that the requested disbursement is for a cost of the Project and that the disbursement has not yet been paid from the proceeds of the Series 2024 Bonds.

(c) The Clearing Fund is to be closed by the Trustee upon the first to occur of (i) the payment of all costs for which monies had been reserved in the Clearing Fund, (ii) the balance in such fund is fully depleted and (iii) the lapse of six months from the Closing Date. Any monies remaining in the Clearing Fund at the time the Trustee is authorized to close the Clearing Fund are to be transferred to the Revenue Fund.

**Section 3.05 Payments into the Bond Principal Fund and the Bond Interest Fund.** There shall be deposited into the Bond Principal Fund or the Bond Interest Fund, as appropriate, as and when received (a) all monies transferred to the Bond Principal Fund or Bond Interest Fund pursuant to Sections 3.03, 3.08, 3.15, 3.17 or 6.03 hereof, (b) all other monies deposited into the Bond Principal Fund or Bond Interest Fund pursuant to the Agreement, the 2024 Note or this Indenture, (c) all other payments by Borrower pursuant to Section 5.02 of the Agreement, and (d) all other monies received by the Trustee when accompanied by directions not inconsistent with the Agreement or this Indenture that such monies are to be paid into the Bond Principal Fund or Bond Interest Fund. There shall also be retained in the Bond Principal Fund and Bond Interest Fund, respectively, interest and other income received on investment of monies in the Bond Principal Fund and Bond Interest Fund to the extent provided in Section 6.03 hereof. If the Trustee does not receive payments into the Bond Principal Fund and the Bond Interest Fund pursuant to Section 3.03 of this Indenture and Section 5.02(a) of the Agreement by the tenth (10<sup>th</sup>) day of the month, the Trustee will promptly notify the Authority, the Borrower and the Charter School of such nonpayment. If such payments are not received within two (2) Business Days thereafter, the Trustee shall notify the Registered Owners of the Bonds.

**Section 3.06 Use of Monies in the Bond Principal Fund and the Bond Interest Fund.** Any accrued or capitalized interest deposited into the Bond Interest Fund pursuant to the first sentence of Section 3.05 hereof shall be used to pay interest on the Bonds. Except as provided in this Section and in Sections 3.20, 3.25, 6.03 and 8.05 hereof, monies in the Bond Principal Fund shall be used, subject to the provisions of this Section, solely for the payment of the principal of and premium, if any, on the Bonds, and monies in the Bond Interest Fund shall be used, subject to the provisions of this Section, solely for the payment or the interest on the Bonds. Whenever the total amount in the Bond Principal Fund, the Bond Interest Fund and the Debt Service Reserve Fund is sufficient to redeem all of the Bonds Outstanding and to pay interest to accrue thereon prior to such redemption, and redemption premium, if any, the Trustee, subject to the requirements of the Agreement and at the written direction from Borrower, shall take and cause to be taken the necessary steps to redeem all of the Bonds on the redemption date for which the required redemption notice has been given. Any amounts not necessary to meet the monthly Loan Payments which remain in either the Bond Principal Fund or the Bond Interest Fund following payment on the payment dates of the principal of, premium, if any, and interest due on the Bonds shall remain in such fund and the Borrower shall receive a credit of such amount against future Loan Payments.

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Section) is less than the Debt Service Reserve Fund Requirement, the Trustee shall notify Borrower of its obligation pursuant to Section 5.02(b) of the Agreement.

At such time as monies are to be transferred out of the Debt Service Reserve Fund for deposit into the Bond Principal Fund or the Bond Interest Fund pursuant to this Section or to the Rebate Fund pursuant to Section 3.20 hereof, the Trustee shall use cash or Investment Obligations in such order of priority as the Borrower shall direct in writing. If no direction from the Borrower has been received, the Trustee shall first use cash equivalents and second liquidate other Investment Obligations in the Debt Service Reserve Fund in such manner as the Trustee shall determine in its sole discretion.

Within five Business Days of any transfer of funds from the Debt Service Reserve Fund, as described in this Section 3.09, to the Bond Principal Fund or the Bond Interest Fund, the Trustee shall notify Borrower in writing of such transfer and of the amount of the deficiency, if any, of amounts then on deposit in the Debt Service Reserve Fund as of such date.

**Section 3.10 Custody of the Debt Service Reserve Fund.** The Debt Service Reserve Fund shall be in the custody of the Trustee, but in the name of the Authority, and the Authority hereby authorizes and directs the Trustee to withdraw sufficient funds from the Debt Service Reserve Fund to pay the principal of, premium, if any, and interest on the Series 2024 Bonds and for the purpose described in Section 3.09 hereof, which authorization and direction the Trustee hereby accepts. In the event there shall be a deficiency in the Bond Principal Fund or the Bond Interest Fund on any payment date for the Series 2024 Bonds, the Trustee shall promptly make up such deficiency from the Debt Service Reserve Fund so that the amount therein is equal to such deficiency.

**Section 3.11 Replenishment of the Debt Service Reserve Fund.** There shall be paid to the Trustee for deposit in the Debt Service Reserve Fund in the event that the sum of monies in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement in not more than six (6) consecutive equal monthly payments beginning in the month following the date on which such deficiency occurs and monthly thereafter, money in the aggregate amount sufficient to cause the total amount in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement. The reduction of the balance in the Debt Service Reserve Fund below the Debt Service Reserve Fund Requirement shall not constitute a default if and only if there shall be paid monthly to the Trustee for deposit in the Debt Service Reserve Fund at least one-sixth (1/6) of the deficiency, until the Debt Service Reserve Fund Requirement is restored.

**Section 3.12 Reserved.**

**Section 3.13 Payment into and Use of Monies in the Project Fund.** On the Closing Date, the Trustee will transfer from the Clearing Fund to the Project Fund from the proceeds of the sale of the Series 2024 Bonds, pursuant to Section 4.01 of the Agreement, an amount equal to the Project Fund Initial Deposit.

The Project Fund shall be in the custody of the Trustee, but in the name of the Authority, and the Authority authorizes and directs the Trustee to withdraw available funds from the Project Fund upon receipt of requisitions from the Borrower for the purposes set forth in Section 4.03 of

**Section 3.07 Custody of the Bond Principal Fund and the Bond Interest Fund.** The Bond Principal Fund and the Bond Interest Fund shall be in the custody of the Trustee, but in the name of the Authority, and the Authority authorizes and directs the Trustee to withdraw sufficient funds from the Bond Principal Fund to pay the principal of and premium, if any, on the Bonds as the same become due and payable, and to withdraw sufficient funds from the Bond Interest Fund to pay the interest on the Bonds as the same becomes due and payable.

**Section 3.08 Payments into the Debt Service Reserve Fund.** There shall be deposited into the Debt Service Reserve Fund pursuant to Section 4.01 of the Agreement proceeds from the sale of the Series 2024 Bonds an amount equal to the Debt Service Reserve Fund Requirement. There shall be deposited into the Debt Service Reserve Fund all monies required to be paid by Borrower to the Trustee pursuant to Section 3.03 of this Indenture and Section 5.02(b) of the Agreement. In addition, there shall also be deposited into the Debt Service Reserve Fund (a) all monies transferred to the Debt Service Reserve Fund from the Bond Principal Fund or the Bond Interest Fund pursuant to Section 6.03 hereof, (b) all other monies required to be deposited therein pursuant to the Agreement or this Indenture, and (c) all other monies received by the Trustee when accompanied by directions not inconsistent with the Agreement or this Indenture that such monies are to be paid into the Debt Service Reserve Fund. There also shall be retained in the Debt Service Reserve Fund interest and other income received on investments of Debt Service Reserve Fund monies to the extent provided in Section 6.03 hereof.

**Section 3.09 Use of Monies in the Debt Service Reserve Fund.** Except as provided in Sections 3.20 and 3.25 hereof, monies in the Debt Service Reserve Fund shall be used by the Trustee promptly and solely for the payment of the principal of, premium, if any, and interest on the Series 2024 Bonds in the event monies in the Bond Principal Fund and Bond Interest Fund are insufficient to make such payments when due, whether on an Interest Payment Date, sinking fund redemption date, maturity date or otherwise in an amount necessary to cure such Event of Default and notwithstanding any other provision of this Indenture. Upon the occurrence and continuance of an Event of Default hereunder and the exercise by the Trustee of the remedy specified in Section 10.02(a) of the Agreement and under Section 8.02(a) hereof, any monies in the Debt Service Reserve Fund shall be transferred by the Trustee to the Bond Interest Fund, and with respect to any monies in excess of the amount required to be transferred to the Bond Interest Fund, to the Bond Principal Fund and applied in accordance with Section 8.05 hereof. On the final maturity date of the Series 2024 Bonds any monies in the Debt Service Reserve Fund may be used to pay the principal of and interest on the Series 2024 Bonds on such final maturity date. In the event of the redemption of the Series 2024 Bonds in whole, any monies in the Debt Service Reserve Fund shall be transferred to the Bond Principal Fund and applied to the payment of the principal of and premium, if any, on the Series 2024 Bonds. The Trustee shall value the Investment Obligations in the Debt Service Reserve Fund semiannually on the last Business Day of each June and December of each year at their market value. If on any valuation date the amount in the Debt Service Reserve Fund (determined pursuant to this Section) is greater than the Debt Service Reserve Fund Requirement, such excess shall be transferred by the Trustee to the Bond Interest Fund and applied to the payment of the interest on the Series 2024 Bonds; provided, however, that the amount remaining in the Debt Service Reserve Fund (determined pursuant to this Section) immediately after such transfer shall not be less than the Debt Service Reserve Fund Requirement on that date. If on any valuation date the amount in the Debt Service Reserve Fund (determined pursuant to this

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the Agreement, which authorization and direction the Trustee hereby accepts. The Trustee may conclusively rely on the information provided in the requisitions and shall have no obligation to independently verify the same. The Authority makes no representation of the adequacy of funds in the Project Fund to cover the requisitions.

**Section 3.14 Payments into and Use of Monies in the Issuance Expense Fund.** There shall be deposited into the Issuance Expense Fund from the Series 2024 Bond proceeds, pursuant to Section 4.01 of the Agreement, an amount which shall not be less than the Issuance Expense Fund Initial Deposit. There shall also be retained in the Issuance Expense Fund interest and other income received on investments of Issuance Expense Fund monies as provided in Section 6.03 hereof. Except as provided in Sections 3.15 and 3.20 hereof, such monies shall be expended to pay issuance expenses in accordance with the provisions of Section 4.04 of the Agreement. The Trustee is hereby authorized and directed to issue its checks on or make wire payments from the Issuance Expense Fund for each payment in accordance with Section 4.04 of the Agreement upon written direction of the Borrower. Monies remaining in the Issuance Expense Fund following such payments and any other payments to be made from such fund after ninety (90) days after the Closing Date shall be transferred by the Trustee to the Project Fund. The Trustee may conclusively rely on such written direction and shall have no obligation to independently verify the same.

The Trustee shall keep and maintain records pertaining to the Issuance Expense Fund and all payments therefrom in accordance with its customary policy and practice, which shall be open to inspection by Borrower or its duly authorized agents during normal business hours of the Trustee upon prior written request. After all expenses incurred in connection with the issuance of the Series 2024 Bonds have been paid, the Trustee shall file a statement of income in the form of its customary trust statement and disbursements with respect thereto with Borrower and the Authority.

**Section 3.15 Termination of Issuance Expense Fund.** No later than ninety (90) days after delivery of the Series 2024 Bonds any monies remaining in the Issuance Expense Fund shall be transferred to the Project Fund, and the Issuance Expense Fund shall be closed unless the Borrower has advised the Trustee of any eligible expenses which have not been paid. In all events, the Issuance Expenses Fund shall be closed no later than six months after the Closing Date.

**Section 3.16 Custody of the Issuance Expense Fund.** The Issuance Expense Fund shall be in the custody of the Trustee, but in the name of the Authority, and the Authority authorizes and directs the Trustee to withdraw sufficient funds from the Issuance Expense Fund for the purposes set forth in Section 4.04 of the Agreement and Section 3.14 hereof, which authorization and direction the Trustee hereby accepts.

**Section 3.17 Payments into the Capital Maintenance Fund.** There shall be deposited into the Capital Maintenance Fund on the Closing Date the amount of \$500,000.00, and as and when received thereafter (a) all payments by the Borrower pursuant to Section 3.03 of this Indenture and Section 5.02(g) of the Agreement, (b) all other monies deposited into the Capital Maintenance Fund pursuant to the Agreement or this Indenture, and (c) all other monies received by the Trustee when accompanied by directions not inconsistent with the Agreement or this Indenture that such monies are to be paid into the Capital Maintenance Fund. There shall also be retained in the Capital Maintenance Fund, interest and other income received on investment of

monies in the Capital Maintenance Fund to the extent provided in Section 6.03 hereof. If the Trustee does not receive payments into the Bond Principal Fund and the Bond Interest Fund pursuant to Section 3.03 of this Indenture and Section 5.02(g) of the Agreement by the tenth (10<sup>th</sup>) day of the month, the Trustee will promptly notify the Authority, the Borrower and the Charter School of such nonpayment and, as permitted by Section 4.05 of the Loan Agreement, the Borrower may use funds on deposit in the Capital Maintenance Fund to cure such deficiency. Any amounts on deposit in the Capital Maintenance Fund in excess of the Capital Maintenance Fund Requirement shall be transferred by the Trustee upon written direction of the Charter School to the Bond Interest Fund and applied to the payment of the interest on the Bonds; provided, however, that the amount remaining in the Capital Maintenance Fund immediately after such transfer shall not be less than the Capital Maintenance Fund Requirement.

**Section 3.18 Use of Monies in the Capital Maintenance Fund.** Absent the continuance of an Event of Default hereunder or the Agreement, beyond any notice and applicable grace period, the Trustee is hereby authorized and directed to make each disbursement from the Capital Maintenance Fund required by the provisions of Section 4.05 of the Agreement and to issue its checks therefor upon written direction of the Borrower. The Trustee may conclusively rely on such written direction and shall have no obligation to independently verify the same. The Trustee shall keep and maintain records pertaining to the Capital Maintenance Fund and all disbursements therefrom in accordance with its customary policy and practice and shall annually provide an account statement thereof with the Authority and Borrower.

**Section 3.19 Custody of the Capital Maintenance Fund.** The Capital Maintenance Fund shall be in the custody of the Trustee, but in the name of the Authority, and the Authority authorizes and directs the Trustee to withdraw sufficient funds from the Capital Maintenance Fund for the purposes authorized in Section 3.18 hereof.

**Section 3.20 Rebate Fund.** There shall be deposited into the Rebate Fund, investment income on monies in the Funds to the extent provided in the written direction of Borrower pursuant to Section 4.07 of the Agreement and subject to the limitations in Section 6.03 hereof, monies received from Borrower pursuant to Section 3.03 of this Indenture and Section 5.02(b) of the Agreement, monies transferred to the Rebate Fund from the Issuance Expense Fund, the Debt Service Reserve Fund, the Project Fund, the Bond Principal Fund or the Bond Interest Fund pursuant to the provisions of this Section and all other monies received by the Trustee when accompanied by written directions not inconsistent with the Agreement or this Indenture that such monies are to be paid into the Rebate Fund. The Trustee shall cause amounts on deposit in the Rebate Fund to be forwarded to the United States Treasury at the times and in the amounts set forth in Borrower's written direction pursuant to Section 4.07 of the Agreement. The Trustee shall not be responsible for any determination or calculation concerning arbitrage rebate with respect to the Tax-Exempt Bonds and shall have no obligation to pay any amounts required to be rebated pursuant to this Section and the Tax Certificate, other than from monies held in the Rebate Fund as provided in this Indenture.

If thirty (30) days after receipt of the certification pursuant to Section 4.07 of the Agreement, the monies on deposit in the Rebate Fund are insufficient for the purposes thereof, notwithstanding Section 6.03 hereof, the Trustee shall transfer monies to the Rebate Fund from the following Funds in the following order of priority; the Debt Service Reserve Fund, the Project

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required to be paid hereunder and under the Agreement (including payments into the Rebate Fund and to the United States of America) shall be paid to the Charter School upon the expiration of the term of the Agreement.

#### ARTICLE IV COVENANTS OF THE AUTHORITY

**Section 4.01 Performance of Covenants.** The Authority covenants that it will use its best efforts to faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond and in all proceedings of the Authority pertaining thereto. The Authority covenants, represents, warrants and agrees that it is duly authorized under the Constitution and laws of the Commonwealth, including particularly and without limitation the Act, to issue the Bonds and to execute this Indenture, to pledge the Trust Estate in the manner and to the extent herein set forth, that all actions on its part required for the issuance of the Bonds and the execution and delivery of this Indenture have been duly and effectively taken or will be duly taken as provided herein, and that this Indenture is a valid and enforceable instrument of the Authority and that the Bonds in the hands of the Registered Owners thereof are and will be valid and enforceable obligations of the Authority according to the terms thereof, except as the enforceability thereof may be limited by insolvency, bankruptcy, reorganization, moratorium or other laws affecting the enforcement of creditors rights generally or against public entities such as the Authority and by the application of general principles of equity.

**Section 4.02 Instruments of Further Assurance.** The Authority covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, pledging and hypothecating unto the Trustee all and singular the Trust Estate to the payment of the principal of, premium, if any, and interest on the Bonds.

**Section 4.03 Payment of Principal, Premium, if any, and Interest.** The Authority will promptly pay or cause to be paid the principal of, premium, if any, and interest on all Bonds issued hereunder according to the terms hereof. The principal, premium, if any, and interest payments are payable solely from the Trust Estate, which is hereby specifically pledged to the payment thereof in the manner and to the extent herein specified. Nothing in the Bonds or in this Indenture shall be considered or construed as pledging any funds or assets of the Authority other than those pledged hereby or creating any liability of the Authority's directors, employees or other agents.

**Section 4.04 Conditions Precedent.** Upon the date of issuance of any of the Bonds, the Authority hereby covenants that the conditions, acts and things required by the Constitution or statutes of the Commonwealth or by the Act or by this Indenture to exist, to have happened, or to have been performed precedent to or in the issuance of the Bonds shall exist, have happened and have been performed.

**Section 4.05 Rights Under the Agreement.** The Authority will observe the obligations, terms and conditions required on its part to be observed or performed under the

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Fund, the Bond Principal Fund and the Bond Interest Fund. The Trustee shall provide notice to the Authority if the certificate referred to in Section 4.07 of the Agreement is not received by the Trustee as provided in Section 4.07 of the Agreement within 45 days following each computation date as provided in the Tax Certificate (but the Trustee shall have no liability if it fails to provide such notice). Upon receipt by the Trustee and the Authority of written certification by a rebate analyst acceptable to the Authority to the effect that the amount in the Rebate Fund is in excess of the amount required to be therein, such excess shall be transferred to the Bond Interest Fund.

**Section 3.21 Custody of the Rebate Fund.** The Rebate Fund shall be in the custody of the Trustee, but in the name of the Authority, and the Authority authorizes and directs the Trustee to withdraw funds from the Rebate Fund for the purposes set forth in Section 3.20 hereof, which authorization and direction the Trustee hereby accepts.

**Section 3.22 Non-presentment of Bonds.** In the event any Bonds, or portions thereof, shall not be presented for payment when the principal thereof becomes due, either at maturity, the date fixed for redemption thereof, or otherwise, if funds sufficient for the payment thereof including accrued interest thereon, shall have been deposited into the Bond Principal Fund and Bond Interest Fund or otherwise made available to the Trustee for deposit therein, then on and after the date said principal becomes due, all interest thereon shall cease to accrue and all liability of the Authority to the Registered Owner or Registered Owners thereof for the payment of such Bonds, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds in a separate trust account for the benefit of the Registered Owner or Registered Owners of such Bonds, who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his, her or their part under this Indenture with respect to said Bond or on, or with respect to, said Bond. Such monies shall not be required to be invested during such period by the Trustee. If any Bond shall not be presented for payment within the period of three years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall return to Borrower the funds theretofore held by it for payment of such Bond and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of Borrower. The obligations of the Trustee under this Section shall be subject, however, to any law applicable to the unclaimed funds or the Trustee providing other requirements for the disposition of unclaimed property.

**Section 3.23 Monies to be Held in Trust.** All monies required to be deposited with or paid to the Trustee under any provision of this Indenture shall be held by the Trustee in trust for the purposes specified in this Indenture, and, except for monies deposited with or paid to the Trustee for the payment or redemption of specific Bonds and monies held by the Trustee in the Rebate Fund and in the separate trust accounts pursuant to Section 3.22, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien hereof. Monies held in the Rebate Fund shall be held in trust by the Trustee and shall be applied as provided in Section 3.20 hereof.

**Section 3.24 Reserved.**

**Section 3.25 Repayment to Charter School from the Funds.** Any amounts remaining in the Funds after payment in full of the Bonds (or making provision for such payment), the fees, expenses and any other amounts owing to the Trustee, and all other amounts required to be paid hereunder and under the Agreement to the Authority or the Trustee and all other amounts

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Agreement. The Authority agrees that whenever the Agreement and the 2024 Note give the Trustee some right or privilege, or in any way attempts to confer upon the Trustee the ability for the Trustee to protect the security for payment of the Bonds, that such part of the Agreement and the 2024 Note shall be as though it were set out in this Indenture in full.

The Authority agrees that the Trustee, as assignee of the Agreement and the 2024 Note, may enforce, in its name or in the name of the Authority, all rights of the Authority and all obligations of Borrower under and pursuant to the Agreement (subject to certain exceptions stated in the granting clauses hereof) and the 2024 Note for and on behalf of the Registered Owners, whether or not the Authority is in default hereunder.

#### ARTICLE V REDEMPTION OF BONDS PRIOR TO MATURITY

**Section 5.01 Optional Redemption of Series 2024 Bonds.** The Series 2024 Bonds are subject to redemption prior to maturity at the option of the Authority in whole or in part, on \_\_\_\_\_, or on any date thereafter upon direction by the Borrower and upon payment of par plus accrued interest to the date of redemption.

**Section 5.02 Redemption of Series 2024 Bonds Upon Occurrence of Certain Events.** The Series 2024 Bonds are also redeemable at the option and upon the written direction of Borrower in whole at any time or in part (only Net Proceeds of insurance or a condemnation award shall be used for a partial redemption of Bonds pursuant to paragraphs (a) or (b) of this Section) on any Interest Payment Date from and to the extent of funds on deposit under this Indenture and available for this purpose at a redemption price equal to the principal amount of each Bond redeemed and accrued interest to the redemption date upon the occurrence of any of the following events:

(a) A Facility shall have been damaged or destroyed in whole or in part to such extent that, as expressed in a Consulting Architect's Certificate filed with the Trustee (i) such Facility cannot reasonably be restored within a period of six consecutive months to the condition thereof immediately preceding such damage or destruction, or (ii) the Borrower or its lessee are thereby prevented from carrying on its normal operations for a period of six consecutive months, or (iii) the cost of restoration thereof would exceed the Net Proceeds of insurance carried thereon pursuant to the requirements of the Master Indenture.

(b) Title to, or the temporary use of all or any substantial part of a Facility shall have been taken under the exercise of the power of eminent domain by any governmental authority, or person, firm or corporation acting under governmental authority or because of a defect in title.

(c) As a result of any changes in the Constitution of the Commonwealth or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Borrower in good faith, the Agreement, the Master Indenture, the Lease or the Mortgage

shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in the Agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the Borrower in respect to a Facility, including, without limitation, federal, state or other ad valorem, property, income or other taxes not being imposed on the date of the Agreement. Redemption pursuant to this paragraph (c) shall be in whole only.

**Section 5.03 Redemption Upon a Determination of Taxability.** The Series 2024 Bonds are subject to mandatory redemption as a whole at the principal amount thereof, plus accrued interest thereon to the date of redemption, plus a 3% premium, upon the occurrence of a Determination of Taxability. The redemption date shall be the earliest practicable date selected by the Borrower, after consultation with the Trustee, but in no event later than six months following the Determination of Taxability.

**Section 5.04 Sinking Fund.** The Series 2024 Bonds maturing \_\_\_\_\_ are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date. Pursuant to the provisions of the Agreement, the Borrower is required to provide funds for deposit into the Bond Principal Fund and Bond Interest Fund sufficient to redeem the following principal amounts of the Series 2024 Bonds maturing \_\_\_\_\_ plus accrued interest thereon to the redemption date:

(Date) of the Year	Principal Amount
_____*	
*Maturity Date	

The Series 2024 Bonds maturing \_\_\_\_\_ are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date. Pursuant to the provisions of the Agreement, the Borrower is required to provide funds for deposit into the Bond Principal Fund and Bond Interest Fund sufficient to redeem the following principal amounts of the Series 2024 Bonds maturing \_\_\_\_\_ plus accrued interest thereon to the redemption date:

(Date) of the Year	Principal Amount
_____*	
*Maturity Date	

The Series 2024 Bonds maturing \_\_\_\_\_ are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date. Pursuant to the provisions of the Agreement, the Borrower is required to provide funds for deposit into the Bond Principal Fund and Bond Interest Fund sufficient to redeem the following principal amounts of the Series 2024 Bonds maturing \_\_\_\_\_ plus accrued interest thereon to the redemption date:

(Date) of the Year	Principal Amount
_____*	
*Maturity Date	

The Series 2024 Bonds maturing \_\_\_\_\_ are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date. Pursuant to the provisions of the Agreement, the Borrower is required to provide funds for deposit into the Bond Principal Fund and Bond Interest Fund sufficient to redeem the following principal amounts of the Series 2024 Bonds maturing \_\_\_\_\_ plus accrued interest thereon to the redemption date:

(Date) of the Year	Principal Amount
_____*	
*Maturity Date	

Not more than 45 days nor less than 20 days prior to the sinking fund payment date for the Series 2024 Bonds, the Trustee is required to proceed to select for redemption (by lot in such manner as the Trustee may determine) from all Outstanding Series 2024 Bonds, a principal amount of Series 2024 Bonds equal to the aggregate principal amount of Series 2024 Bonds, redeemable with the required sinking fund payment and is required to call such Series 2024 Bonds for redemption from the sinking fund on the next \_\_\_\_\_ and give notice of such call.

The Series 2024A Bonds are subject to mandatory redemption in part up to an amount equal to the greater of the proceeds of the sale of the 413 Union Parcel or the allocable amount of the Series 2024A Bonds, unless, in the opinion of Bond Counsel, redemption of a lesser amount that does not adversely affect the exclusion from gross

income of interest on the Series 2024A Bonds at a redemption price equal to 100% of the aggregate principal amount of such Series 2024A Bonds being redeemed, plus accrued interest to the redemption date after the sale of the 413 Union Parcel, receipt of the proceeds of the sale of the 413 Union Parcel, and release of the 413 Union Parcel from the lien of the Mortgage pursuant to Section 7.9 of the Master Indenture. The redemption date shall be the earliest practicable date selected by the Borrower, after consultation with the Trustee and the Authority, but in no event later than 45 days following the sale of the 413 Union Parcel.

**Section 5.05 Method of Selecting Bonds.** In the event that less than all of the Outstanding Bonds in a Series shall be redeemed, the Bonds of such series and from each maturity will be selected by lot by the Trustee across all maturities (unless the Bonds required to be redeemed are from only one maturity), or if less than all of the Bonds of a Series in a single maturity shall be redeemed, the selection of Bonds or portions thereof to be redeemed shall be selected by lot by the Trustee (or by random drawing by DTC while the Bonds are held in book-entry form) in any manner which the Trustee deems reasonable. If Bonds of various series are to be redeemed in part, the Bonds of each Series shall be selected by lot by the Trustee.

**Section 5.06 Notices of Redemption.** Bonds shall be called for optional redemption by the Trustee as herein provided upon receipt by the Trustee at least 30 days prior to the redemption date of a certificate of the Borrower specifying the series and principal amount of the Bonds to be called for redemption, the applicable redemption price or prices, the provision or provisions of this Indenture pursuant to which such Bonds are to be called for redemption, provided that such certificate shall not be required with respect to a sinking fund redemption pursuant to Section 5.04 hereof and Bonds shall be called for redemption by the Trustee pursuant to such Section without the necessity of any action by the Borrower. In the case of every redemption, or in the case of any defeasance, the Trustee shall cause notice of such redemption or defeasance by mailing by first-class mail a copy of the redemption notice or defeasance notice to the Registered Owners of the Bonds designated for redemption or defeasance in whole or in part, at their addresses as the same shall last appear upon the registration records, in each case not less than 20 days prior to the redemption date or defeasance date, provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption or defeasance of such Bonds. Any notice of optional redemption by the Trustee may contain a statement that the redemption is conditioned upon the receipt by the Trustee of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if funds are not available, such optional redemption shall be cancelled by written notice to the Registered Owners of the Bonds called for redemption in the same manner as the original redemption notice was given.

Each notice of redemption shall specify the date fixed for redemption, the redemption price, the place or places of payment, that payment will be made upon presentation and surrender of the Bonds to be redeemed, that interest accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date, interest thereon will cease to accrue. If less than all the Outstanding Bonds are to be redeemed, the notice of redemption shall specify the numbers of the Bonds or portions thereof to be redeemed. If less than all of the Outstanding Bonds subject to mandatory sinking fund redemption are redeemed, the Borrower, in consultation with the Trustee, shall calculate the revised sinking fund schedule based on a pro rata share of the Bonds

then Outstanding. In connection with any redemption of Bonds while in a book-entry system, such redemption will be processed in accordance with the requirements of DTC.

**Section 5.07 Bonds Due and Payable on Redemption Date; Interest Ceases to Accrue.** On or before the thirtieth day prior to the redemption date specified in any notice of redemption of the Borrower delivered pursuant to Section 5.06 (provided that such notice shall not be required with respect to a sinking fund redemption pursuant to Section 5.04 hereof), hereof, an amount of money sufficient to redeem all the Bonds called for redemption at the appropriate redemption price, including accrued interest to the date fixed for redemption, shall be deposited with the Trustee by the Borrower; unless a conditional notice of redemption has been provided by the Trustee as provided for in Section 5.06 above. On the redemption date the principal amount of each Bond to be redeemed, together with the accrued interest thereon to such date and redemption premium, if any, shall become due and payable; and from and after such date, notice having been given and deposit having been made in accordance with the provisions of this Article (except the last sentence of the first paragraph of Section 5.06 hereof), then, notwithstanding that any Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any of such Bonds. From and after such date of redemption (such notice having been given and such deposit having been made), the Bonds to be redeemed shall not be deemed to be Outstanding hereunder, and the Authority shall be under no further liability in respect thereof, as provided in Section 3.21 hereof.

**Section 5.08 Cancellation.** All Bonds which have been redeemed and all Bonds delivered to the Trustee by the Borrower for cancellation shall be cancelled by the Trustee and destroyed as provided in Section 2.09 hereof.

**Section 5.09 Partial Redemption of Bonds.** Upon surrender and receipt of any Bond for redemption in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Registered Owner thereof, the cost of which shall be paid by the Borrower, a new Bond or Bonds of the same Series and maturity and interest rate and of authorized denominations, in an aggregate principal amount equal to that portion of the Bond not redeemed. The Borrower shall subscribe for new CUSIP numbers, if necessary, in connection with such partial redemption of Bonds.

**Section 5.10 No Partial Redemption in Event of Default.** Notwithstanding any provisions of this Article, the Bonds shall not be subject to partial redemption pursuant to Section 5.01 hereof if an Event of Default has occurred hereunder and has not been cured or otherwise waived by the Trustee for the purpose of making any such redemption payment.

**Section 5.11 Mandatory Redemption from Excess Moneys in the Project Fund.** The Trustee shall redeem the Series 2024A Bonds in the manner set forth in Section 5.05 herein, in part, on the earliest practicable date selected by the Trustee in increments of \$5,000 and at a redemption price of 100% of the principal amount of the Series 2024A Bonds being redeemed plus accrued interest to the redemption date, from unused amounts of \$100,000 or more on deposit in the Project Fund following the final Project Fund requisition related to the Project on such date.

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to notification to the extent permitted by law and acknowledge that they will receive periodic transaction statements that will detail all investment transactions.

The Trustee hereby agrees to retain the documentation with respect to investments or monies in the Funds in accordance with its standard record-keeping practices.

**Section 6.02 Tax Status of the Interest on the Tax-Exempt Bonds.** The Authority hereby acknowledges that in order to ensure that the tax status of the interest on the Tax-Exempt Bonds is not adversely affected, it has secured from Borrower the covenant set forth in Section 4.08 of the Agreement. In addition, the Authority, to the extent of matters within its control, further covenants to take any action to maintain, or refrain from any action which would adversely affect, the treatment of the Tax-Exempt Bonds as obligations described in Section 103 of the Code, the interest on which is excluded from the "gross income" of the holder for purposes of federal income taxation.

**Section 6.03 Allocation and Transfers of Investment Income.** Any investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Fund from which the investment was made. Any loss resulting from such investments shall be charged to such Fund. Any interest or other gain from any Fund from any investment or reinvestment pursuant to Section 6.01 hereof realized shall be retained therein or shall be allocated and transferred as follows:

(a) Any interest or other gain realized as a result of any investments or reinvestments of monies in the Bond Principal Fund and the Bond Interest Fund shall be retained in the respective Fund unless the Debt Service Reserve Fund balance was deficient on the previous semi-annual valuation required by Section 3.09 hereof, in which case such interest or other gain shall be paid into the Debt Service Reserve Fund forthwith.

(b) Any interest or other gain realized as a result of any investments or reinvestments of monies in the Debt Service Reserve Fund shall be credited to the Debt Service Reserve Fund if the amount therein is less than the Debt Service Reserve Fund Requirement as determined by the previous semi-annual valuation required by Section 3.09. If the amount in the Debt Service Reserve Fund is equal to or greater than the Debt Service Reserve Fund Requirement immediately subsequent to any valuation required pursuant to Section 3.09 hereof, such amount in excess of the Debt Service Reserve Fund Requirement shall be paid into the Bond Interest Fund.

(c) Any interest or other gain realized as a result of any investments or reinvestments of monies in the Project Fund shall be retained in the Project Fund unless the Debt Service Reserve Fund balance was deficient on the previous semi-annual valuation required by Section 3.09 hereof or following the initial issuance of the Bonds, in which case such interest or other gain shall be paid in the Debt Service Reserve Fund forthwith.

(d) Any interest or other gain realized as a result of any investments or reinvestments of monies in the Issuance Expense Fund shall be retained in the Issuance Expense Fund.

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## ARTICLE VI INVESTMENTS

**Section 6.01 Investment of Bond Principal Fund, Bond Interest Fund, Debt Service Reserve Fund, Project Fund, Issuance Expense Fund, Capital Maintenance Fund and Rebate Fund.** On written instructions signed by the Borrower and delivered to the Trustee that designate specific investments, any monies held as part of the Funds shall be invested by the Trustee in Investment Obligations (a) with respect to the Capital Maintenance Fund and the Issuance Expense Fund maturing in the amounts and at the times necessary to provide funds to make the payments to which such monies are applicable, (b) with respect to the Bond Principal Fund, the Bond Interest Fund, the Project Fund and the Rebate Fund maturing in the amounts and at the times necessary to provide funds to make the payments to which such monies are applicable, and (c) with respect to the Debt Service Reserve Fund maturing at such times as determined by the Borrower. All such Investment Obligations purchased shall mature or be redeemable on a date or dates prior to the time when the monies so invested are expected to be required for expenditure. Any written instruction hereunder shall constitute a certification by the Borrower that such investment is a qualified Investment Obligation and is in compliance with the Tax Certificate. The Authority and the Borrower acknowledges that the legal obligation to pay the purchase price of Investment Securities arises immediately at the time of the purchase. Notwithstanding anything else in this Indenture, (i) any such crediting of funds or assets shall be provisional in nature, and the Trustee shall be authorized to reverse any such transactions or advances of funds in the event that it does not receive good funds with respect thereto, and (ii) nothing in this Indenture shall constitute a waiver of any Trustee's rights as a securities intermediary under Uniform Commercial Code §9-206.

The Trustee shall value the Investment Obligations held within the Funds on the last Business Day of each \_\_\_\_ and \_\_\_\_, commencing \_\_\_\_, 2024. In computing for any purpose hereunder the amount in any Fund on any date, Investment Obligations purchased shall be valued at the lesser of their market value or cost (with the exception of the Debt Service Reserve Fund, which shall be valued at its market value). The Authority and the Borrower acknowledge that values shall be determined in accordance with the price provided by pricing services and sources relied upon by the Trustee and the Trustee does not have any duty to independently value any asset or an obligation other than the price provided by pricing services and sources relied upon by Trustee. The Trustee shall sell and reduce to cash a sufficient portion of such investments whenever the cash balance in a Fund is insufficient for the purposes of such Fund. The Trustee shall not be responsible for any depreciation in the value of any Investment Obligation or for any loss resulting from the sale of any Investment Obligation, and Trustee may make any and all investments permitted by the provisions of this Section through its trust or investment departments or its affiliate's investment departments.

The Trustee may conclusively rely on the written direction of the Borrower as to the permissibility and suitability of any investments made hereunder and shall have no responsibility or liability for any losses on such investments.

The Authority and the Borrower acknowledge that regulations of the Comptroller of the Currency grant the Authority and the Borrower the right to receive brokerage confirmations of security transactions as they occur. The Authority and the Borrower specifically waive such right

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(e) Any interest or other gain realized as a result of any investment or reinvestment of monies in the Capital Maintenance Fund shall be retained in the Capital Maintenance Fund unless a transfer is permitted pursuant to Section 3.18 hereof.

Upon receipt by the Trustee and the Authority of written certification by a rebate analyst acceptable to the Authority to the effect that the amount in the Rebate Fund is in excess of the amount required to be therein, such excess shall be transferred to the Bond Interest Fund.

## ARTICLE VII DISCHARGE OF INDENTURE

**Section 7.01 Discharge of this Indenture.** If, when the Bonds secured hereby shall be paid in accordance with their terms (or payment of the Bonds has been provided for in the manner set forth in the following paragraph), together with all other sums due and payable hereunder, all amounts payable to the Authority and the Trustee under the Agreement and all amounts due and payable to the United States of America pursuant to Section 148 of the Code, then this Indenture and the Trust Estate and all rights granted hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. Also if all Outstanding Bonds secured hereby shall have been purchased by the Borrower and delivered to the Trustee for cancellation, and all other sums payable hereunder, all amounts payable to the Authority under the Agreement, and all amounts payable to the United States pursuant to Section 148 of the Code have been paid, or provision shall have been made for the payment of the same, then this Indenture and the Trust Estate and all rights granted hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such events, the Trustee shall promptly turn over to the Charter School any surplus in any Fund pursuant to Section 3.25 hereof, except to the extent otherwise required by Section 4.08 of the Agreement and Section 3.21 hereof.

Payment of any Outstanding Bond shall prior to the maturity or redemption date thereof be deemed to have been provided for within the meaning and with the effect expressed in this Section if: (a) in case said Bond is to be redeemed on any date prior to its maturity, the Borrower shall have given to the Trustee in form satisfactory to it irrevocable instructions, to give on a date in accordance with the provisions of Section 5.06 hereof notice of redemption of such Bond on said redemption date, such notice to be given in accordance with the provisions of Section 5.06 hereof, (b) there shall have been deposited with the Trustee either monies in an amount which shall be sufficient, or Government Obligations which shall not contain provisions permitting the redemption thereof at the option of the Authority, the principal of and the interest on which when due, and without any reinvestment thereof, will provide monies which, together with the monies, if any, deposited with or held by the Trustee at the same time, shall be sufficient to pay when due the principal of and premium, if any, and interest due and to become due on said Bond on and prior to the redemption date or maturity date thereof, as the case may be, (c) there shall have been delivered to the Trustee and the Authority a certificate from a firm of certified public accountants or other financial services firm certifying as to the sufficiency of the deposit made pursuant to the preceding clause (b), (d) there shall have been delivered an opinion of nationally recognized Bond Counsel satisfactory the Authority that such payment does not adversely affect the exclusion from gross income of interest on the Series 2024 Bonds and the defeasance is in accordance with the requirements of this Indenture, and (e) in the event said Bond is not by its terms subject to redemption within the next 45 days, the Borrower shall have given the Trustee, in form satisfactory

to the Trustee, irrevocable instructions to give, as soon as practicable, in the same manner as the notice of redemption is given pursuant to Section 5.06 hereof, a notice to the Authority and the Registered Owner of such Bond that the deposit required by clause (b) above has been made with the Trustee and that payment of said Bond has been provided for in accordance with this Section and stating such maturity or redemption date upon which monies are to be available for the payment of the principal of and premium, if any, and interest on said Bond and stating whether any redemption provisions relating to the Bonds will remain in effect. Neither such securities nor monies deposited with the Trustee pursuant to this Section or principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and premium, if any, and interest on said Bond; provided any cash received from such principal or interest payments on such securities deposited with the Trustee if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities of the type described in clause (b) of this paragraph maturing at times and in amounts sufficient to pay when due the principal of and premium, if any, and interest to become due on said Bond on or prior to such redemption date or maturity date thereof, as the case may be. At such time as payment of a Bond has been provided for as aforesaid, such Bond shall no longer be secured by or entitled to the benefits of this Indenture, except for the purpose of any payment from such monies or securities deposited with the Trustee.

The release of the obligations of the Authority and the Borrower under this Section shall be without prejudice to the right of the Trustee or the Authority to be paid reasonable compensation for all services rendered by it hereunder and all its reasonable expenses, charges and other disbursements incurred on or about the administration of the trust hereby created and the performance of its powers and duties hereunder.

Notwithstanding anything contained herein to the contrary, provision shall not be made for the payment of any Bonds if such provision would constitute an advance refunding under the Code, as amended, unless simultaneously with such provision for payment, the Borrower delivers to the Authority and the Trustee an opinion of nationally recognized Bond Counsel acceptable to the Authority to the effect that such provision will not adversely affect the exclusion from gross income of the interest on the Bonds.

**Section 7.02 Liability of Authority Not Discharged.** Upon compliance with the provisions of Section 7.01 hereof with respect to all Bonds then Outstanding, this Indenture may be discharged in accordance with the provisions of this Article but the limited liability of the Authority in respect of such Bonds shall continue provided that the Registered Owners thereof shall thereafter be entitled to payment only out of the monies or securities deposited with the Trustee as provided in Section 7.01 hereof.

## ARTICLE VIII DEFAULTS AND REMEDIES

**Section 8.01 Events of Default.** Each of the following is hereby defined as and shall be deemed an "Event of Default:"

(a) default in the payment by the Authority of the principal of or premium, if any, on any Bond when the same shall become due and payable, whether at the stated maturity thereof, on a sinking fund payment date or upon proceedings for redemption;

(b) default in the payment by the Authority of any installment of interest on any Bond when the same shall become due and payable;

(c) default shall be made in the observance or performance of any covenant, agreement, contract or other provision in the Bonds or this Indenture contained (other than as referred to in subsection (a) or (b) of this Section) and such default shall continue for a period of 30 days after written notice to the Authority, the Borrower and the Trustee from the Majority Bondholders or to the Authority and the Borrower from the Trustee, subject to Section 9.01(h) hereof, specifying such default and requiring the same to be remedied, provided, with respect to any such failure covered by this subsection (c), no Event of Default shall be deemed to have occurred so long as a course of action adequate to remedy such failure shall have been commenced within such 30-day period and shall thereafter be diligently prosecuted to completion and the failure shall be remedied thereby, provided however, that such course of action must be completed within 90 days after the written notice, herein specified, is delivered;

(d) the occurrence and continuing of an "Event of Default" under the Agreement as defined in Section 10.01 therein, beyond notice and any applicable grace period;

(e) if there is a default under the Master Indenture or any amendment or supplement thereto, and such default gives the Master Trustee the right to accelerate Obligations (as defined in the Master Indenture) issued thereunder; or

(f) failure to replenish the Debt Service Reserve Fund as required in accordance with Section 3.11 hereof.

The Trustee shall notify the Authority, the Borrower and the Charter School of the occurrence of any Event of Default of which it has notice or actual knowledge (such notice or actual knowledge being determined in accordance with Section 9.01(h) hereof) as soon as practicable.

**Section 8.02 Remedies on Events of Default.** Subject to Section 12.06 of the Lease, upon the occurrence and continuing of an Event of Default, the Trustee shall have the following rights and remedies:

(a) **Acceleration.** Subject to the terms of the Master Indenture, the Trustee may direct the Master Trustee to accelerate the Note and bring a suit at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Bonds outstanding hereunder. The Trustee (i) may by notice in writing given to the Authority and the Borrower or (ii) shall, upon the written request of the Registered Owners of the Majority Bondholders, declare the principal amount of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable and said principal and interest shall thereupon become immediately due and payable. Upon any declaration of acceleration

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hereunder, the Trustee shall immediately declare all Loan Payments under the Agreement to be immediately due and payable as provided in Section 10.02 of the Agreement.

(b) **Receivership.** Upon the filing of an action for receivership, the Trustee shall be entitled as a matter of right (on an ex parte basis and without notice) to the appointment of a receiver or receivers of the Trust Estate, and of the rents, revenues, income, products and profits thereof, pending such proceedings, but, notwithstanding the appointment of any receiver, trustee or other custodian, the Trustee shall be entitled to the possession and control of any cash, securities or other instruments held by, or payable or deliverable under the provisions of this Indenture to the Trustee.

(c) **Suit for Judgment on the Bonds.** The Trustee shall be entitled to sue for and recover judgment, either before or after or during the pendency of any proceedings for the enforcement of the lien of this Indenture, for the enforcement of any of its rights, or the rights of the Registered Owners, but any such judgment against the Authority shall be enforceable only against the Trust Estate. No recovery of any judgment by the Trustee shall in any manner or to any extent affect the lien of this Indenture or any rights, powers or remedies of the Trustee hereunder, or any liens, rights, powers or remedies of the Registered Owners of the Bonds, but such liens, rights, powers and remedies of the Trustee, and of the Registered Owners shall continue unimpaired as before. The obligations of the Borrower under the Agreement are general obligations of the Borrower.

In the event written notice is given by the Registered Owners or the Trustee under Section 8.01(c) hereof, the Trustee shall within 5 days give written notice with respect to such default to the Borrower and the Charter School.

No right or remedy is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing at law or in equity or by statute.

If any Event of Default shall have occurred and is continuing, and if requested by the Majority Bondholders and indemnified as provided in Section 9.01 hereof, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Registered Owners; provided, however, the Trustee may refuse to follow any direction that it believes conflicts with applicable law or this Indenture.

In addition to the foregoing, for purposes of voting or giving a direction under the Master Indenture as holder of the 2024 Note, the Trustee may rely on the written direction from the Majority Bondholders.

**Section 8.03 Direction of Remedies.** Anything in this Indenture to the contrary notwithstanding, the Majority Bondholders shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method, and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver, or any other proceedings or remedies hereunder provided that such direction shall not be otherwise than in accordance with

the provisions hereof. The Trustee shall not be required to act on any direction given to it pursuant to this Section unless indemnified as provided in Section 9.01 hereof. For purposes of this Section, so long as the Bonds are held by DTC pursuant to the provisions of Section 2.12 hereof, the Trustee shall be permitted to accept direction from the beneficial owners of the Bonds, rather than the Registered Owner, upon receipt of appropriate certification (not unsatisfactory to the Trustee) of such beneficial ownership by the Trustee.

**Section 8.04 Rights and Remedies of Registered Owners.** No Registered Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred of which the Trustee has been notified as provided in Section 9.01 hereof, or of which by Section 9.01 hereof it is deemed to have notice, nor unless such default shall have become an Event of Default and the Majority Bondholders shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless they have also offered to the Trustee indemnity as provided in Section 9.01 hereof nor unless the Trustee shall thereafter fail or refuse to exercise within a reasonable period of time (not to exceed 30 days) the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request, and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Registered Owners of the Bonds shall have the right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by his, her or their action or to enforce any right hereunder except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner herein provided and for the equal benefit of the Registered Owners of the Bonds then Outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Registered Owner of Bonds to enforce the payment, by the institution of any suit, action or proceeding in equity or at law, of the principal of, premium, if any or interest on any Bond at and after the maturity thereof, or the obligation of the Authority to pay the principal of, premium, if any, and interest on each of the Bonds to the respective Registered Owners of the Bonds at the time and place, from the source and in the manner herein and in the Bonds expressed. For purposes of this Section, so long as the Bonds are held by DTC pursuant to the provisions of Section 2.12 hereof, the Trustee shall be permitted to accept direction from the beneficial owners of the Bonds, rather than the Registered Owner, upon receipt of appropriate certification (not unsatisfactory to the Trustee) of such beneficial ownership by the Trustee.

**Section 8.05 Application of Monies.** All monies received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of such monies and the fees and expenses, liabilities and advances incurred or made by the Trustee, including, without limitation, any unpaid fees or attorney fees and expenses and, if deemed appropriate by the Trustee in its discretion, a reserve with respect to reasonably anticipated future costs and expenses, be held or deposited into the Bond Principal Fund and the Bond Interest Fund during the continuance of an Event of Default and shall be applied as follows:

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(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such monies shall be applied;

FIRST, to the payment to the Persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege.

SECOND, to the payment to the Persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which monies are held pursuant to the provisions of this Indenture), in the order of their due dates and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto, without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such monies shall be applied (i) first, to the payment of accrued and unpaid interest and (ii) second to principal then due and unpaid upon all of the Bonds, without preference or priority of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the monies shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever monies are to be applied pursuant to the provisions of this Section, such monies shall be applied at such times, and from time to time, as the Trustee shall determine, in its reasonable discretion, having due regard to the amount of such monies available for application the likelihood of additional monies becoming available for such application in the future, and accounting for Section 3.09 of this Indenture regarding the use of the Debt Service Reserve Fund to cure payment defaults. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit of any such monies and of the fixing of any such date and shall not be required to make payment to the Registered Owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all of the Bonds, the premium, if any, and interest thereon have been paid under the provisions of this Section and all expenses and fees of the Trustee and all other amounts to be

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Authority, the Trustee and the Registered Owners shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to or affect any subsequent or other default, or impair any rights or remedies consequent thereon.

#### ARTICLE IX CONCERNING THE TRUSTEE

**Section 9.01 Duties of the Trustee.** The Trustee hereby accepts the trusts imposed upon it by this Indenture and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform only such duties as are specifically set forth in this Indenture. If an Event of Default has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in the exercise of such rights and powers as a prudent person would exercise or use in the conduct of their own affairs.

(b) The Trustee may execute any of the trusts hereof or powers hereunder or any of the other Bond Documents and perform any of its duties hereunder or any of the other Bond Documents by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standards specified above and in subsection (g) of this Section, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the advice of legal counsel to it or an Opinion of Counsel and shall not be responsible for any loss or damage resulting from any action or nonaction taken by or omitted to be taken in good faith in reliance upon advice or such Opinion of Counsel.

(c) The Trustee shall not be responsible for any recital herein or in the Bonds (except in respect to the certificate of authentication of the Trustee endorsed on the Bonds), or for insuring the Facilities or for determining the adequacy of any policies of insurance or collecting any insurance monies or for the validity of the execution by the Authority of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the recording or rerecording, filing or refiling of this Indenture or any security agreement in connection therewith (excluding the continuation of Uniform Commercial Code financing statements to the extent such financing statements and the filing information therefor have been provided to the Trustee in a timely manner) or for the value of or title to the Facilities, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Authority, or on the part of the Borrower or the Charter School, except as hereinafter set forth; but the Trustee may require of the Borrower and the Charter School full information and advice as to the performance of the covenants, conditions, and agreements contained herein, and as to the condition of the Facilities, in the Agreement. The Trustee

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paid to the Authority hereunder or under the Agreement have been paid, any balance remaining in the Funds shall be applied as provided in Section 3.25 hereof.

**Section 8.06 Trustee May Enforce Rights Without Bonds.** All rights of action and claims under this Indenture or any of the Bonds Outstanding may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or proceedings relative thereto; and any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee, without the necessity of joining as plaintiffs or defendants any Registered Owners of the Bonds.

**Section 8.07 Trustee to File Proofs of Claim in Receivership, Etc.** In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceedings affecting the Trust Estate or the Borrower, the Authority or the Trustee shall, to the extent permitted by law, be entitled to file such proofs of claims and other documents as may be necessary or advisable in order to have claims of the Trustee and the Authority, and of the Registered Owners allowed in such proceedings for the entire amount due and payable by the Authority under this Indenture, or by the Borrower, as the case may be, at the date of the institution of such proceedings and for any additional amounts which may become due and payable by it after such date, without prejudice, however, to the right of any Registered Owner to file a claim in their own behalf.

**Section 8.08 Delay or Omission No Waiver.** No delay or omission of the Trustee or of any Registered Owner to exercise any right or power accruing upon any default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such default, or acquiescence therein; and every power and remedy given by this Indenture may be exercised from time to time and as often as may be deemed expedient.

**Section 8.09 No Waiver of One Default to Affect Another.** No waiver of any default hereunder, whether by the Trustee or the Registered Owners, shall extend to or affect any subsequent or any other then existing default or shall impair any rights or remedies consequent thereon.

**Section 8.10 Discontinuance of Proceedings on Default; Position of Parties Restored.** In case the Trustee or the Registered Owners shall have proceeded to enforce any rights under this Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee or the Registered Owners, then and in every such case the Authority, the Trustee and the Registered Owners shall be restored to their former position and rights hereunder with respect to the Trust Estate, and all rights, remedies, and powers of the Authority, the Trustee and the Registered Owners shall continue as if no such proceedings had been taken.

**Section 8.11 Waivers of Events of Default.** The Trustee may waive any Event of Default hereunder and its consequences and rescind any declaration of acceleration of maturity of principal of and interest on the Bonds and shall do so upon the written request of the Majority Bondholders in respect of which a default exists. In case of any such waiver or rescission, or in case any proceedings taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the

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shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 6.01 hereof. The Trustee shall not be responsible for any determination or calculation concerning arbitrage rebate with respect to the Bonds, or for determining if the yield on any investment made in accordance with the written instructions of the Borrower would cause, or whether any other facts exist which would cause, any of the Bonds to become arbitrage bonds under Section 148 of the Code.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Trustee may become the Registered Owner or Beneficial Owner of the Bonds with the same rights which it would have if not Trustee. The Trustee shall not be accountable for the use or application by the Authority or the Borrower of the proceeds of any of the Bonds or of any money paid to or upon the order of the Authority or the Borrower or the Charter School under any provision of this Indenture. The Trustee in good faith may buy, sell, own and hold any of the Bonds and may join in any action which any Registered Owner may be entitled to take with like effect as if the Trustee were not a party to this Indenture. The Trustee also may engage in or be interested in any financial or other transaction with the Authority, the Borrower or the Charter School, provided that if the Trustee determines that any such relation is in conflict with its duties under this Indenture, it shall eliminate the conflict or resign as Trustee. So long as no event of default has occurred and is continuing, the Trustee may be a creditor of the Authority, the Borrower or the Charter School. The Trustee may act as depository, and permit any of its officers or directors to act as an official of, or in any other capacity with respect to, the Authority, the Borrower or the Charter School or any committee formed to protect the rights of holders of Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not such committee shall represent the Majority Bondholders.

(e) The Trustee shall be protected in acting or refraining from acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram, facsimile transmission or other paper or document or electronic communication believed to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Registered Owner of any Bonds shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed on behalf of the Authority by an Authorized Representative of the Authority or on behalf of the Borrower by an Authorized Representative of the Borrower or on behalf of the Charter School by an Authorized Representative of the Charter School or such other Person as may be designated for such purpose by the Authority or the Borrower or the Charter School as sufficient evidence of the facts therein contained, and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (h) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing,

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transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(g) The permissive rights of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its gross negligence or willful misconduct and shall not be answerable for any negligent act of its attorneys, agents or receivers which have been selected by the Trustee with due care, subject to Section 9.01(a) hereof.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except for the failure by the Authority to make or cause to be made any of the payments to the Trustee required to be made hereunder, or the failure by the Borrower to make or cause to be made any of the payments to the Trustee required to be made hereunder or under the Agreement or the 2024 Note, unless an officer in the corporate trust department of the Trustee shall be specifically notified in writing of such default by the Authority, the Borrower, the Charter School or the Registered Owners and all notices or other instruments required by this Indenture to be delivered to the Trustee, must, in order to be effective, be delivered at the address of the Trustee provided for in Section 11.07 hereof, and, in the absence of such notice so delivered, the Trustee may conclusively assume that there is no default except as aforesaid. If monies sufficient to pay maturing principal and interest on the Bonds are not timely received by the Trustee, the Trustee covenants to give written notice of such fact to the Borrower, the Charter School, the Registered Owners and the Authority.

(i) All monies received by the Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Indenture or law. The Trustee shall not be under any liability for interest on any monies received hereunder except such as may be agreed upon.

(j) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right, but shall not be required, to inspect any and all of the Trust Estate, including all books, papers and records of the Authority, the Charter School and the Borrower pertaining to the Facilities, the Project and the Bonds.

(k) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(l) Notwithstanding anything in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Authority or the Borrower or the Charter School to

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action with respect to any real property collateral granted or assigned to Trustee and, in such event no fiduciary duty exists which imposes any obligation for the Trustee to foreclose upon, manage, maintain or operate the Facilities, if the Trustee in its individual capacity, determines that any such action would materially and adversely subject the Trustee to environmental or other liability.

(i) Notwithstanding any other provision of this Indenture to the contrary, any provision relating to the conduct of, intended to provide authority to act, the right to payment of fees and expenses, protection, immunity and indemnification to the Trustee, shall be interpreted to include and apply to any action or omission of the Trustee, whether it be deemed to be in its capacity as Trustee, registrar, dissemination agent or paying agent, and shall extend to and apply to any actions or omissions of the Trustee under or with respect to the Agreement, or any other documents, instruments or agreements relating to the Bonds.

(u) The Trustee shall not be responsible for delays or failures in performance resulting from acts beyond its control, including without limitation acts of nature, strikes, lockouts, riots, acts of war or terror, epidemics, governmental regulations, fire, communication line failures, computer viruses or failures, power failures (provided the Trustee instituted reasonable safeguards to protect from such computer viruses or failures), earthquakes or other disasters.

(v) The Trustee shall provide any information it receives pertaining to the Borrower or the Charter School to the Authority upon its written request.

(w) The Trustee shall have no duty to review or analyze any financial statements or other information filed with the Trustee by any party. The Trustee shall not be deemed to have notice of any information contained therein or event of default which may be disclosed in any manner therein.

(x) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the written direction of the Majority Bondholders relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture, the Agreement, the 2024 Note or any other documents relating to the Bonds. The Trustee, as holder of the 2024 Note, shall not be required to take any action or exercise any discretion under the Master Indenture as a Master Indenture Obligation holder, including, without limitation, exercising voting or consent rights, without receiving the written direction of the Majority Bondholders.

(y) The Trustee shall have the right to accept and act upon instructions or directions pursuant to this Indenture and the other Bond Documents sent by Electronic Means, provided, however, that the Authority shall provide to the Trustee an incumbency certificate listing designated persons with the authority to provide such instructions and containing specimen signatures of such designated persons, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. "Electronic Means" means a portable document format ("pdf") or other replicating image attached to

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the authentication of any Bonds, the withdrawal of any cash, the release of any property, or the taking of any other action by the Trustee.

(m) Notwithstanding anything herein to the contrary, before taking any action under Sections 8.02(a), (b), (c) or 8.03, 8.04 or 8.11 hereof, at the written direction of the Registered Owners as provided therein and other than payment of monies on deposit in any of the funds as provided for herein, the Trustee may require that indemnity satisfactory to it be furnished to it by the Registered Owners requesting the Trustee to act for the reimbursement of all expenses (including reasonable attorneys' fees and expenses) which it may incur and to protect it against all liability, except liability which may result from its gross negligence or willful misconduct, by reason of any action so taken.

(n) The Trustee shall not be required to advance any of its own funds or otherwise incur any personal financial liabilities in the performance of its obligations hereunder.

(o) Reserved.

(p) The Trustee shall have no duty to monitor the Authority's, the Charter School's, or the Borrower's compliance with the terms of and makes no representations as to the validity or sufficiency of this Indenture (except as to the Trustee), the Agreement, or the Bonds, assumes no responsibility for the correctness of the same, shall incur no responsibility in respect to such validity or sufficiency, and its receipt of any report, document, policy or other certificate thereunder shall not impose a duty to review and shall not constitute constructive notice of any information contained therein or determinable from information contained therein, except as otherwise set forth in subparagraph (h) above.

(q) The Trustee shall be responsible for filing or causing to be filed any UCC continuation or other statements with respect to each UCC filed on the date of issuance of the Bonds relating to the Trust Estate; provided that a copy of the filed initial financing statement is timely delivered to the Trustee. In addition, unless the Trustee shall have been notified in writing by the Authority that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in (a) relying on such initial filing and descriptions and information therein in filing any financing or continuation statements or modifications thereto pursuant to this Section and (b) filing any continuation statements in the same filing offices as the initial filings were made. The Borrower shall be responsible for the customary fees charged by the Trustee for the preparation and filing of, or causing to be filed, continuation statements and for the reasonable costs incurred by the Trustee in the preparation and filing of, or causing to be filed, all continuation statements hereunder, including attorneys' fees and expenses. These fees shall be considered "extraordinary services" fees.

(r) Reserved.

(s) The Trustee may inform the Registered Owners of environmental hazards that the Trustee has reason to believe exist, and the Trustee has the right to take no further

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an unsecured email, facsimile transmission, secure electronic transmission (containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee), or another method or system specified by the Trustee as available for use in connection with its services hereunder. If the Authority elects to give the Trustee instructions by Electronic Means and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Authority agrees that if the Trustee cannot determine the identity of the actual sender of such instructions and that the Trustee shall conclusively presume that instructions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Trustee shall not be liable for any losses, costs, or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction delivered by other means.

(z) The Trustee shall have no responsibility for any information in any offering memorandum or other disclosure material distributed with respect to the Bonds, and the Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the offering and sale of the Bonds.

**Section 9.02 Fees and Expenses of Trustee.** The Borrower shall (a) pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation, and the Borrower shall pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in connection with the acceptance or administration of its trusts under this Indenture and the other Bond Documents (including the reasonable compensation and the expenses and disbursement of its counsel and of all persons not regularly in its employ), and (b) indemnify the Trustee and its officers, directors, employees, contractors, advisors and attorneys for, and hold them harmless against, any loss, liability or expense incurred without gross negligence or willful misconduct on the part of the Trustee and arising out of or in connection with the acceptance or administration of such trusts, including the costs and expenses (including, without limitation, a reasonable compensation to its attorneys and the reasonable allocated costs and expenses of in-house counsel and legal staff) of defending against any claim of liability or loss. The obligation of the Borrower under this Section to compensate the Trustee, to pay or reimburse the Trustee for expenses, disbursements and advances and to indemnify and hold harmless the Trustee and such other indemnified Persons, shall survive the satisfaction and discharge of this Indenture and the other Bond Documents and shall survive the resignation or removal of the Trustee for any reason. The obligations of the Borrower under this Section shall be a senior claim and lien to that of the holders of the Bonds upon all property held or collected by the Trustee, as such.

**Section 9.03 Resignation or Replacement of Trustee.** The Trustee may resign at any time without cause by giving at least thirty (30) days' prior written notice by mail to each Registered Owner of a Bond then Outstanding, as the names and addresses of such Registered Owners appear on the registration books maintained by the Trustee hereunder, such resignation to be effective upon the acceptance of such trusteeship by a successor. In addition, the Trustee may be removed (a) at the written direction of the Holders of not less than fifty percent (50%) in aggregate principal amount of Bonds then Outstanding, delivered to the Borrower and the Trustee, or (b) by the Authority at the written direction of the Borrower if no Event of Default then exists

hereunder, such direction to be evidenced by an Officer's Certificate specifying the cause for such removal and delivered to the Trustee ninety (90) days prior to any such removal date, any such removal to be effective upon the acceptance of the trusteeship by a successor. The Trustee shall promptly give notice of any removal pursuant to the previous sentence in writing to each Registered Owner of a Bond then Outstanding as provided above.

In case the present or any future Trustee shall at any time resign or be removed or otherwise become incapable of acting, a successor may be appointed by the Majority Bondholders by an instrument or concurrent instruments signed by such Registered Owners, or their attorneys-in-fact duly appointed; provided that the Authority (with the consent of Borrower so long as it is not in default under the Agreement) may appoint a successor until a new successor shall be appointed by the Registered Owners as herein authorized. The Authority upon making such appointment shall forthwith give notice thereof to the Registered Owners and the Borrower, which notice may be given concurrently with the notice of resignation given by any resigning Trustee. Any successor so appointed by the Authority shall immediately and without further act be superseded by a successor appointed in the manner above provided by the Majority Bondholders.

Every successor shall always be a bank or trust company in good standing, be qualified to act hereunder, be subject to examination by a federal or state authority and have capital and surplus of not less than Seventy-Five Million Dollars (\$75,000,000). Any successor appointed hereunder shall execute, acknowledge and deliver to the Authority an instrument accepting such appointment hereunder, and thereupon such successor shall, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of its predecessor in the trust hereunder with like effect as if originally named as Trustee herein; but the Trustee retiring shall, nevertheless, on the written demand of its successor, execute and deliver an instrument conveying and transferring to such successor, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the predecessor, who shall duly assign, transfer and deliver to the successor all properties and monies held by it under this Indenture. Should any instrument in writing from the Authority be reasonably required by any successor for such vesting and confirming, the Authority shall execute, acknowledge and deliver the said deeds, conveyances and instruments on the request of such successor.

The notices provided for in this Section to be given to the Registered Owners shall be given by the Trustee by mailing to the Registered Owners of the Bonds at their addresses as the same shall last appear upon the registration records. The notices provided for in this Section to be given to the Authority, the Borrower and the retiring Trustee shall be given in accordance with Section 11.07 hereof.

The instruments evidencing the resignation or removal of the Trustee and the appointment of a successor hereunder, together with all other instruments provided for in this Section, shall be filed and/or recorded by the successor Trustee in each recording office, if any, where this Indenture shall have been filed and/or recorded.

**Section 9.04 Conversion, Consolidation or Merger of Trustee.** Any bank or trust company or association into which the Trustee or its successor may be converted, merged or with which it may be consolidated, or to which it may sell or transfer its corporate trust business substantially as a whole shall be the successor of the Trustee under this Indenture with the same

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(d) to modify, alter, amend or supplement this Indenture in such a manner as shall permit the qualification hereof under the Trust Indenture Act of 1939, as from time to time amended; or

(e) to provide for the issuance of Additional Bonds in accordance with Section 2.11 hereof.

**Section 10.02 Supplemental Indentures Requiring Consent of Registered Owners.** Exclusive of supplemental indentures covered by Section 10.01 hereof, the Majority Bondholders shall have the right, from time to time, to consent to and approve the execution by the Authority and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided, however, that without the consent of the Registered Owners of not less than one hundred percent (100%) in aggregate principal amount of the Bonds at the time Outstanding and adversely affected thereby nothing herein contained (exclusive of supplemental indentures covered by Section 10.01 hereof) shall permit, or be construed as permitting:

(a) an extension of the maturity of, or a reduction of the principal amount of, or a reduction of the rate of, or extension of the time of payment of interest on, or a reduction of a premium payable upon any redemption of, any Bond;

(b) the deprivation of the Registered Owner of any Bond then Outstanding of the lien created by this Indenture (other than as permitted hereby when such Bond was initially issued);

(c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds;

(d) a reduction in the aggregate principal amount of the Bonds, if any, required for consent to such supplemental indenture or amendment to the Agreement.

If at any time the Authority shall request the Trustee to enter into such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being reasonably indemnified by the Borrower with respect to expenses, mail by first-class mail notice of the proposed execution of such supplemental indenture to the Registered Owners of the Bonds at their addresses as the same shall last appear upon the registration records. Such notice shall be prepared by the Authority, briefly set forth the nature of the proposed supplemental indenture and state that copies thereof are on file at the principal office of the Trustee for inspection by all Registered Owners. If, within 60 days following the mailing of such notice, the Registered Owners of the requisite principal amount of the Bonds Outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no Registered Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof. Notwithstanding the foregoing, if Registered Owners, having the requisite percentage ownership (as set forth in this Section 10.02)

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rights, powers, duties and obligations and subject to the same restrictions, limitations and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. In case any of the Bonds to be issued hereunder shall have been authenticated, but not delivered, any successor Trustee may adopt the certificate of any predecessor Trustee, and deliver the same as authenticated and, in case any of such Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of such successor Trustee.

**Section 9.05 Force Majeure.** In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder or under any other documents relating to the Bonds arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of nature, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

**Section 9.06 Consequential Damages.** Anything in this Indenture or the other documents relating to the Bonds notwithstanding, in no event shall the Trustee be liable for special, indirect, exemplary, incidental, punitive or consequential or other similar loss or damage of any kind whatsoever (including but not limited to loss of profit), even if the Trustee has been advised as to the likelihood or possibility of such loss or damage and regardless of the form of action.

#### ARTICLE X SUPPLEMENTAL INDENTURES AND AMENDMENTS OF THE AGREEMENT, MASTER INDENTURE AND MORTGAGE

**Section 10.01 Supplemental Indentures Not Requiring Consent of Registered Owners.** At the written direction of the Authority, the Trustee may, without the consent or, or prior notice to (but shall provide subsequent notice promptly to), the Registered Owners, enter into such indentures supplemental hereto (which supplemental indentures shall thereafter form a part hereof) for any one or more or all of the following purposes:

(a) to add to the covenants and agreements in this Indenture contained other covenants and agreements thereafter to be observed for the protection or benefit of the Registered Owners;

(b) to cure any ambiguity, or to cure, correct or supplement any defect or inconsistent provision contained in this Indenture, or to make any provisions with respect to matters arising under this Indenture or for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Registered Owners of the Bonds;

(c) to subject to the lien of this Indenture additional revenues, properties or collateral;

to consent to, and approve of, the execution of a proposed supplemental indenture, requested any supplemental indenture from the Authority and the Trustee, then the notice to Registered Owners, herein set forth, may be delivered after execution of such supplemental indenture without otherwise affecting the operation of this Section 10.02.

**Section 10.03 Execution of Supplemental Indentures.** The Trustee is authorized to join with the Authority in the execution of any such supplemental indenture and to make further agreements and stipulations which may be contained therein, but the Trustee shall not be obligated to enter into any such supplemental indenture or any amendment or supplement to the Agreement, or any other document relating to the Bonds which the Trustee determines adversely affects its own rights, duties, or immunities under this Indenture or any other document relating to the Bonds. No supplemental indenture shall be valid or effective unless or until the Trustee and the Authority shall have received an opinion of Bond Counsel acceptable to the Trustee and addressed to the Trustee and the Authority to the effect that each such supplemental indenture (a) has been validly authorized and duly executed by the Authority and is enforceable against the Authority in accordance with its terms, (b) will not adversely affect the qualification of the Bonds as obligations which may be issued pursuant to the Act, (c) will not adversely affect the exclusion from gross income of interest on the Series 2024 Bonds or any series of Additional Tax-Exempt Bonds for federal income tax purposes and (d) is permitted pursuant to the terms of this Indenture. The Trustee may conclusively rely on such opinion. Any supplemental indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture and all the terms and conditions contained in any such supplemental indenture as to any provision authorized to be contained therein shall be deemed to be part of this Indenture for any and all purposes. In case of the execution and delivery of any supplemental indenture, express reference may be made thereto in the text of the Bonds issued thereafter, if any.

**Section 10.04 Consent of the Borrower.** Anything herein to the contrary notwithstanding, a supplemental indenture under this Article shall not become effective unless and until the Borrower shall have consented to the execution and delivery of such supplemental indenture, unless an Event of Default has occurred and is continuing under the Agreement.

**Section 10.05 Consent of the Charter School.** Anything herein to the contrary notwithstanding, so long as the Lease is in effect and no event of default has occurred and is continuing thereunder, a supplemental indenture under this Article shall not become effective unless and until the Charter School shall have consented in writing, to the execution and delivery of such supplemental indenture.

**Section 10.06 Amendments, Etc., of the Agreement Not Requiring Consent of Registered Owners.** The Authority and the Trustee may, without the consent or notice to the Bondholders, consent to any amendment, change or modification of the Agreement as may be required or otherwise permitted (i) by the provisions of the Agreement or this Indenture, (ii) for the purpose of curing any ambiguity, defect, inconsistent provision or omission in the Agreement, or (iii) in connection with any other change therein which, in the judgment of the Authority, is not to the prejudice of the Trustee or the holders of the Bonds. In determining whether a proposed amendment is not to the prejudice of the holders of the Bonds, the Trustee may rely on the Opinion of Counsel or the report of a financial consultant selected by the Authority in its reasonable discretion.

**Section 10.07 Amendments, Etc., of the Agreement Requiring Consent of Bondholders.** Except for the amendments, changes or modifications as provided in Section 10.06 hereof, neither the Authority nor the Trustee shall consent to any other amendment, change or modification of the Agreement without the written approval or consent of the Majority Bondholders.

**Section 10.08 Amendments, Etc. of the Master Indenture or the Mortgage.** Except as permitted by Section 10.1 of the Master Indenture, in the event that the Trustee as the holder of the 2024 Note is requested (in writing) by the Master Trustee to consent to any amendment to the Master Indenture, the 2024 Note, or any Note (as defined in the Master Indenture) securing a Series of Additional Bonds, or the Mortgage (other than an increase in the maximum amount secured by such Mortgage, for which no consent is required), the Trustee shall obtain the written consent of the Majority Bondholders to such amendment.

**Section 10.09 Conditions to Supplements and Amendments.** Before the Trustee enters into any supplemental indenture or consents to any amendments to the Master Indenture or the Mortgage (other than an increase in the maximum amount secured by such Mortgage, for which no consent is required), or before the Authority, the Trustee and the Borrower enter into any amendment or supplement to the Agreement, there must have been delivered to the Trustee: (i) opinion of Bond Counsel acceptable to the Trustee and addressed to the Trustee and the Authority to the effect that each such supplemental indenture or amendment (a) has been validly authorized and duly executed by the Borrower and the Authority, if applicable, and is enforceable against the Borrower and the Authority, if applicable, in accordance with its terms, (b) will not adversely affect the qualification of the Bonds as obligations which may be issued pursuant to the Act, (c) will not adversely affect the exclusion from gross income of interest on the Series 2024 Bonds or any series of Additional Tax-Exempt Bonds for federal income tax purposes and (d) is permitted pursuant to the terms of this Indenture, and (ii) an Opinion(s) of Counsel substantially to the effect that (1) all conditions in this Article X have been satisfied with respect to such supplemental indenture or other amendment, and (2) upon execution thereof such supplemental indenture or other amendment or supplement will be valid and binding upon each of the Authority and the Borrower, as applicable, and (iii) any required consents, in writing, of the Bondholders.

#### ARTICLE XI MISCELLANEOUS

**Section 11.01 Evidence of Signature of Registered Owners and Ownership of Bonds.** Any request, consent or other instrument which this Indenture may require or permit to be signed and executed by the Registered Owners may be in one or more instruments of similar tenor and shall be signed or executed by such Registered Owners in person or by their attorneys appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or the Registered Ownership of Bonds shall be sufficient (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may, nevertheless, in its discretion require further or other proof in cases where it deems the same desirable:

(a) The fact and date of the execution by any Registered Owner or their attorney of such instrument may be proved by the certificate of any officer authorized to take acknowledgments in the jurisdiction in which he purports to act that the Person signing

such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before a notary public.

(b) The Registered Ownership of any Bond and the amount and numbers of such Bonds and the date of owning the same shall be proved by the registration records of the Authority kept by the Trustee.

Any request or consent of the Registered Owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Authority or the Trustee in accordance therewith.

As long as the Bonds are registered in the name of a securities depository or its nominee, evidence and solicitation of consent will be managed as required by such depository's operating procedures.

**Section 11.02 Parties Interested Herein.** With the exception of rights herein expressly conferred on the Borrower, the Charter School and the indemnified Persons described herein, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon or to give to, any Person other than the Authority, the Trustee and the Registered Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee and the Registered Owners of the Bonds.

**Section 11.03 Titles, Headings, Etc.** The titles and headings of the articles, sections, and subsections of this Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

**Section 11.04 Severability.** In the event any provision of this Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 11.05 Governing Law.** This Indenture shall be governed by and construed in accordance with the laws of the Commonwealth, regardless of the location of the principal or any other office of the Trustee.

**Section 11.06 Execution in Counterparts.** This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 11.07 Notices.** All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given upon receipt when (a) mailed by certified or registered mail, postage prepaid, (b) deposited with any nationally recognized overnight delivery service that routinely issues receipts, or (c) personally delivered by any courier service that routinely issues receipts, if to the Authority, 905 Harrison Street, Allentown, PA 18103, Attention: Executive Director; if to the Borrower, 555 Union Boulevard, Allentown, PA, 18109, Attention: Board President; if to the Charter School, to 555 Union Boulevard, Allentown, PA, 18109, Attention: CEO, and if to the Trustee, at 444 Liberty Ave, Suite 825, Pittsburgh, PA 15222. A

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duplicate copy of each notice, certificate, or other communication given hereunder by the Authority or the Trustee, shall also be given to the Borrower. The Authority, the Borrower, the Charter School and the Trustee may, by notice given hereunder, designate any further or different addressees to which subsequent notices, certificates or other communications shall be sent.

All notices, approvals, consents, requests and any communications to the Trustee hereunder must be in writing in English and must be in the form of a document that is signed manually or by way of an electronic signature (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other electronic signature provider acceptable to the Trustee). Electronic signatures believed by the Trustee to comply with the E-SIGN ACT of 2000 or other applicable law shall be deemed original signatures for all purposes. If the Authority, the Borrower or the Charter School chooses to use electronic signatures to sign documents delivered to the Trustee, such party agrees to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Trustee acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Trustee may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Trustee in lieu of, or in addition to, any document signed via electronic signature.

**Section 11.08 Payments Due on Holidays.** If the date for making any payment or the last day for performance of any act or the exercise of any right, as provided in this Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day unless otherwise provided herein with the same force and effect as if done on the nominal date provided in this Indenture.

**Section 11.09 No Personal Liability of Officials of the Authority or the Trustee.** No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any elected or appointed official, officer, agent, servant or employee of the Authority in their individual capacity or any officer, agent, servant or employee of the Trustee in their individual capacity, and neither the members of the governing body of the Authority nor any official executing the Bonds, including any officer or employee of the Trustee, shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

**Section 11.10 No Pecuniary Liability of the Authority.** No provision, covenant or agreement contained in this Indenture or any obligations herein imposed upon the Authority, or the breach thereof, shall constitute or give rise to a pecuniary liability of the Authority or a charge against its general credit. In making the agreements, provisions and covenants set forth in this Indenture, the Authority has not obligated itself except with respect to the application of the Trust Estate for payment of the Bonds under this Indenture.

**Section 11.11 No Recourse of Authority Officers, etc.**

(a) No recourse under or upon any obligation, covenant or agreement contained in this Indenture or in any Bond hereby or thereby secured, or because of any indebtedness hereby or thereby secured, shall be had against any past, present or future member, agent, officer or employee, as such, of the Authority, or of any successor of the Authority, under

any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise; it being expressly agreed and understood that this Indenture, and the obligations hereby or thereby secured, are solely corporate obligations of the Authority, and that no personal liability whatsoever shall attach to, or be incurred by, such members, agents, officers or employees, as such, of the Authority or any successor to the Authority, or any of them, because of the incurring of the indebtedness hereby or thereby authorized, or under or by reason of any of the obligations, covenants or agreements contained in or implied from this Indenture or any of the Bonds hereby or thereby secured.

(b) The Bonds are payable solely from the Trust Estate. There shall be no other recourse under the Bonds, this Indenture, the Agreement, the Bonds, or otherwise against the Authority or any other property now or hereafter owned by it. The Authority shall be conclusively deemed to have complied with all of its covenants and other obligations hereunder upon requiring the Borrower in the Agreement to agree to perform such Authority covenants and other obligations (excepting only any approvals or consents permitted or required to be given by the Authority hereunder, and any exceptions to the performance by the Borrower of the Authority's covenants and other obligations hereunder, as provided herein or in the Agreement). However, nothing contained in the Agreement shall prevent the Authority from time to time, in its discretion from performing any such covenants or other obligations. The Authority shall have no liability for any failure to fulfill, or breach by the Borrower of, the Borrower's obligations under or with respect to the Bonds, this Indenture, the Agreement, or otherwise, including, without limitation, the Borrower's obligation to fulfill the Authority's covenants and other obligations under this Indenture.

**Section 11.12 No Recourse of the City of Allentown, the Commonwealth and its Political Subdivisions.** No recourse shall be had for the payment of the principal or of any interest on, any Bond, or for any claim based thereon or on this Indenture, against the City of Allentown, the Commonwealth or any political subdivision thereof, it being expressly agreed and understood that this Indenture and the Bonds issued hereunder and thereunder are solely corporate obligations of the Authority payable only out of the Trust Estate and the Authority does not pledge the credit or taxing power of the City of Allentown, the Commonwealth or of any political subdivision thereof.

**Section 11.13 No Pledge of Taxing Power; Limitation of Liability.**

(a) Neither the Commonwealth nor any political subdivision thereof shall be liable for the payment of the principal or redemption price of and the interest on any of the Bonds issued hereunder, or for the performance of any pledge, mortgage, obligation or agreement or indebtedness of the Authority, and none of the Bonds of the Authority issued hereunder shall be construed to constitute any indebtedness of said Commonwealth or political subdivisions within the meaning of any constitutional or statutory provision whatsoever. This Indenture does not pledge the general credit of the Authority nor the general credit nor the taxing power of the Commonwealth or political subdivisions within the meaning of any constitutional or statutory provision whatsoever. Notwithstanding anything to the contrary herein contained, the Authority's liability under this Indenture and

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the Bonds shall be enforceable only out of the Trust Estate and other property covered by this Indenture, and the lien of any judgment against the Authority shall be limited thereto. Nothing herein, however, shall limit the Trustee's rights against any Person (including, without limitation, the Borrower) other than the Authority. No recourse shall be had for any claim based on this Indenture or the Bonds, including but not limited to, the payment of the principal or Redemption Price of or interest on the Bonds, against the Authority or any member, officer, agent or employee, past, present or future, of the Authority or any successor body, as such, either directly or indirectly through the Authority or any such successor body, under this Indenture, the Agreement, the Bonds, or any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or by any legal or equitable proceeding or otherwise. The lien of any judgment entered against the Authority shall similarly be expressly limited to the security as aforesaid.

(b) It is understood and agreed that the Authority is not liable for the debt or any portion of the debt evidenced by the Bonds or interest thereon, this Indenture or the Agreement, neither is the Authority nor are the members of the Authority, or their respective heirs, personal representatives or successors generally or personally liable in connection with any matter, cause or things pertaining to the Bonds or the issuance thereof, this Indenture or any instruments and documents executed and delivered by the Authority in connection with the Bonds.

**Section 11.14 Covenant Not to Sue.**

(a) The form of Bond provides that the Registered Owners of the Bonds agree not to sue the Authority or any of its board members, officers, agents (including its legal counsel) or employees, past, present or future except as provided herein and in the Agreement as a condition of, and in consideration for, the issuance of the Bonds; accordingly, the Trustee shall not be permitted to sue the Authority on behalf of the Owners of the Bonds, except as provided herein.

(b) The Trustee covenants and agrees that, absent willful misconduct or gross negligence on the part of the Authority or any of its members, officers, agents or employees, past, present or future, the Trustee shall neither sue the Authority, or any of its members, officers, agents or employees, past, present or future, for any costs, damages, expenses, suits, judgments, liabilities, claims, losses, demands, actions or nonactions based upon this financing or sustained in connection with or as a result of this financing. Notwithstanding any other provisions of this Indenture, the Trustee shall be entitled to (i) bring any action of specific performance against the Authority to compel any action required to be taken by the Authority hereunder or under the Agreement, or the Bonds or any action to enjoin the Authority from performing any action prohibited by this Indenture, but no such action shall in any way impose pecuniary liability against the Authority or any of its members, officers, agents or employees, past present and future and (ii) join the Authority in any litigation if such joinder is necessary to pursue any of the Trustee's rights.

**Section 11.15 Bonds Owned by the Authority or the Borrower.** In determining whether Registered Owners of Bonds in the requisite aggregate principal amount have concurred in any direction, consent or waiver under this Indenture, Bonds which are owned by the Authority

or the Borrower or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Borrower (unless the Authority, the Borrower or such Person owns all the Bonds which are then Outstanding) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver, only the Bonds which the Trustee knows are so owned shall be so disregarded. The Bonds so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Authority or the Borrower or any Person directly or indirectly controlling or controlled by or under direct or indirect common control with Borrower. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

**Section 11.16 Retention of Records.** In accordance with its standard recordkeeping practices, the Trustee will retain all of its records relating to the Bonds and this Indenture (including but not limited to any rebate calculations and payments) for a period of four years after the later of (i) payment in full of the Bonds or (ii) payment in full of any bonds issued to refund the Bonds.

**Section 11.17 Electronic Storage.** The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, teletypes, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

IN WITNESS WHEREOF, the Authority and the Trustee have caused this Indenture to be executed in their respective corporate names and attested by their duly authorized officers, all as of the date first above written.

ALLENTOWN COMMERCIAL AND INDUSTRIAL DEVELOPMENT AUTHORITY

By \_\_\_\_\_  
Chairperson

[SEAL]

Attest:

By \_\_\_\_\_  
Assistant Secretary

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as Trustee

By \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**FORM OF TAX-EXEMPT SERIES 2024 BOND**

**ALLENTOWN COMMERCIAL AND INDUSTRIAL DEVELOPMENT AUTHORITY  
EDUCATION FACILITY LEASE REVENUE BONDS  
(EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL PROJECT)  
TAX EXEMPT SERIES OF 2024**

NO. R- \_\_\_\_\_ \$ \_\_\_\_\_

<b>Maturity Date</b>	<b>Dated</b>	<b>Interest Rate</b>	<b>CUSIP</b>
_____, 20__	November __, 2024	_____%	<b>01843</b> _____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \*\*DOLLARS\*\*

ALLENTOWN COMMERCIAL AND INDUSTRIAL DEVELOPMENT AUTHORITY, a public instrumentality of the Commonwealth of Pennsylvania (the "Commonwealth") and public body corporate and politic organized and existing under the Pennsylvania Economic Development Financing Law, Act of August 23, 1967, P.L. 251, as amended (the "Authority"), for value received, hereby promises to pay, from the sources hereinafter described, the principal amount stated above in lawful money of the United States of America to the Registered Owner named above, or registered assigns, on the maturity date stated above (unless this Bond shall have been called for prior redemption, in which case on such redemption date), upon the presentation and surrender hereof at the designated office of Zions Bancorporation, National Association, as Trustee, presently located in Pittsburgh, Pennsylvania, or at such other location as it shall designate, or at the principal office of its successor in trust (the "Trustee") under the Indenture of Trust, dated as of November \_\_, 2024 (the "Indenture"), by and between the Authority and the Trustee, and to pay, from like sources, to the person who is the Registered Owner hereof on the close of business on the first calendar day of the month in which an Interest Payment Date occurs (the "Regular Record Date") by check mailed on such payment date to such Registered Owner (except that registered owners of at least \$1,000,000) in aggregate principal amount of the Bonds (as defined below) outstanding may, by written request received by the Trustee at least ten (10) Business Days (as defined in the Indenture) prior to the Regular Record Date, receive payment of interest by wire transfer at the address specified in such request, (which address must be in the United States of America) at their address as it last appears on the registration books kept for that purpose at the offices of the Trustee, interest on said sum in lawful money from November \_\_, 2024 at the interest rate set forth above, payable semiannually on \_\_\_\_ and \_\_\_\_ of each year, commencing \_\_\_\_, 2024, until payment of the principal hereof has been made or provided for. Any such interest not so timely paid or duly provided for shall cease to be payable to the Registered Owner hereof at the close of business on the Regular Record Date and shall be payable to the Registered Owner hereof at the close of business on a Special Record Date for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever monies

become available for payment of the defaulted interest and notice of the Special Record Date shall be given to the registered owners of the Bonds not less than 10 days prior thereto.

This Bond is one of a duly authorized Series of the Authority's "Education Facility Lease Revenue Bonds (Executive Education Academy Charter School Project) Tax Exempt Series of 2024" (the "Tax-Exempt Series 2024 Bonds") in the aggregate principal amount of \_\_\_\_\_. The Tax-Exempt Series 2024 Bonds along with Authority's "Education Facility Lease Revenue Bonds (Executive Education Academy Charter School Project) Taxable Series of 2024 (the "Taxable Series 2024 Bonds") in the aggregate principal amount of \_\_\_\_\_ are being issued pursuant to and in accordance with the terms of the Indenture. The Tax-Exempt Series 2024 Bonds and the Taxable Series 2024 Bonds are collectively referred to as the Series 2024 Bonds.

- (i) The Series 2024 Bonds are issued under and equally and ratably secured by the Indenture. The Series 2024 Bonds have been issued under the Pennsylvania Economic Development Financing Law, Act of August 23, 1967, P.L. 251, as amended (the "Act"), to fund a loan to Executive Education Academy Charter School Foundation (the "Borrower"), a Pennsylvania non-profit corporation, that is an entity described in Section 501(c)(3) of the Internal Revenue Code, as amended (the "Code"), which is exempt from federal taxation under Section 501(a) of the Code, to fund the costs of a project that consists of: Financing the costs of (i) the refunding of (a) a certain loan with QNB Bank, (b) its Tax Exempt Revenue Bonds Series A of 2017, (c) its Taxable Revenue Bonds Series B of 2017, and (d) its Tax Exempt Bonds Series of 2022 (collectively the "Prior Bonds"); and (ii) the funding of a new project to renovate, and construct certain additions to, equip and furnish a certain facility located at 413 and 555 Union Boulevard, Allentown, PA and 921 N. Bradford St, Allentown, PA, (the "Project Site") and to construct a stadium on the Project Site; and (iii) pay costs in conjunction with the issuance of the Bonds; and (iv) fund any other costs related to Bonds including but not limited to any reserve funds or capitalized interest.

This Bond is a limited obligation of the Authority payable solely and exclusively from and secured on a parity basis with the Series 2024 Bonds and any Additional Bonds issued under the Indenture, by (a) a pledge of certain rights of the Authority under and pursuant to the (i) Loan Agreement dated as of November 1, 2024 (the "Agreement"), by and between the Authority and the Borrower, and (ii) the 2024 Note (as defined in the Indenture), (b) a pledge of the Funds and Revenues as defined in the Indenture (other than the Rebate Fund) and, to the extent provided in the Indenture, all trust accounts created under the Indenture and the Agreement and (c) any and all other interests in real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specifically mortgaged, pledged or hypothecated, as and for additional security under the Indenture by the Authority or by anyone on its behalf or with its written consent in favor of the Trustee. The Loan Payments required by the Borrower under the Agreement are a general obligation of the Borrower.

THE SERIES 2024 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY, AND THE TAX EXEMPT SERIES 2024 BONDS AND THE INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, SHALL NOT BE DEEMED TO CONSTITUTE OR CREATE AN INDEBTEDNESS, LIABILITY OR OBLIGATION OF THE

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set forth in the Indenture. The Trustee and the Authority shall require the payment by any Registered Owner of this Bond requesting exchange or transfer of the reasonable expenses of the Authority, if any, of a reasonable transfer or exchange fee and of any tax or other governmental charge required to be paid with respect to such exchange or transfer. The Authority and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether or not this Bond shall be overdue, for the purpose of receiving payment and for all other purposes, except to the extent otherwise provided herein and in the Indenture with respect to Regular Record Dates and Special Record Dates for the payment of interest, and neither the Authority nor the Trustee shall be affected by any notice to the contrary. Each Registered Owner agrees to indemnify the Authority and the Trustee against any liability that may result from the transfer, exchange or assignment of this Bond in violation of any provision of the Indenture and/or applicable United States federal or state securities law.

To the extent permitted by, and as provided in, the Indenture, modifications or amendments of the Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Authority and of the registered owners of the Bonds may be made by the Authority and the Trustee, but without the consent of the registered owners of the Bonds, in certain cases described in the Indenture, including any change which does not materially adversely affect the interests of the registered owners of the Bonds. Certain other amendments may be made by the Authority and the Trustee with the consent of the Majority Bondholders then outstanding; provided, however, that no such modification or amendment shall be made which will constitute an extension of the maturity of, or a reduction in the principal amount of, or a reduction of the rate of interest on or extension of the time of payment of interest on, or a reduction of any premium payable upon redemption of, any Bond, which are unconditional unless consented to by the Registered Owners of not less than one hundred percent (100%) in aggregate principal amount of the Bonds at the time Outstanding adversely affected by such change. Any such consent by the Registered Owner of this Bond shall be conclusive and binding upon such Registered Owner and upon all future Registered owners of this Bond and of any bond issued upon the transfer or exchange of this Bond whether or not notation of such consent is made upon this Bond.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an Event of Default under the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture. In case an Event of Default under the Indenture shall occur and continue beyond notice and any applicable grace period, the principal of all the Bonds at any such time outstanding may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Indenture. The Indenture provides that such declaration may in certain events be rescinded by the Trustee, with the consent of the registered owners of a requisite principal amount of the Bonds then outstanding.

None of the members of the board of directors of the Borrower, the members of the board of directors of the Authority or any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

The liability of the Authority and obligations of the Authority under the Agreement and the Indenture with respect to all or any portion of the Bonds may be discharged at or prior to the

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AUTHORITY THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY COMMONWEALTH CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION OR A PLEDGE OF THE FAITH AND CREDIT OR THE TAXING POWER OF THE COMMONWEALTH OR ANY SUCH POLITICAL SUBDIVISION OR AGENCY, THE TAX EXEMPT SERIES 2024 BONDS AND THE INTEREST THEREON ARE PAYABLE SOLELY FROM AND SECURED BY THE TRUST ESTATE, ALL AS DESCRIBED IN AND SUBJECT TO LIMITATIONS SET FORTH IN THE INDENTURE, FOR THE EQUAL AND RATABLE BENEFIT OF THE HOLDERS, FROM TIME TO TIME, OF THE TAX EXEMPT SERIES 2024 BONDS.

No recourse shall be had for the payment of the principal of or interest on this Bond, or for any claim based hereon or on the Indenture, against any member, agent, officer or employee, past, present or future, of the Authority or of any successor body, as such, either directly or through the Authority or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise.

The Commonwealth has pledged to and agreed with the registered owners of bonds, notes, and other obligations issued under the Act, and with those parties who may enter into contracts with the Authority pursuant to the provisions of the Act, that the Commonwealth will not limit, alter, restrict or impair the rights vested in the Authority to acquire, construct, reconstruct, maintain and operate any Facility as defined in the Act or to establish, revise, charge and collect rates, rents, fees and other charges as may be convenient or necessary to produce sufficient revenues to meet the expenses of maintenance and operation thereof and to fulfill the terms of any agreements made with the registered owners of bonds, notes or other obligations authorized and issued by the Act and with the parties who may enter into contracts with the Authority pursuant to the Act and will not in any way impair the rights or remedies of the registered owners of such bonds, notes or other obligations of such parties until such bonds, notes and other obligations, together with interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of such registered owners, are fully met and discharged and such contracts are fully performed on the part of the Authority. Nothing in the Act precludes such limitation or alteration if and when adequate provision is made by law for the protection of the Registered Owners of such bonds, notes or other obligations of the Authority or those entering into such contracts with the Authority.

The Tax-Exempt Series 2024 Bonds are subject to redemption on the dates, at the redemption prices and following such notice as set forth in the Indenture.

Bonds which are reissued upon transfer, exchange or other replacement shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for or if no interest has been paid, from the date of the Bonds.

This Bond is fully transferable by the Registered Owner hereof in person or by their duly authorized attorney on the registration books kept by the Trustee, upon surrender of this Bond together with a duly executed written instrument of transfer satisfactory to the Trustee; subject, however, to the terms of the Indenture which limit the transfer and exchange of Bonds during certain periods and DTC requirements, if applicable. Upon such transfer a new fully registered bond of Authorized Denomination or Denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor, all subject to the terms, limitations and conditions

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maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Agreement and the Indenture.

No covenant or agreement contained in the Bonds or in the Indenture shall be deemed to be the covenant or agreement of any appointed official, officer, agent, servant or employee of the Authority in their individual capacity or of any officer, agent, servant or employee of the Trustee in their individual capacity, and neither the members of the governing body of the Authority nor any official executing the Bonds, including any officer or employee of the Trustee, shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

No covenant or agreement contained in the Agreement shall be deemed to be the covenant or agreement of any appointed official, officer, agent, servant or employee of the Authority or the Borrower in their individual capacity, and the members of the governing bodies of the Authority and the Borrower shall not be liable personally or be subject to any personal liability or accountability by reason of the execution and delivery thereof.

The Registered Owners of this Bond agrees not to sue the Authority or any of its board members, officers, agents (including its legal counsel) or employees, past, present or future except as provided in the Indenture and in the Agreement as a condition of, and in consideration for, the issuance of the Bonds; accordingly, the Trustee shall not be permitted to sue the Authority on behalf of the Owners of the Bonds, except as provided in the Indenture.

It is hereby certified, recited and declared that all conditions, acts and things required by the Constitution or statutes of the Commonwealth or by the Act or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this Bond exist, have happened and have been performed.

Copies of the Indenture, the Agreement and other documents relating to the Bonds are on file at the principal office of the Trustee, and reference is made to those instruments for the provisions relating, among other things, to the limited liability of Borrower, the terms of and security for the Bonds, the custody and application of the proceeds of the Bonds, the rights and remedies of the registered owners of the Bonds, amendments, and the rights, duties and obligations of the Authority and the Trustee to all of which the Registered Owner hereof, by acceptance of this Bond, assents.

This Bond shall not be entitled to any benefit under the Indenture or any indenture supplemental thereto or become valid or obligatory for any purpose until the Trustee shall have signed the certificate of authentication hereon.

NONE OF THE AUTHORITY, THE BORROWER OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A HOLDER WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE TIMELY OR ULTIMATE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT

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PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO REGISTERED OWNERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER.

IN WITNESS WHEREOF, the ALLENTOWN COMMERCIAL AND INDUSTRIAL DEVELOPMENT AUTHORITY has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chairperson or Vice Chairperson and a facsimile of its corporate seal to be affixed hereon and attested by the manual or facsimile signature of its Secretary or Assistant Secretary.

[SEAL]

ALLENTOWN COMMERCIAL AND INDUSTRIAL DEVELOPMENT AUTHORITY

By \_\_\_\_\_  
(Vice) Chairperson

Attest:

By \_\_\_\_\_  
(Assistant) Secretary

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**[FORM OF CERTIFICATE OF AUTHENTICATION]**

This is one of the Bonds described in the within mentioned Indenture of Trust.

Date of Authentication: November \_\_, 2024

ZIONS BANCORPORATION,  
NATIONAL ASSOCIATION, as Trustee

By \_\_\_\_\_  
Authorized Signatory

**[END OF FORM OF CERTIFICATE OF AUTHENTICATION]**

**[FORM OF ASSIGNMENT]**

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned, hereby sells, assigns and transfers unto \_\_\_\_\_ the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ to transfer the within bond on the books kept for registration thereof with full owner of substitution in the premises.

Please insert social security or other identifying number of assignee:

\_\_\_\_\_

Dated: \_\_\_\_\_

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature must be guaranteed by a member of a Medallion Signature Program. Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or a trust company

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LOAN AGREEMENT

by and between

ALLENTOWN COMMERCIAL AND INDUSTRIAL  
DEVELOPMENT AUTHORITY

and

EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL FOUNDATION

§

Allentown Commercial and Industrial  
Development Authority  
Education Facility Lease Revenue Bonds  
(Executive Education Academy Charter School Project)  
Tax Exempt Series of 2024

§

Allentown Commercial and Industrial  
Development Authority  
Education Facility Lease Revenue Bonds  
(Executive Education Academy Charter School Project)  
Taxable Series of 2024

Dated as of November 1, 2024

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Exhibit A –Form of Project Fund Requisition Certificate  
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## LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of November 1, 2024 (this "Agreement"), is by and between the ALLENTOWN COMMERCIAL AND INDUSTRIAL DEVELOPMENT AUTHORITY, a public instrumentality of the Commonwealth of Pennsylvania and public body corporate and politic organized and existing under the Pennsylvania Economic Development Financing Law, Act of August 23, 1967, No. 74, P.L. 251, as amended (the "Authority"), and EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL FOUNDATION, a Pennsylvania non-profit corporation (the "Borrower").

### WITNESSETH:

WHEREAS, certain of the capitalized terms used in the preambles hereto are defined in Article I of this Agreement; and

WHEREAS, the Authority is authorized by the Pennsylvania Economic Development Financing Law, Act of August 23, 1967, No. 74, P.L. 251, as amended (the "Act") to issue revenue bonds for the purposes set forth therein; and

WHEREAS, the Borrower is a duly organized and validly existing Pennsylvania non-profit corporation that is an organization described in Section 501(c)(3) of the Code (as herein defined), which is exempt from federal taxation under Section 501(a) of the Code; and

WHEREAS, the Borrower operates exclusively for the support and benefit of the Executive Education Academy Charter School ("Charter School") and any affiliates of the School or controlled organizations that are publicly supported charities; and

WHEREAS, the Borrower has requested that the Authority issue its bonds and loan the proceeds therefrom to the Borrower to fund the costs of a project (the "Project") that consists of:

- (i) to refund (a) a certain loan with QNB Bank, (b) its Tax Exempt Revenue Bonds Series A of 2017, (c) its Taxable Revenue Bonds Series B of 2017, and (d) its Tax Exempt Bonds Series of 2022 (collectively the "Prior Bonds"); and
- (ii) The proceeds of the Series 2024 Bonds will be used to fund a loan (the "Loan") from the Authority to Executive Education Academy Charter School Foundation (the "Borrower"), a Pennsylvania nonprofit corporation, pursuant to the Loan Agreement dated as of November 1, 2024 (the "Agreement"), by and between the Authority and the Borrower in order to (i) pay off an existing loan (the "Existing Debt") and refund the Series 2017 Bonds and the Series 2022 Bonds, (ii) fund various capital improvements for the Charter School, including, but not limited to, a new project to renovate, and construct certain additions to, equip and furnish the Existing Facility together with a certain facility located at 413 Union Boulevard, Allentown, Pennsylvania (the "413 Facility"), and 921 North Bradford Street, Allentown, Pennsylvania, (a small parcel adjacent to the Existing Facility), (collectively, the "Project Site") and to construct a stadium on the Project Site (the "Series 2024 Facilities" and together with the Existing Facility and the 413 Facility, the "Facilities"), (iii) pay costs in conjunction with

WHEREAS, pursuant to the Master Indenture and an Open-End Mortgage, Assignment of Leases and Income, Security Agreement and Fixture Filing, effective as of November 1, 2024 (the "Mortgage"), the Borrower has (a) assigned to the Master Trustee all of the Borrower's right, title and interest in, to and under the Lease, including the Base Rent and Additional Rent (defined therein) paid and payable by the Charter School thereunder and (b) mortgaged and granted a security interest to the Master Trustee in the Facilities; and

WHEREAS, the issuance, sale and delivery of the Series 2024 Bonds and the execution and delivery of this Agreement have been in all respects duly and validly authorized in accordance with the Act by the resolutions of the Authority;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto formally covenant, agree and bind themselves as follows:

### ARTICLE I DEFINITIONS

Section 1.01. **Definitions.** All terms defined in Article I of the Indenture or the Lease shall have the same meaning in this Agreement and if a conflict, then the Indenture shall prevail followed by this Agreement. In addition, the following terms, except where the context indicates otherwise, shall have the respective meanings set forth below:

"*Accountant*" means any independent certified public accounting firm licensed to practice in the Commonwealth (which may be the firm of certified public accountants who regularly audit the books and accounts of the Borrower) from time to time selected by the Borrower.

"*Agreement*" means this Loan Agreement and any amendments and supplements hereto made in conformity with the requirements hereof and of the Indenture.

"*Charter*" means the Commonwealth of Pennsylvania Charter granted to the Charter School by the Allentown School District on May 22, 2014, as amended and/or renewed from time to time.

"*Charter School*" has the meaning set forth in the recitals to this Agreement.

"*Closing Date*" means the date of issuance of the Series 2024 Bonds, being November 1, 2024.

"*Continuing Disclosure Agreement*" means the Continuing Disclosure Agreement dated as of November 1, 2024 among the Charter School, the Borrower and Digital Assurance Certification, LLC.

"*Cost of the Project*" means the sum total of all reasonable or necessary costs incidental to the Project that may be financed pursuant to the Act.

"*Default Rate*" means the lesser of (i) 3% per annum above the highest rate of interest borne by any of the Bonds or (ii) the maximum rate permitted by law.

the issuance of the Series 2024 Bonds, and (iv) fund any other costs related to the Series 2024 Bonds including, but not limited to, any reserve funds or capitalized interest (collectively, the "Project").

(iii) pay costs in conjunction with the issuance of the Series 2024 Bonds, defined herein; and

(iv) fund any other costs related to the 2024 Series Bonds including but not limited to any reserve funds or capitalized interest; and

WHEREAS, the Charter School is a nonprofit corporation duly created and validly existing under the laws of the Commonwealth and a tax-exempt organization under Section 501(c)(3) of the Code; and

WHEREAS, the Authority proposes to issue its Education Facility Lease Revenue Bonds (Executive Education Academy Charter School Project), Tax Exempt Series of 2024 (the "Tax Exempt Series 2024 Bonds") in the original aggregate principal amount of \$\_\_\_\_\_ and its Education Facility Lease Revenue Bonds (Executive Education Academy Charter School Project), Taxable Series of 2024 ("Taxable Series 2024 Bonds") in the original aggregate principal amount of \$\_\_\_\_\_ under an Indenture of Trust dated as of November 1, 2024 (the "Indenture"), by and between the Authority and Zions Bancorporation, National Association, as trustee (the "Trustee"), to fund such loan; and

WHEREAS, the Tax Exempt Series 2024 Bonds and the Taxable Series 2024 Bonds are collectively referred to as the Series 2024 Bonds; and

WHEREAS, pursuant to and in accordance with the Act, the Authority proposes to loan (the "Loan") to the Borrower, and the Borrower desires to borrow from the Authority the proceeds of the Series 2024 Bonds for purposes of financing the Project upon the terms and conditions hereinafter in this Agreement set forth; and

WHEREAS, as security for its obligation to make payments required under this Agreement, the Borrower has issued a promissory note (the "2024 Note") under the terms of and pursuant to the Master Trust Indenture dated as of November 1, 2024 (the "Original Master Indenture"), as supplemented by a Supplemental Master Trust Indenture No. 1 dated as of November 1, 2024 (the "Supplemental Master Indenture") and, together with the Original Master Indenture, the "Master Indenture"), between the Borrower and Zions Bancorporation, National Association, as master trustee (the "Master Trustee"); and

WHEREAS, the Charter School currently leases the Facilities from the Borrower under a lease agreement and upon the issuance of the Series 2024 Bonds, the Charter School's existing lease of the Facilities will terminate and the Borrower and the Charter School will enter into a Lease Agreement (the "Lease") for the Facilities that provides for, among other things, the payment of Base Rent (as defined in the Lease) by the Charter School to the Master Trustee (for the account of the Borrower) in an amount sufficient to pay the debt service on the 2024 Note; and

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"*EMMA*" means the Electronic Municipal Market Access system for municipal securities disclosure established by the MSRB and accessible at <http://emma.msrb.org/> or at such other information depository as may be designated by the SEC from time to time to receive final official statements, material event notices and annual financial information under Rule 15c2-12.

"*Event of Default*" means those defaults specified in Section 10.01 hereof.

"*Facilities*" or "*Facility*" means the land, buildings and other Property leased by the Foundation to the Charter School under the Lease.

"*Fiscal Year*" means the Borrower's fiscal year, which currently begins on July 1 and ends on June 30 of the following calendar year.

"*Indenture*" means the Indenture of Trust dated as of November 1, 2024, by and between the Authority and the Trustee, including any indentures supplemental thereto made in conformity therewith, pursuant to which the Bonds are authorized to be issued and secured.

"*IRS*" means the Internal Revenue Service, a bureau of the U.S. Department of the Treasury.

"*Lease*" has the meaning set forth in the recitals hereto.

"*Limited Offering Memorandum*" means the Limited Offering Memorandum prepared in connection with the sale of the Series 2024 Bonds.

"*Loan*" means the loan by the Authority to the Borrower of the proceeds from the sale of the Series 2024 Bonds pursuant to this Agreement.

"*Loan Payments*" means those payments required to be paid by the Borrower pursuant to Section 5.02(a) hereof.

"*Master Indenture*" has the meaning set forth in the recitals to this Agreement.

"*Mortgaged Property*" has the meaning set forth in the Master Indenture.

"*MSRB*" means the United States Municipal Securities Rulemaking Board or any successor to its functions, or any successor to its functions as a nationally recognized municipal securities information repository.

"*Permitted Encumbrance*" has the meaning set forth in the Master Indenture.

"*Project*" has the meaning set forth in the recitals to this Agreement.

"*Property*" means any and all right, title and interest in and to any and all property of the Borrower whether real or personal, tangible or intangible and wherever situated and whether now owned or hereafter acquired.

"*Rule 15c2-12*" means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

“Series 2024 Bonds” has the meaning set forth in the recitals to this Agreement.

“Tax Certificate” means the Tax Compliance Agreement dated November 1, 2024 of the Authority, the Foundation and the Charter School related to the Series 2024 Bonds.

## ARTICLE II REPRESENTATIONS

Section 2.01. **Representations by the Authority.** The Authority represents that:

(a) The Authority is a public instrumentality of the Commonwealth and public body corporate and politic duly organized and existing under the laws of the Commonwealth. The Authority is authorized by the Act to enter into this Agreement, the Tax Certificate and the Indenture, and to carry out the transactions contemplated hereby and thereby and to carry out its obligations hereunder and thereunder and has duly authorized the execution and delivery of this Agreement, the Tax Certificate and the Indenture.

(b) Consistent with the understanding between the Authority and the Borrower, the Authority will loan the proceeds of the Series 2024 Bonds to the Borrower to provide for the financing of the Project, all for the purpose of providing adequate educational facilities. The Authority makes no representation that the proceeds will be adequate to cover the costs of the Project.

(c) To finance the Cost of the Project, the Authority will issue the Series 2024 Bonds. The Series 2024 Bonds shall mature, bear interest, be subject to redemption prior to maturity, be secured and have such other terms and conditions as are set forth in the Indenture.

(d) To the best of its knowledge, neither the execution and delivery of this Agreement, the Tax Certificate, the Limited Offering Memorandum or the Indenture, the consummation of the transactions contemplated hereby or thereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement, the Tax Certificate or the Indenture, materially violates any law, conflicts with or results in a material breach of any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Authority is now a party or by which it is bound or constitutes a material Event of Default under any of the foregoing.

Section 2.02. **Representations by the Borrower.** The Borrower represents and covenants that:

(a) The Borrower is a Pennsylvania non-profit corporation duly organized and in existence under the laws of the Commonwealth; has the power and authority to own the Facilities; has power to enter into and to perform and observe the covenants and agreements on its part contained in this Agreement, the Mortgage, the Lease, the Continuing Disclosure Agreement, the Master Indenture and the Tax Certificate; and by

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partnership agreement or other instrument to which the Borrower is a party or by which it or its property is bound.

(g) The Borrower is currently and shall use commercially reasonable efforts to cause the Charter School to be in compliance with and in the future will comply with all applicable federal and state nondiscrimination laws.

(h) The Borrower will and shall use commercially reasonable efforts to cause the Charter School to comply with the provisions of Rule 15c2-12.

(i) The Borrower is an organization described in Section 501(c)(3) of the Code that is exempt from federal taxation under Section 501(a) of the Code. The Borrower is, and has received a determination letter classifying it as, an organization (i) described in Section 501(c)(3) of the Code which is exempt from federal income taxation under Section 501(a) of the Code (except with respect to “unrelated business taxable income” within the meaning of Section 512(a) of the Code) and (ii) which is not a “private foundation” as defined in Section 509(a) of the Code. Such determination letter has not been modified, limited, revoked or superseded. The Borrower has not received any indication or notice, written or verbal, from representatives of the IRS to the effect that its exemption under Section 501(c)(3) of the Code has been modified, limited, revoked, or superseded, or that the IRS is considering modifying, limiting, revoking or superseding such exemption. The Borrower is in compliance with all of the terms, conditions and limitations, if any, contained in its determination letter. There has been no change in the facts and circumstances represented to the IRS as a basis for receiving, and which formed the basis on which the IRS issued, the determination letter relating to the Borrower’s status as an organization described in Section 501(c)(3) of the Code and as an organization which is not a “private foundation” as defined in Section 509 of the Code of a nature or to a degree as would warrant any action by the IRS to modify, limit, revoke or supersede such determination letter as it applies to the Borrower. No administrative or judicial proceedings are pending or threatened which may, in any way, adversely affect the classification of Borrower as an organization (i) described in Section 501(c)(3) of the Code which is exempt from federal income taxation under Section 501(a) of the Code and (ii) which is not a “private foundation” as defined in Section 509 of the Code.

(j) Neither the representations of the Borrower contained in this Agreement, the Indenture, the Lease, the Master Indenture, the Tax Certificate, the Continuing Disclosure Agreement, the Mortgage and the Limited Offering Memorandum nor any oral or written statements, furnished by the Borrower, nor written statements furnished on behalf of the Borrower, to the Authority, bond counsel, the Underwriter or Underwriter’s counsel in connection with the transactions contemplated hereby, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein or therein not misleading. There are no facts that the Borrower has not disclosed to the Authority and the Underwriter in writing that materially and adversely affect or in the future may (so far as the Borrower can now reasonably foresee) materially and adversely affect the properties, business, prospects, profits, or condition (financial or otherwise) of the Borrower, or the ability of the Borrower to perform its obligations under this Agreement, the Indenture, the Master

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proper action has duly authorized the execution and delivery of this Agreement, the Mortgage, the Lease, the Master Indenture, the Continuing Disclosure Agreement and the Tax Certificate.

(b) Neither the execution and delivery of this Agreement, the Mortgage, the Lease, the Master Indenture, the Continuing Disclosure Agreement or the Tax Certificate, the consummation of the transactions contemplated hereby and thereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement, the Mortgage, the Lease, the Master Indenture, the Continuing Disclosure Agreement or the Tax Certificate violate any law or conflict with or result in a breach of any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Borrower is now a party or by which it is bound or constitute a default under any of the foregoing or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any the Facilities under the terms of any instrument or agreement, other than this Agreement, the Mortgage, the Lease, the Master Indenture, the Continuing Disclosure Agreement and the Tax Certificate.

(c) The total Cost of the Project is hereby determined to be approximately \$\_\_\_\_\_ and the financing of such cost by the Authority will allow the Borrower to finance the acquisition, construction, installation, renovation, improvement, furnishing and equipping of the Facilities and to refund a certain loan with QNB bank as well as its Tax Exempt Revenue Bonds Series A of 2017, its Taxable Revenue Bonds Series B of 2017 and its Tax Exempt Bonds Series of 2022.

(d) The Borrower will, subject to Section 8.11 hereof, at all times prior to the expiration of the term of this Agreement make the Facilities available for lease to and use by the Charter School and has complete lawful authority to lease the Facilities for such purpose.

(e) The Loan Payments due under this Agreement are in an amount sufficient to pay the principal of and premium, if any, and interest on the Bonds; and this Agreement requires the Borrower to pay or provide for the payment of all costs of maintenance, repair, taxes, payments in lieu of taxes, assessments, insurance premiums, Trustee’s fees and all other expenses relating to Facilities so that the Authority will not incur any expenses on account of the Facilities, other than those that are covered by the payments by the Borrower provided for herein.

(f) There are no actions, suits or proceedings or investigations pending or, to the best of the knowledge of the officer executing this Agreement, threatened against the Borrower or the Property of the Borrower, or involving the enforceability of the Bonds, this Agreement, the Mortgage, the Lease, the Master Indenture, the Continuing Disclosure Agreement, the Tax Certificate or the Indenture, or the priority of the lien on Pledged Revenues created hereby, at law or in equity, or before or by any governmental authority, except actions which, if adversely determined, would not materially impair the ability of the Borrower to perform its obligations under this Agreement, and to cause to be paid any amounts which may become payable under this Agreement. The Borrower is not in default in any material respect under any mortgage, lease, loan or credit agreement,

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Indenture, the Tax Certificate, the Lease, the Mortgage, the Continuing Disclosure Agreement or any documents or transactions contemplated hereby or thereby.

(k) To the best of the Borrower’s knowledge, the use of the Facilities complies with the Charter and all presently applicable zoning, development, pollution control, water conservation, environmental, and other applicable laws, regulations, rules, and ordinances of the federal government and the Commonwealth and the respective agencies thereof and the political subdivisions in which the Facilities are located.

(l) The Borrower has obtained, or shall obtain, or cause to be obtained, prior to the time at which the same shall be required for the construction, installation, renovation, improvement, furnishing and equipment of the Facilities, all necessary approvals of and licenses, permits, consents, and franchises from federal, state, county, municipal, or other governmental authorities having jurisdiction over the Facilities to construct, install, renovate, improve, furnish and equip the Facilities, if applicable, and to enter into, execute, and perform its obligations under this Agreement, the Indenture, the Tax Certificate, the Lease, the Master Indenture, the Continuing Disclosure Agreement and the Mortgage.

(m) The Facilities, as designed and operated, meet all material requirements of the Charter, applicable law, including requirements of any federal, state, county, city or other governmental authority having jurisdiction over the Facilities or its use and operation.

(n) As of the Closing Date, there has been no material adverse change in the financial condition, prospects, or business affairs of the Borrower or Charter School or the feasibility or physical condition of the Facilities subsequent or the date on which the Authority adopted its resolution approving the issuance of the Series 2024 Bonds.

(o) The Borrower (i) understands the nature of the structure of the transactions related to the financing of the Project; (ii) is familiar with all the provisions of the documents and instruments related to such financing to which the Borrower or the Authority is a party or which the Borrower is a beneficiary; (iii) understands the risk inherent in such transactions, including, without limitation, the risk of loss of the Project; and (iv) has not relied on the Authority for any guidance or expertise in analyzing the financial consequences of such financing transactions or otherwise relied on the Authority in any manner, except to issue the Series 2024 Bonds in order to provide funds for the Loan.

(p) With respect to the 413 Union Boulevard property (the “413 Union Parcel”) Parcel, the Borrower agrees to cause to be conducted an Invasive Tier 2 Vapor Encroachment Screen, including sampling of sub slab vapors, within one hundred twenty (120) days of the effective date of this Loan Agreement and shall, promptly following receipt of the results of such investigation, take all appropriate or required responsive action, including any removal and remedial action, in the event of the presence of or release, emission, discharge or disposal of any Regulated Chemical in, on, under or about the 413 Union Parcel in violation of any Environmental Covenant in the Master

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Indenture, so as to keep the 413 Union Parcel free from Regulated Chemicals in accordance with all Environmental Covenants. The Borrower shall provide the Trustee with, and to post EMMA, a copy of such Invasive Tier 2 Vapor Encroachment Screen report within one hundred twenty (120) days after the effective date of this Loan Agreement.

### ARTICLE III TERM OF THE AGREEMENT

Section 3.01. **Term of the Agreement.** This Agreement shall remain in full force and effect from the date of delivery hereof until such time as the Loan and any other amounts relating to the Bonds shall have been fully paid or provision is made for such payment pursuant to the Indenture and all reasonable and necessary fees and expenses of the Trustee accrued and to accrue through final payment of the Bonds, all fees and expenses of the Authority accrued and to accrue through final payment of the Bonds and all other liabilities of the Borrower accrued and to accrue through final payment of the Bonds under this Agreement and the Indenture have been paid or provision is made for such payments pursuant to the Indenture; provided, however, notwithstanding the above and any other provision hereof (a) the indemnification provisions of Section 8.10 hereof shall survive after final payment of the Series 2024 Bonds and termination of the term of this Agreement; (b) all agreements, representations and certifications by the Borrower as to the exclusion from federal gross income of interest on the Tax Exempt Series 2024 Bonds or any other series of Tax-Exempt Bonds shall survive termination of the term hereof until the expiration of statutes of limitation applicable to the liability of the Registered Owners of the Tax Exempt Series 2024 Bonds for federal income taxes with respect to interest on the Tax Exempt Series 2024 Bonds or such other series of Tax Exempt Bonds; (c) all agreements, representations and certifications by the Borrower as to the exclusion from Commonwealth gross income of interest on the Tax Exempt Series 2024 Bonds shall survive termination of the term hereof until the expiration of statutes of limitation applicable to the liability of the Registered Owners of the Tax Exempt Series of Bonds for Commonwealth income taxes with respect to interest on the Tax Exempt Series 2024 Bonds; and (d) upon the defeasance of the Indenture, all such indemnification provisions shall be enforceable by the Indemnitees, and all such agreements, representations and certifications regarding the exclusion from gross income of the interest on the Tax Exempt Series 2024 Bonds or any other series of Tax-Exempt Bonds shall be enforceable by the Registered Owners of the Tax Exempt Series 2024 Bonds or any other series of Tax-Exempt Bonds, directly against the Borrower.

### ARTICLE IV THE PROJECT; ISSUANCE OF THE BONDS

Section 4.01. **Agreement to Issue Series 2024 Bonds; Application of Bond Proceeds and Other Monies.** In order to provide funds to make the Loan for payment of the Cost of the Project, the Authority will sell and cause to be delivered to the initial purchasers thereof the Series 2024 Bonds and will make such Loan and direct the Trustee to deposit the proceeds of the Series 2024 Bonds into the Clearing Fund on the Closing Date in accordance with Section 2.13 of the Indenture as follows. From the Clearing Fund, the Trustee shall make the following transfers:

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Section 4.04. **Disbursements from the Issuance Expense Fund.** The Authority has, in the Indenture, authorized and directed the Trustee to make payments from the Issuance Expense Fund for the payment of issuance expenses as provided in this Section. Payments shall be made from the Issuance Expense Fund only for paying the costs of legal, accounting, organization, marketing or other special services and other fees and expenses, incurred or to be incurred by or on behalf of the Authority, the Trustee, the Borrower or the Charter School in connection with the issuance of the Bonds. The Authority does not make any warranty either express or implied that the monies in the Issuance Expense Fund available for payment of the foregoing costs will be sufficient to pay such costs in full, and if insufficient, the Borrower agrees to pay that portion of such costs needed in excess of the amount in the Issuance Expense Fund from any monies legally available for such purpose. The Borrower, as a result of paying a portion of the issuance expenses pursuant to this Section, shall not be entitled to any reimbursement therefor from the Authority, the Trustee or the Registered Owners of the Bonds, nor shall the Borrower be entitled to any diminution in or postponement of the Loan Payments or other amounts required to be paid under this Agreement. The Trustee shall make payments from the Issuance Expense Fund in accordance with the closing statement or closing memorandum prepared by the Underwriter dated as of the Closing Date (and may conclusively rely on such closing statement for such purposes without any duty to verify any information therein) and any monies remaining in the Issuance Expense Fund following such payments and any other payments to be made from such fund after ninety (90) days after the Closing Date shall be transferred to the Project Fund.

Section 4.05. **Disbursements from the Capital Maintenance Fund.** The Authority, in the Indenture, has authorized and directed the Trustee to make payments from the Capital Maintenance Fund as provided in this Section. Payments shall be made from the Capital Maintenance Fund upon receipt by the Trustee of a written requisition from an Authorized Representative of the Borrower, in the form set forth as Exhibit B hereto setting forth the amount and the payee for the purpose of (a) paying the cost of improvements to the Facilities or maintenance, repairs and replacements which may be required to keep the Facilities in sound condition, including but not limited to repair and replacement of equipment, repair and replacement of any roof or other structural component, exterior painting and the repair and replacement of heating, air conditioning, plumbing and electrical equipment and floor covering, (b) purchasing additional equipment for the Facilities, and (c) paying principal and interest on the Bonds to the extent payments by the Borrower are insufficient therefor. The Trustee shall not be bound to make an investigation into the facts behind, or matters stated in, any such requisition.

Section 4.06. **Obligation of the Borrower to Cooperate in Furnishing Documents to Trustee.** The Borrower agrees to furnish the requisitions referred to in Sections 4.03 and 4.05 hereof to the Trustee in accordance with the terms of such sections.

Section 4.07. **Investment of Monies.** Any Loan monies held as a part of the Funds shall be invested, reinvested and transferred to other Funds by the Trustee as provided in Article VI of the Indenture, but only at the written direction of Borrower. In addition, the Borrower covenants that any money held as a part of the Funds shall be invested in compliance with the procedures established by the Tax Certificate to the extent required to comply with its covenants contained in Section 4.08 hereof. The Borrower shall provide to the Trustee at least every five years, as provided in the Tax Certificate, a certificate of the Borrower to the effect that (a) all

- (a) Into the Project Fund an amount equal to the Project Fund Initial Deposit.
- (b) Into the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Fund Requirement.
- (c) Into the Redemption Fund for the redemption of the Prior Bonds.
- (d) The remaining proceeds of the Series 2024 Bonds, plus an equity contribution from the Borrower in an amount equal to \$\_\_\_\_\_, into the Issuance Expense Fund, which amount shall not be less than the Issuance Expense Fund Initial Deposit.

The Authority has no responsibility for delay or failure of disbursement of Loan monies by the Trustee.

#### Section 4.02. **Reserved.**

Section 4.03. **Disbursement from the Project Fund.** The Authority has, in the Indenture, authorized and directed the Trustee to disburse the Loan monies in the Project Fund to or on behalf of the Borrower for the Cost of the Project upon receipt by the Trustee of a completed requisition, in the form attached hereto as Exhibit A, signed by an Authorized Representative of the Borrower.

Any Loan monies (including investment proceeds) remaining in the Project Fund on the date that is three years after the Closing Date, and not set aside for the payment of the Costs of the Project shall on such date be transferred to the Bond Principal Fund to pay principal on the Bonds pursuant to Section 3.05 of the Indenture.

In the event the Loan monies in the Project Fund available for payment of the Cost of the Project are not sufficient to pay the costs thereof in full, the Borrower hereby covenants that it will pay or deposit in the Project Fund monies sufficient to pay the costs of completing the Project as may be in excess of the monies available therefor in the Project Fund. NEITHER THE AUTHORITY NOR THE TRUSTEE MAKES ANY WARRANTY, EITHER EXPRESS OR IMPLIED (1) THAT THE MONIES WHICH WILL BE PAID INTO THE PROJECT FUND AND WHICH, UNDER THE PROVISIONS OF THIS AGREEMENT, WILL BE AVAILABLE FOR PAYMENT OF THE COSTS OF THE PROJECT, WILL BE SUFFICIENT TO PAY ALL THE COSTS OF THE PROJECT WHICH WILL BE INCURRED; OR (2) AS TO THE CONDITION, TITLE, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS OF THE FACILITIES OR THAT THE FACILITIES ARE OR WILL BE SUITABLE FOR THE BORROWER'S PURPOSES OR NEEDS. The Borrower agrees that if after exhaustion of the monies in the Project Fund or otherwise the Borrower should pay or deposit monies in the Project Fund for the payment of any portion of the Costs of the Project pursuant to the provisions of this Section, it shall not be entitled to any reimbursement therefor from the Authority or from the Trustee or from the Registered Owners of the Bonds, nor shall it be entitled to any diminution or postponement of the Loan Payments, or other amounts required to be paid under this Agreement.

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requirements of this Agreement, the Indenture and the Tax Certificate with respect to the Rebate Fund have been met on a continuing basis, (b) the proper amounts have been and are on deposit in the Rebate Fund, and (c) timely payment of all amounts due and owing to the United States Treasury have been made. If the certifications required by either (b) or (c) above cannot be made, the certificate shall so state and shall be accompanied by either money of the Borrower together with a direction to the Trustee to either deposit such money to the Rebate Fund or to pay such money over to the United States Treasury, as appropriate, or written directions to the Trustee to transfer investment income available in any Fund to the Rebate Fund or to the United States Treasury, as appropriate, the Borrower acknowledges the provisions of Section 6.03 of the Indenture which limit the amount of money to be so transferred from the Funds at its direction.

If the certificate described in the preceding paragraph is not delivered to the Trustee within 45 days following each computation date as provided in the Tax Certificate, during the term of this Agreement, the Trustee shall provide the Authority with written notice of such failure to receive such certificate (but the Trustee shall have no liability if it fails to provide such notice). The Trustee shall transfer monies from other Funds as provided in Section 3.20 of the Indenture to the Rebate Fund or the United States Treasury if directed in writing by the Borrower.

The Authority and the Borrower acknowledge that regulations of the Comptroller of the Currency grant the Authority and Borrower the right to receive brokerage confirmations of security transactions as they occur. The Authority and the Borrower specifically waive such right to notification to the extent permitted by law and acknowledge that they will receive periodic statements regarding such investments as set forth in Article VI of the Indenture.

The Trustee and Authority shall not be responsible for any determination or calculation concerning arbitrage rebate with respect to Tax-Exempt Bonds.

Section 4.08. **Tax Covenants.** The Borrower represents and covenants for the benefit of the Authority and the Registered Owners of the Tax-Exempt Bonds, and their respective successors and assigns that:

- (a) The Borrower will not take any action or omit to take any action with respect to the Tax-Exempt Bonds, the proceeds thereof, any other funds of the Borrower or any of the Property of the Borrower including the Facilities, if such action or omission (a) would cause the interest on the Tax-Exempt Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code, or (b) would cause interest on the Tax-Exempt Bonds to lose its exclusion from Commonwealth taxable income under present Commonwealth law. The foregoing covenants shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the expiration of statutes of limitations applicable to the liability of the Registered Owners of the Tax-Exempt Bonds for federal income taxes with respect to the interest on the Tax-Exempt Bonds, and the Registered Owners of the Bonds for Commonwealth income taxes with respect to interest on the Tax-Exempt Bonds.

- (b) The Borrower hereby covenants, represents and warrants that the procedures set forth in the Tax Certificate implementing the above covenant shall be

complied with to the extent necessary under the Code to maintain the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes or to avoid the application of any penalties under the Code, subject to any applicable statute of limitations. The Borrower shall appoint a party qualified as such as rebate analyst and any successor rebate analyst for the Tax-Exempt Bonds, subject to the conditions set forth in the Tax Certificate.

(c) The Authority and the Borrower separately each hereby covenant and agree that they shall not enter into any arrangement, formal or informal, pursuant to which the Borrower for any "related party," (as defined in Section 1.150-1(b) of the Treasury Regulations) shall purchase the Tax-Exempt Bonds or any other Additional Tax-Exempt Bonds. This covenant shall not prevent the Borrower from purchasing Tax-Exempt Bonds in the open market for the purpose of tendering them to the Trustee for repurchase and retirement.

(d) With the intent not to limit the generality of the foregoing, the Borrower covenants and agrees that:

(i) The Borrower shall spend not less than 95% of the proceeds of the Tax-Exempt Bonds, plus earnings thereon, for capital costs of the Facilities being financed and all of the Facilities will be used by the Borrower for its exempt purposes under Section 501(c)(3) of the Code. Capital costs are defined as costs of land or property of a character subject to allowance for depreciation under Section 167 of the Code and do not include inventory or working capital, costs of issuance or interest following completion of construction.

(ii) The Borrower (A) will take whatever actions are necessary for it to continue to be organized and operated in a manner which will preserve and maintain its status as an organization which is (1) described in Section 501(c)(3) of the Code, and (2) exempt from federal income taxes under Section 501(a) of the Code (except as to unrelated trade or business income) and (B) will not intentionally perform any acts nor enter into any agreements which would cause any revocation or adverse modification of such federal income tax status.

(iii) Except as permitted by Section 149(b)(3) of the Code, the Borrower will not permit the Tax-Exempt Bonds to be federally guaranteed within the meaning of Section 149(b) of the Code.

(iv) The weighted average maturity of the Tax-Exempt Bonds does not exceed 120% of the weighted average reasonably expected economic life of the property financed with such Series of Tax-Exempt Bonds, determined in accordance with Section 147(b) of the Code. For purposes of the preceding sentence, the reasonably expected economic life of property shall be determined as of the date such property was placed in service or, if later, the date of issuance of the related Series of Tax-Exempt Bonds.

(v) The statements concerning the Tax-Exempt Bonds and the application of the Bond Proceeds of such Series required by Section 149(c) of the Code and approved by the Borrower on behalf of the Authority, are true and complete for the purposes for which intended. The Borrower shall prepare and submit, or cause to be submitted, true and complete amendments of, or supplements to, those statements if, in an opinion of bond counsel, such amendments or supplements are deemed to be necessary or advisable.

(vi) No changes will be made in the bond-financed property of the Tax-Exempt Bonds or in the use of the Facilities which will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Bonds or will cause the interest on the Tax-Exempt Bonds, or any portion thereof, to constitute an item of tax preference for purposes of the alternative minimum tax imposed on individuals under the Code. The Borrower will use the bond-financed property of the Tax-Exempt Bonds or cause such property to be used so long as the Tax-Exempt Bonds remains unpaid so as to constitute a "project" within the meaning of the Act.

(vii) No proceeds of the Tax-Exempt Bonds will be used to reimburse the Borrower for any expenditure made by the Borrower more than 60 days prior to a qualifying declaration of intent, which is approved by bond counsel, except for planning costs and other preliminary expenditures within the meaning of Section 1.150-2(f)(2) of the Treasury Regulations not in excess of 20% of the issue price of the related Series of Tax-Exempt Bonds and de minimis expenses within the meaning of Section 1.150-2(f)(1) of the Treasury Regulations.

(viii) The Borrower will not make any investment or deposit in Investment Obligations or which involves the payment or agreement to pay to a party other than the United States an amount that is required to be paid to the United States by entering into a transaction that reduces the rebate amount payable to the United States or results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the yield on the related Series of Tax-Exempt Bonds not been relevant to either party to the transaction.

(ix) The costs of issuance financed with proceeds of the Tax-Exempt Bonds, including any bond discount on the sale of such Bonds, will not exceed 2% of the proceeds of such Tax-Exempt Bonds. The Borrower will pay any remaining costs of issuance exceeding 2% of the proceeds of the Tax-Exempt Bonds on the date of the issuance of such Tax-Exempt Bonds from sources other than the proceeds of the Tax-Exempt Bonds.

#### Section 4.09. Title Insurance; Mortgage.

(a) On the date of recordation of the Mortgage, the Master Trustee will be provided with an extended form mortgagee's title insurance policy insuring the Master Trustee's interest in and lien against the Mortgaged Property, and the other property

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subject to the Mortgage, subject to Permitted Encumbrances, in an amount not less than the maximum principal amount of the Bonds with respect to the mortgagee's policy, an executed copy of which shall be delivered by the Borrower to the Master Trustee. Such policy shall be of a standard or extended American Land Title Association Policy, as applicable, and may not permit the title insurer to purchase any Series 2024 Bonds in lieu of providing payment under the policy unless, upon purchase, such Series 2024 Bonds are cancelled. Upon the Closing Date, the Mortgage will be recorded in the real property records of the County of Lehigh and provide the Master Trustee with a perfected lien interest in the Mortgaged Property, subject to any Permitted Encumbrances. The Master Trustee shall have no duty or obligation to review the mortgagee's policy to determine compliance with this Section 4.09(a) or to confirm that the Mortgage is so recorded.

(b) Upon the execution by the Borrower of the Mortgage and its subsequent recording, and upon the execution and filing of UCC-1 financing statements or amendments thereto, the Master Trustee will have a valid lien on the Mortgaged Property and a valid security interest in the personal property subject to no liens, charges or encumbrances other than the Permitted Encumbrances, and as described in Section 6.6 of the Master Indenture, the Borrower and the Master Trustee will take all necessary actions including filing continuation statements to preserve such lien and security interest.

#### ARTICLE V SECURITY PROVISIONS; PROVISIONS FOR PAYMENT

Section 5.01. **Security; Evidence of Loan Indebtedness.** This Agreement is a limited obligation of the Borrower secured by and payable solely from amounts paid under the 2024 Note. The Borrower hereby agrees to issue the 2024 Note to the Authority, which will in turn assign it to the Trustee, to secure the payment of principal of, premium, if any, and interest on the Series 2024 Bonds, all amounts due under Section 5.02 hereof and all Unassigned Rights of the Authority.

#### Section 5.02. **Loan Payments and Other Amounts Payable.**

(a) The Borrower shall pay (or cause to be paid) as repayment of the Loan until the principal of, premium, if any, and interest on the Bonds (and any other sums due hereunder) shall have been paid or provision for the payment thereof shall have been made in accordance with the Indenture, into the Revenue Fund the amounts specified in Section 3.03 of the Indenture, including School District Payments, on the dates specified therein. On or before the mailing of any notice of redemption pursuant to Section 5.06 of the Indenture (other than a sinking fund redemption date), the Borrower shall pay as repayment of the Loan for deposit into the Bond Principal Fund an amount of money which, together with other monies available therefor in the Bond Principal Fund, is sufficient to pay the principal of and premium, if any, on the Bonds called for redemption and for deposit into the Bond Interest Fund an amount of money which, together with other monies available therefor in the Bond Interest Fund, is sufficient to pay the interest accrued to the redemption date on the Bonds called for redemption. If by the seventh Business Day prior to any principal or interest payment date on the Bonds or the date any other amounts are payable on the Bonds the amount held by the Trustee in the Bond

Principal Fund and the Bond Interest Fund is insufficient to make the required payments of principal of, premium, if any, and interest on the Bonds, the Borrower and the Charter School, on behalf of the Borrower, shall upon notice of such deficiency from the Trustee forthwith pay or cause to be paid such deficiency as repayment of the Loan for deposit into the Bond Principal Fund or the Bond Interest Fund, as the case may be.

(b) In the event any monies in the Debt Service Reserve Fund are transferred to the Bond Principal Fund or the Bond Interest Fund pursuant to Section 3.09 of the Indenture or to the Rebate Fund pursuant to Section 3.20 of the Indenture, or in the event the Trustee has notified the Borrower of a deficiency in the Debt Service Reserve Fund pursuant to Section 3.09 of the Indenture, the Borrower, in 6 equal monthly installments, beginning the month following the date on which such deficiency occurs and each month thereafter (in accordance with Section 3.11 of the Indenture), will deposit or cause to be deposited monies into the Debt Service Reserve Fund an amount equal to the amount required to cause the total amount in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement.

(c) The Borrower shall pay or provide for the payment of all taxes and assessments, general or special, concerning or in any way related to the Facilities or any part thereof, during the term of this Agreement and any other governmental charges and impositions whatsoever, and all utility and other charges and assessments, in the manner, at the times and under the conditions more specifically provided in Section 6.02 hereof.

(d) As more fully set forth in Section 9.02 of the Indenture, the Borrower agrees to pay or cause to be paid to the Trustee the reasonable and necessary fees and expenses of the Trustee, including, without limitation, its reasonable attorney fees and expenses, as and when the same become due, upon submission of a statement therefor, and attaching reasonable supporting documentation.

(e) The Borrower shall pay or cause to be paid to the Trustee for deposit to the Rebate Fund all amounts required to be paid pursuant to the Tax Certificate at the times and in the manner specified therein.

(f) The Borrower has heretofore paid the Authority an initial fee. The Borrower agrees to pay or cause to be paid to the Authority any amounts required to reimburse the Authority for any reasonable expenses incurred by the Authority, whether out-of-pocket or internal, in connection with any litigation which may at any time be instituted involving this Agreement, the Bonds or any of the other documents contemplated thereby, or incurred in connection with this Agreement, the Indenture, the Bonds, the Tax Certificate, the Bond Purchase Agreement, the Facilities or any other instrument or action relating to the foregoing (but excepting any willful misconduct or misrepresentation by the Authority), including, but not limited to reasonable fees and disbursements of attorneys of the Authority and termination fees. Such additional payment shall be billed to the Borrower from time to time, by the Authority, together with a statement certifying that the amount billed has been paid or inclined and attaching reasonable supporting documentation indicating that the amount billed has been paid or

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incurred for one or more of the above items. After such a demand, amounts so billed shall be paid by the Borrower within ten (10) days after receipt of the bill by the Borrower.

(g) In the event of a deficiency in the Capital Maintenance Fund pursuant to Section 3.17 of the Indenture, the Borrower shall pay or cause to be paid to the Trustee, on each Monthly Disbursement Date, an amount equal to the Monthly Capital Maintenance Fund Contribution, until the amount therein equals the Capital Maintenance Fund Requirement.

(h) All amounts required to be paid by the Borrower to the Trustee pursuant to this Section 5.02, and all other monies required to be transferred to the Trustee pursuant to this Agreement and the Indenture, shall be transferred as required herein and therein.

(i) Payments received under the 2024 Note or directly from the Master Trustee will be credited against payments required pursuant to this Section 5.02.

In the event the Borrower should fail to make or cause to be made any of the payments required by this Section, the item or installment in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid, and the Borrower agrees to pay the same and, with respect to the payments required by subsections (a), (d) and (f) of Section 5.02 hereof to pay interest at the Default Rate.

Section 5.03. **Payees of Payments.** The Loan Payments provided for in Section 5.02(a) hereof shall be paid or cause to be paid in funds immediately available in the city in which the principal office of the Trustee is located or at such other location as it shall direct, to the Trustee for the account of the Authority and shall be deposited into the Bond Principal Fund or the Bond Interest Fund, as appropriate. The payments provided for in Section 5.02(b) hereof shall be paid to the Trustee for the account of the Authority and deposited into the Debt Service Reserve Fund. The payments provided for in Section 5.02(c) hereof shall be paid to the persons to whom due. The payments to be made to the Trustee under Section 5.02(d) hereof shall be paid to the Trustee for its own use. The payments provided for in Section 5.02(e) hereof shall be paid to the Trustee for the account of the Authority and deposited into the Rebate Fund. The payments to be made to the Authority under Section 5.02(f) hereof shall be paid to the Authority for its own use. The payments provided for in Section 5.02(g) hereof shall be paid to the Trustee for the account of the Authority and shall be deposited into the Capital Maintenance Fund.

Section 5.04. **Obligations of the Borrower Hereunder Unconditional.** The obligations of the Borrower to make the payments required hereunder and of the Obligated Group under the 2024 Note and the obligations of the Borrower to perform and observe the other agreements on its part contained herein shall be a general obligation of the Borrower, absolute and unconditional. The Borrower (a) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for herein, (b) will perform and observe all of its other agreements contained in this Agreement and (c) except as provided in Article XI hereof, will not terminate this Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure to complete the Project, failure of consideration, eviction or constructive eviction, destruction of or damage to the Facilities (except that, to the extent the Net Proceeds are applied by the Trustee to the prepayment of the

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Section 8.04. **Audits.** The Borrower agrees that it will have its books and records audited annually, commencing with the current Fiscal Year, by an Accountant as soon as practicable after the close of such Fiscal Year, and shall furnish, on or before December 31 of the following Fiscal Year, to the Authority and the Trustee (provided that neither the Authority nor the Trustee has any obligation to review or accept such audit report) and each rating agency which has rated the Bonds, a copy of the audit report including the Accountant's statement as to the calculation of Pledged Revenues certified by such Accountant.

Upon receipt by the Borrower of the Accountant's management letter, if any, the Borrower will notify the Authority and the Trustee, that such management letter has been received and is available for inspection by the Authority and the Trustee, at the offices of the Borrower.

The Borrower shall be deemed to be in compliance with the requirements of this section by timely filing such audited financial statements and management letter, if any, with EMMA.

Section 8.05. **Filings to Protect Security Interest in Trust Estate.** The Borrower hereby agrees to file and refile such instruments as shall be necessary to preserve the lien of the Indenture upon the Trust Estate or any part thereof granted in the Indenture until the principal of and interest on the Series 2024 Bonds shall have been paid and to furnish satisfactory evidence to the Trustee of recording, registering, filing, continuation, and refile of such instruments and of every additional instrument which shall be necessary to preserve the lien of the Indenture upon the Trust Estate or any part thereof until the principal of and interest on the Series 2024 Bonds shall have been paid.

Section 8.06. **Reserved.**

Section 8.07. **Authority of Authorized Representative of the Authority.** Whenever under the provisions of this Agreement or the Indenture the approval of the Authority is required, or the Borrower or the Trustee is required to take some action at the request of the Authority, such approval or such request shall be made by the Authorized Representative of the Authority unless otherwise specified in this Agreement or the Indenture. The Borrower or the Trustee shall be authorized to act on any such approval or request and the Authority shall have no complaint against the Borrower or the Trustee as a result of any such action taken in accordance with such approval or request. The execution of any document or certificate required under the provisions of this Agreement or the Indenture by an Authorized Representative of the Authority shall be on behalf of the Authority and shall not result in any personal liability of such Authorized Representative.

Section 8.08. **Licenses and Qualifications.** The Borrower will do, or cause to be done, all things necessary to obtain, renew and secure all permits, licenses and other governmental approvals and to comply, or cause its lessees to comply, with such permits, licenses and other governmental approvals necessary for operation of the Charter School as a Facility (as defined in the Act).

Section 8.09. **Compliance with Act 22 and the Charter.** The Borrower covenants not to take any actions which would violate Act 22 or the Charter in any way that could reasonably

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Series 2024 Bonds pursuant to Section 5.02 of the Indenture and Section 11.06 hereof, the obligation of the Borrower hereunder shall be reduced accordingly), commercial frustration of purpose, or change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the Commonwealth or any political subdivision of either, any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Agreement, whether express or implied, or any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture, whether express or implied. The Borrower may at its own cost and expense and in its own name or in the name of the Authority (without expense to the Authority and without the Authority's prior written consent), prosecute or defend any action or proceeding or take any other action involving third persons which the Borrower deems reasonably necessary in order to secure or protect its or its lessees' rights of possession, occupancy and use of the Facilities; provided, however, that any such prosecution, defense or action taken by the Borrower in the name of the Authority shall not preclude or prohibit in any way the Authority from prosecuting, defending, joining or intervening in such action or proceedings, or taking any other action it deems necessary, in its own name and of its own accord at the expense of the Borrower.

## ARTICLE VI INSURANCE

Section 6.01. **Insurance Required.** The Borrower will maintain, or cause to be maintained, insurance covering such risks and in such amounts as is required by the Master Indenture.

## ARTICLE VII RESERVED

## ARTICLE VIII SPECIAL COVENANTS

Section 8.01. **No Warranty of Condition or Suitability by the Authority.** Neither the Authority nor the Trustee makes any warranty, either express or implied, as to the Facilities or that they will be suitable for the Borrower's purposes or needs or that the proceeds of the Series 2024 Bonds will be sufficient to pay the Cost of the Project.

Section 8.02. **Observance of Terms of Documents.** The Borrower shall comply with all of the terms and conditions and covenants applicable to the Borrower contained in this Agreement and the Indenture. At all times while the Series 2024 Bonds are secured by the 2024 Note, the Borrower covenants to comply with the requirements of the Master Indenture.

Section 8.03. **Further Assurances.** The Authority and the Borrower each agree that separately they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the intention of or facilitating the performance of this Agreement, subject, however, to the terms and conditions of Section 10.06 of the Indenture.

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be believed to have a materially adverse effect on the Bonds so long as any Bonds remain Outstanding.

Section 8.10. **Indemnification of Authority and Trustee.** The Borrower agrees that the Authority and the members, officers, employees, attorneys and agents thereof shall not be liable for, and the Borrower covenants and agrees to protect, exonerate, defend, indemnify and save harmless the Authority and the members, officers, employees, attorneys and agents thereof and the Trustee, its officers, directors, employees and agents, from and against any and all costs, damages or liabilities which may arise out of the issuance of the Series 2024 Bonds, the investment of a portion of the proceeds of the Series 2024 Bonds held in the funds and accounts established under the Indenture, the operation of the Mortgaged Property or arising from any breach or default on the part of the Borrower (i) in the performance of any covenant or agreement on the part of the Borrower to be performed pursuant to the terms of this Agreement or otherwise, provided that a court of competent jurisdiction has not determined that such indemnified parties have acted with gross negligence or willful misconduct; and (ii) from and against all reasonable costs, reasonable counsel fees, expenses and liabilities incurred in or about the defense of any such claims or actions or proceedings brought thereon. The Borrower further agrees to pay the Trustee reasonable compensation for its services under the Bond Documents, and also all of its reasonable expenses and disbursements, including reasonable compensation for all attorneys and agents engaged by it. The Borrower covenants and agrees to indemnify and hold the Trustee and its directors, officers, agents and employees (collectively, the "Indemnitees") harmless from and against any and all liabilities, losses, damages, fines, suits, actions, demands, penalties, costs and expenses, including out-of-pocket, incidental expenses, reasonable legal fees and expenses, the reasonably allocated costs and expenses of in-house counsel and the costs and expenses of defending or preparing to defend against any claim ("Losses") (whether asserted by the Authority, the Borrower, any Bond Holder or any other person) that may be imposed on, incurred by, or assessed against, the Indemnitees or any of them for following any instruction or other direction upon which the Trustee is authorized to rely pursuant to the terms of the Bond Documents. In addition to and not in limitation of the immediately preceding sentence, the Borrower also covenants and agrees to indemnify and hold the Indemnitees and each of them harmless from and against any and all losses that may be imposed on, incurred by, or asserted against the Indemnitees or any of them in connection with or arising out of the Trustee's performance under this Agreement or the Indenture provided that a court of competent jurisdiction has not determined that the Trustee has acted with gross negligence or engaged in willful misconduct.

The provisions of this Section 8.10 shall survive the termination of this Agreement and the Indenture, the payment in full of the Series 2024 Bonds and the resignation or removal of the Trustee for any reason. The Borrower may, at its cost and in its name or in the name of the Authority and/or the Trustee, prosecute or take any other action involving third persons which the Borrower deems necessary in order to insure or protect the Borrower's rights under this Agreement; in such event, the Authority and the Trustee will reasonably cooperate with the Borrower, as advised by their respective Counsel, as set forth below, but at the sole expense of the Borrower.

The Authority or Trustee, as the case may be, shall give prompt written notice to the Borrower of any claim asserted against the Authority, its members, officers, employees,

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attorneys or agents or the Trustee, its officers, directors, employees or agents, when such claim becomes known and which may result in liability of the Borrower hereunder; provided, however, that the failure by the Authority or the Trustee, as the case may be, to give such notice shall not relieve the Borrower from its obligations to protect, exonerate, defend, indemnify and save harmless the Authority and its members, officers, employees, attorneys or agents or the Trustee, its officers, directors, employees, attorneys and agents as aforesaid (except to the extent that the failure to give such notice directly results in actual loss or damage to the Borrower); and in case any action or proceeding be brought against the Authority, its members, officers, employees, attorneys or agents or the Trustee, its officers, directors, employees, attorneys or agents, by reason of any such claim, the Borrower, upon notice as aforesaid, covenants and agrees diligently to resist or defend such action or proceedings; provided, however, that the indemnified party or parties will cooperate and assist in the defense of such action or proceeding if reasonably requested to do so by the Borrower at the sole expense of the Borrower. The Borrower shall not settle any action or proceeding involving the Authority or the Trustee without the prior written consent, as applicable, of the Authority and the Trustee, which consent shall not be unreasonably withheld.

Each of the Authority and the Trustee may, however, retain its own counsel and still be indemnified against the cost of employing counsel and all other reasonable expenses despite an assumption of the defense by the Borrower if the Authority or the Trustee believes in good faith that there are defenses available to it which are adverse to or in conflict with those available to the Borrower and which the Authority or the Trustee believes in good faith cannot be effectively asserted by common counsel. The Borrower is not liable for any settlement of a suit, claim, demand, action or proceeding effected without its written consent and the Borrower agrees that it will not settle any claim or action without the written consent of the Authority or the Trustee, as applicable.

Notwithstanding anything contained herein to the contrary, the Borrower shall not be obligated to indemnify or hold harmless the Authority or its members, officers, employees, attorneys or agents for its or their willful gross negligence or willful misconduct or the Trustee and the Trustee's officers, directors and employees for their or its gross negligence or willful misconduct

Section 8.11. **Nonsectarian Use.** The Borrower agrees that, in the absence of the receipt by the Authority and the Trustee of a written opinion of nationally recognized municipal bond counsel acceptable to the Authority to the effect that such use will not affect adversely the exclusion from gross income for federal income tax purposes of interest on the Series 2024 Bonds or any other Additional Tax Exempt Bonds and that such restriction is no longer required under the provisions of the Act, no proceeds of the Series 2024 Bonds or any other Additional Tax Exempt Bonds shall be used to acquire, construct, install, or refinance any Facility which is intended to be used primarily for sectarian purposes. The Borrower will comply with all applicable state and federal laws concerning discrimination on the basis of race, creed, color, sex, national origin, or religious belief and will respect, permit, and not interfere with the religious beliefs of persons working for the Borrower.

Section 8.12. **No Default Certificate.** Within 90 days after the end of each Fiscal Year, the Borrower shall furnish to the Authority and the Trustee certificates of the Borrower, stating

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money required for such redemption) necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the then Outstanding Bonds on the redemption date. The Borrower covenants to give written notice of any such redemption to the Authority, the Trustee and the Master Trustee at the times required by the Bond Documents.

#### ARTICLE X EVENTS OF DEFAULT AND REMEDIES

Section 10.01. **Events or Default Defined.** The following events (including the expiration of any specified time) shall be an "Events of Default" under this Agreement and the term "Event of Default" shall mean, whenever it is used in this Agreement, any one or more of the following events:

(a) failure by the Borrower to pay the Loan Payments required to be paid under Section 5.02(a) hereof when the same shall become due and payable;

(b) failure by the Borrower to make payments into the Debt Service Reserve Fund required to be paid under Section 5.02(b) hereof when the same shall become due and payable;

(c) the occurrence of an "Event of Default" under any of the Indenture, the Series 2024 Bonds, the Lease (under Section 12.01(a) to (i) only), the Mortgage, the 2024 Note and the Master Indenture, beyond any applicable notice and grace period;

(d) failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed herein other than as referred to in subsections (a) through (c) of this Section, for a period of 30 days after receiving written notice, specifying such failure and requesting that it be remedied, shall have been given to the Borrower by the Authority or the Trustee; provided, with respect to any such failure covered by this subsection (d), no Event of Default shall be deemed to be continuing so long as a course of action adequate to remedy such failure shall have been commenced by the Borrower within such 30-day period and shall thereafter be diligently prosecuted to completion and the failure shall be remedied thereby; provided, however, that such course of action must be complete within 90 days of the Borrower receiving such written notice;

(e) the dissolution or liquidation of the Borrower, or failure by the Borrower promptly to lift any execution, garnishment, or attachment of such consequence as will impair its ability to meet its obligations with respect to the Facilities or to make any payments under this Agreement;

(f) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of the Borrower in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Borrower or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; or

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that, to the best of its knowledge, no Event of Default under Section 10.01 hereof has occurred and is then continuing, and that the Borrower has actual knowledge, at that time, of an event which with the passage of time or the giving of notice, or both, would constitute an Event of Default by the Borrower under Section 10.01 hereof or an Event of Default under the Indenture, the Lease, the Master Indenture or the Mortgage, or describing any such Event of Default known to it.

Section 8.13. **Compliance With the Continuing Disclosure Agreement.** The Borrower shall comply with, and shall cause Charter School to comply with, the disclosure requirements set forth in the Continuing Disclosure Agreement. Notwithstanding any contrary provision hereof, the failure by the Borrower to comply with the foregoing covenant will not be an Event of Default hereunder or under the Indenture, and that the remedies of the Trustee (if it is a party to such continuing disclosure agreement) and/or Bondholders in the event of such a failure will be limited to an action for specific performance.

Section 8.14. **Nondiscrimination/Sexual Harassment Clause.** The Borrower hereby accepts and agrees to be bound by the standard Nondiscrimination/Sexual Harassment Clause set forth in Exhibit C attached hereto. For purposes of such Nondiscrimination/Sexual Harassment Clause, the parties hereto understand that (i) this Agreement is the "contract" and (ii) there is no subcontractor for the performance of the Borrower's obligations under this Agreement.

#### ARTICLE IX ASSIGNMENT AND PLEDGING; REDEMPTION OF BONDS

Section 9.01. **Assignment by the Borrower.** The Borrower will not assign all or any part of its obligations under this Agreement to another Person or Persons; provided that the Borrower may assign all or a part of its obligations under this Agreement to another Person or Persons subject to compliance with the requirement of Section 7.10 of the Master Indenture and the delivery of copies of all certificates and opinions delivered pursuant to Section 7.10 of the Master Indenture to the Trustee. Every assignee shall be bound by all of the covenants and agreements of the Borrower herein.

Section 9.02. **Assignment and Pledge by Authority.** The Authority hereby notifies the Borrower, and the Borrower hereby acknowledges, that all of the Authority's right, title and interest in this Agreement (except Unassigned Rights) and in the 2024 Note are being assigned without recourse and pledged to the Trustee as security for the Series 2024 Bonds. The Borrower consents to such assignment and acknowledges that the Series 2024 Bonds are being issued in reliance by the Trustee upon the assignment of the 2024 Note and the Authority's rights under this Agreement. The Borrower agrees that it will perform all obligations and pay all amounts due from the Authority under the Series 2024 Bonds and the Indenture so that at all times there shall be no default thereunder.

Section 9.03. **Redemption of Bonds.** Upon the agreement of the Borrower to deposit monies into the Bond Principal Fund and the Bond Interest Fund in an amount sufficient to redeem Bonds subject to redemption, the Trustee, at the written request of the Borrower and subject to Article V of the Indenture, shall forthwith take all steps (other than the payment of the

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(g) the commencement by the Borrower of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by it to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Borrower or for any substantial part of its property, or the making by it of any assignment for the benefit of creditors, or the failure of the Borrower generally to pay its debts as such debts become due, or the taking of corporate action by the Borrower in furtherance of any of the foregoing.

The foregoing provisions of subsection (d) of this Section are subject to the following limitations: If by reason of force majeure the Borrower is unable in whole or in part to carry out its agreements herein contained, other than the obligations on the part of the Borrower contained in Article V and in Sections 4.07, 4.08, 8.10, 8.12 and 10.04 hereof, the Borrower shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of nature; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the Commonwealth or any municipal government with jurisdiction over such of their departments, agencies or officials or any civil or military authority; including, without limitation, so called "governmental shut downs" or other actions which result in any applicable governmental entity or agency not making payments that would otherwise be made to Charter School; insurrection; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accidents to machinery, transmission pipes or canals, or any other causes not within the control of the Charter School or the Borrower, but specifically excluding the loss of the Charter by the Charter School due to the negligence or intentional or willful misconduct or default of the Charter School.

Section 10.02. **Remedies on Default.** Subject to Section 12.06 of the Lease, whenever any Event of Default referred to in Section 10.01 hereof shall have occurred and is continuing, the Authority or the Trustee where so provided herein, may (subject to the provisions of Section 10.06 hereof) take any one or more of the following remedial steps:

(a) The Trustee (acting as assignee of the Authority) or the Authority (in the event of a failure of the Trustee to act under this subsection), as and to the extent provided in the Indenture, may declare the Loan Payments payable hereunder for the remainder of the term of this Agreement to be immediately due and payable, whereupon the same shall become due and payable.

(b) The Trustee may take any action permitted under the Indenture with respect to an Event of Default, as defined thereunder.

(c) Reserved.

(d) The Trustee or the Authority (in the event of a failure of the Trustee to act under this subsection), as and to the extent provided in the Indenture may take whatever action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements, or covenants of the Borrower under this Agreement.

(e) Other than with respect to an Event of Default involving the Borrower's failure to pay Loan Payments, or the Borrower's liquidation, receivership, bankruptcy or other similar insolvency proceeding, the Trustee may, or at the written request of the Majority Bondholders shall, appoint a consultant to make operational and other business recommendations to the Borrower and the Charter School to improve the operations, operating profits and cash flow of Borrower and the Charter School, and the Borrower will cooperate with the consultant and shall adhere to all reasonable recommendations of the consultant in these regards.

Notwithstanding the foregoing, prior to the exercise by the Authority or the Trustee of any remedy that would prevent the application of this paragraph, the Borrower may, at any time, pay all accrued payments hereunder (exclusive of any such payments accrued solely by virtue of acceleration pursuant to subsection (a) of the first paragraph of this Section) and fully cure all defaults, and in such event, the Borrower shall be fully reinstated to its position hereunder as if such Event of Default had never occurred.

In the event that the Borrower fails to make any payment required hereby, the payment so in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid.

Any proceeds received by the Authority or the Trustee from the exercise of any of the above remedies, after reimbursement of any costs incurred by the Authority or the Trustee in connection therewith, shall be applied by the Trustee in accordance with the provisions of the Indenture.

If the Authority or the Trustee shall have proceeded to enforce their rights under this Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Authority or the Trustee, then and in every such case, the Borrower, the Authority and the Trustee shall be restored to their respective positions and rights hereunder, and all rights, remedies and powers of the Borrower, the Authority and the Trustee shall continue as though no such proceedings had been taken.

**Section 10.03. No Remedy Exclusive.** Subject to the provisions of Section 10.06 hereof, no remedy herein conferred upon or reserved to the Authority, or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than notice required herein or by applicable law. Such rights and remedies given the Authority hereunder shall also extend to the Trustee and the Registered Owners of the Bonds, subject to the Indenture.

**Section 10.04. Agreement to Pay Attorneys' Fees and Expenses.** If the Authority or the Trustee should employ attorneys or other advisors or incur other expenses for the collection of Loan Payments or the enforcement of performance or observance of any obligation or agreement

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**Section 11.02. Obligation to Prepay the Loan.** All amounts due hereunder shall become immediately due and payable, without notice or demand, upon a Determination of Taxability and the Borrower shall thereafter have the immediate obligation to prepay all amounts due under this Agreement and the Loan with respect to the Bonds in whole, and not in part.

**Section 11.03. Prepayment Credits.** In the event of prepayment by the Borrower of the Loan in whole, the amounts then contained in the Bond Principal Fund, Bond Interest Fund, Issuance Expense Fund and Debt Service Reserve Fund shall be credited first to the Rebate Fund so that it is fully funded for the final payment to the federal government and then against the Borrower's prepayment obligation.

**Section 11.04. Notice of Prepayment.** In order to exercise the option granted by Section 11.01, the Borrower shall give written notice to the Trustee which shall specify therein the date of making the prepayment, which date shall be not less than 40 days nor more than 90 days from the date the notice is mailed, unless such notice or time period is waived by the Trustee. In the case of any prepayment pursuant to this Article, the Borrower shall make arrangements with the Trustee for giving the required notice of redemption, if any, of any Bonds to be redeemed and, if applicable, shall pay to the Trustee an amount of money sufficient to redeem all of the Bonds called for redemption at the appropriate price on or before the thirtieth day prior to the redemption date.

**Section 11.05. Use of Prepayment Monies.** By virtue of the assignment of the rights of the Authority under this Agreement to the Trustee, the Borrower agrees to and shall pay any amount required to be paid by it under this Article directly to the Trustee (other than amounts to be paid to the Authority for its own account). The Trustee shall use the monies so paid to it by the Borrower (other than amounts to be paid to the Trustee for its own account) as provided in this Agreement.

**Section 11.06. Acceleration of Payments; Redemption Upon Occurrence of Certain Events.** The Borrower covenants to give written notice to the Trustee, Master Trustee and the Issuer of the following:

(a) within ten (10) days after the occurrence of any damage to or destruction of all or any portion of the Mortgaged Property by fire or any other cause or taking of all or a portion of the Mortgaged Property by condemnation in excess of the threshold specified in and as required by Sections 5.01 and 5.02 of the Mortgage; and

(b) pursuant to Section 7.6 of the Original Master Indenture, promptly upon determination that any Net Proceeds resulting from damage to or any destruction or condemnation (or other similar taking or conveyance in lieu thereof) of any of the Mortgaged Property are to be applied to the redemption or prepayment of the 2024 Note and the Series 2024 Bonds.

The Borrower further agrees that any written notice to the Issuer and the Trustee of its intention to cause the redemption of Bonds shall specify the date fixed for such redemption and the principal amount of Bonds to be redeemed. The Trustee shall then provide notice of such redemption to the Bondholders in accordance with Section 5.06 of the Indenture.

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on the part of Borrower herein contained, the Borrower agrees that it will on demand therefor, attaching reasonable supporting documentation indicating that the amount billed has been paid or incurred, pay to the Authority or the Trustee, as the case may be, the reasonable fee of such attorneys and advisors and such other reasonable expenses incurred by the Authority or the Trustee. After such a demand, amounts so billed shall be paid by the Borrower within ten (10) days after receipt of the bill by the Borrower. The obligations of the Borrower arising under this Section shall continue in full force and effect for a period of three (3) years following the final payment of the Bonds or the termination of this Agreement for any reason, notwithstanding the final payment of the Bonds or the termination of this Agreement for any reason.

**Section 10.05. Waiver.** In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach waived and shall not be deemed to waive any other breach hereunder. In view of the assignment of the Authority's rights in and under this Agreement to the Trustee under the Indenture, the Authority shall retain its rights under Sections 5.02(f), 10.04, 8.10 and 12.14 hereof and its right to receive certain reports and perform certain discretionary acts as described herein but shall have no power to waive any Event of Default hereunder without the consent of the Trustee. Notwithstanding the foregoing, a waiver of an Event of Default under the Indenture or a rescission of a declaration of acceleration of the Bonds and a rescission and annulment of its consequences shall constitute a waiver of the corresponding Event of Default under this Agreement and a rescission and annulment of its consequences, provided, that no such waiver or rescission shall extend to or affect any subsequent or other default hereunder or impair any right consequent thereon.

**Section 10.06. No Duty to Mitigate Damages.** The Authority and the Trustee shall not be required to do any act whatsoever or exercise any diligence whatsoever to mitigate the damages to the Borrower if any Event of Default shall occur and be continuing hereunder.

## ARTICLE XI PREPAYMENT OF THE LOAN

**Section 11.01. General Option to Prepay the Loan.** The Borrower shall have and is hereby granted the option exercisable at any time to prepay all or any portion of the Loan by depositing with the Trustee an amount of money or securities to the extent permitted by Section 7.01 of the Indenture the principal and interest on which when due, will be equal to (giving effect to the credit, if any, provided by Section 11.03 hereof) an amount sufficient to pay the principal of (in integral multiples of \$5,000), premium, if any, and interest on any portion of the Bonds then Outstanding under the Indenture. The exercise of the option granted by this Section shall not be cause for redemption of Bonds unless such redemption is permitted at that time under the provisions of the Indenture and the Borrower specifies the date for such redemption. In the event the Borrower prepays all of the Loan pursuant to this Section, pay all reasonable and necessary fees and expenses of the Trustee, and all other obligations and liabilities to the Trustee, accrued and to accrue through final payment of the Bonds as a result of such prepayment and all of its liabilities accrued and to accrue hereunder to the Authority through final payment of the Bonds as a result of such prepayment, and all other amounts due hereunder have been paid in full, then this Agreement shall terminate except as otherwise provided herein.

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On or prior to the date fixed for redemption, the Borrower shall deposit or cause to be deposited to the Bond Principal Fund and Bond Interest Fund established under the Indenture any such Net Proceeds in an amount sufficient to affect the redemption of Bonds pursuant to Section 5.02 of the Indenture.

## ARTICLE XII MISCELLANEOUS

**Section 12.01. Notices.** All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given upon receipt when (a) mailed by certified or registered mail, postage prepaid, return receipt requested, (b) deposited with any nationally recognized overnight delivery service that routinely issues receipts, or (c) personally delivered by any courier service that routinely issues receipts, if to the Authority, 905 Harrison Street, Allentown, PA 18103, Attention: Executive Director; if to the Borrower, 555 Union Blvd., Allentown, PA, 18109, Attn: President; if to the Charter School, to 555 Union Blvd., Allentown, PA, 18109, Attention: CEO; and if to the Trustee, 444 Liberty Ave, Suite 825, Pittsburgh, PA 15222, Attention: Corporate Trust. A duplicate copy of each notice, certificate or other communication given hereunder by the Authority or Borrower shall also be given to the Trustee. The Authority, the Borrower, the Charter School or the Trustee may, by notice hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. The Trustee will have the right to accept and act upon electronic communications as provided in Section 9.01(y) of the Indenture.

**Section 12.02. Binding Effect.** This Agreement shall inure to the benefit of and shall be binding upon the Authority, Trustee and the Borrower, and their respective successors and assigns, subject, however, to the limitations contained in Sections 9.01, 9.02 and 12.10 hereof, and shall also inure to the benefit of all Indemnitees.

**Section 12.03. Severability.** In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 12.04. Amounts Remaining in Funds.** It is agreed by the parties hereto that any amounts remaining in the Funds upon expiration of the term of this Agreement shall belong to and be paid to the Charter School by the Trustee.

**Section 12.05. Amendments, Changes and Modifications.** Except as otherwise provided in this Agreement or in the Indenture, this Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Trustee. Any amendment to this Agreement shall be executed in accordance with Section 10.08 of the Indenture.

**Section 12.06. Execution in Counterparts.** This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 12.07. Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the Commonwealth.

Section 12.08. **Filing.** The Borrower shall cause the security interest in the rights to receive the amounts referred to in Section 5.01 hereof granted to the Authority, the assignment of such security interest to the Trustee and the security interests otherwise described in this Agreement granted to the Trustee to be perfected by the filing of financing statements which fully comply with the Commonwealth Uniform Commercial Code in the office of the Secretary of the Commonwealth, the office of the Clerk and Recorder of the County of Lehigh, Pennsylvania, and in such other office as is at the time provided by law as the proper place for the filing thereof. The parties further agree that, subject to the terms of the Indenture, all necessary continuation statements shall be filed by the Trustee, at the expense of and with the cooperation of the Borrower within the time prescribed by the Commonwealth Uniform Commercial Code in order to continue such security interests.

The Trustee shall not be responsible for and makes not representation as to the legality, effectiveness or sufficiency of any security document or for the creation, perfection, priority or protection of any lien securing the Bonds. The Trustee shall not be responsible for filing or for the sufficiency or accuracy of any financing statements initially filed to perfect security interests granted under the Indenture. The Trustee shall file or cause to be filed continuation statements with respect to each UCC financing statement relating to the issuance of the Bonds; provided that a copy of the filed initial financing statement is timely delivered to the Trustee. In addition, unless the Trustee shall have been notified in writing by the Authority that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in (a) relying on such initial filing and descriptions in filing any financing or continuation statements or modifications thereto pursuant to this section and the Indenture, and (b) filing any continuation statements in the same filing offices as the initial filings were made. The Borrower shall be responsible for the customary fees charged by the Trustee for the preparation and filing of continuation statements and for the reasonable costs incurred by the Trustee in the preparation and filing of all continuation statements hereunder, including attorneys' fees and expenses. These fees shall be considered "extraordinary services" fees.

Section 12.09. **Cancellation at Expiration of Term of Agreement.** Upon the expiration of the term of this Agreement, at the request of the Borrower and at no cost to the Authority, the Authority shall cooperate in delivering to the Borrower any documents it receives and use its best efforts to take or cause the Trustee to take such actions as may be necessary to evidence the termination of this Agreement.

Section 12.10. **No Pecuniary Liability of Authority.** No provision, covenant, or agreement contained in this Agreement, or any obligations herein imposed upon the Authority, or the breach thereof shall constitute an indebtedness or liability of the Authority within the meaning of any Commonwealth constitutional provision or statutory limitation or shall constitute or give rise to a pecuniary liability of the Authority or any member, officer or agent of the Authority or a charge against the Authority's general credit. In making the agreements, provisions and covenants set forth in this Agreement, the Authority has not obligated itself except with respect to the application of the revenues, as hereinabove provided.

Section 12.11. **No Personal Liability of Officials of the Authority, Borrower or the Trustee.** None of the covenants, stipulations, promises, agreements and obligations of the Authority or the Borrower contained herein shall be deemed to be covenants, stipulations,

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Section 12.13. **Prior Agreements Superseded.** This Agreement, together with all agreements executed by the parties concurrently herewith or in conjunction with the initial issuance of the Bonds, shall completely and fully supersede all other prior understandings or agreements, both written and oral, between the Authority and the Borrower relating to the Bonds, the lending of money and the Project.

Section 12.14. **Covenant by the Borrower with Respect to Statements, Representations and Warranties.** It is understood by the Borrower that all such statements, representations and warranties made in this Agreement shall be deemed to have been relied upon by the Authority as an inducement to issue the Bonds, and that if any such statements, representations and warranties were false at the time they were made or (with respect to those representations and warranties which are to continue) are breached during the term hereof, such misrepresentation or breach shall constitute a breach of this Agreement which may give rise to an Event of Default hereunder.

Section 12.15. **Captions.** The captions and headings in this Agreement are for convenience only and in no way define, limit, or describe the scope or intent of any provisions or sections of this Agreement.

Section 12.16. **Payments Due on Holidays.** If the date for making any payment or the last date for performance of any act or the exercise of any right, as provided in this Agreement, is not a Business Day such payments may be made or act performed or right exercised on the next succeeding Business Day unless otherwise provided herein, with the same force and effect as if done on the nominal date provided in this Agreement.

Section 12.17. **Consent.** Any consent, acceptance, or approval of the Authority or the Trustee required pursuant to this Agreement shall be delivered in writing pursuant to Section 12.01 herein and shall not be unreasonably withheld, conditioned, or delayed. If such consent, acceptance, or approval is withheld, the Authority or the Trustee, as applicable, shall state its reasons in writing and promptly deliver the same to the party so requesting such consent, acceptance, or approval, pursuant to Section 12.01 herein.

Section 12.18. **Effective Date.** This Agreement has been dated for convenience purposes only. Notwithstanding the stated date of this Agreement, this Agreement shall be effective on the date of funding of the Loan.

Section 12.19. **No Violations of Law.** Any other term or provision in this Agreement to the contrary notwithstanding (a) in no event shall this Agreement be construed as (i) depriving the Authority of any right or privilege or (ii) requiring the Authority or any director, agent, attorney, employee, representative, or advisor of the Authority to take or omit to take, or to permit or suffer the taking of, any action by itself or by anyone else, which deprivation or requirement would violate, or result in the Authority's being in violation of the Act or any other applicable state or federal law; and (b) at no time and in no event will the Borrower permit, suffer or allow any of the proceeds of the Bonds to be transferred to any Person in violation of, or to be used in any manner which is prohibited by, the Act or any other state or federal law.

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promises, agreements or obligations of any official, officer, agent, attorney or employee of the Authority, the Trustee or the Borrower in their individual capacity, and no recourse shall be had for the payment of the principal of or premium, if any, or interest on the Bonds or for any claim based thereon or any claim hereunder against the Authority, any official, officer, agent, attorney or employee, past, present or future, of the Authority, the Trustee or the Borrower, or any natural person executing any Bond, including any officer or employee of the Trustee.

In addition, no recourse shall be had for the payment of the principal of, the interest on, or the premium (if any) payable upon the redemption of, any Bonds or for any claim based thereon or on this Agreement against any successor entity of the Authority, as such, either directly or through the Authority or any such successor entity whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or by any legal or equitable proceeding or otherwise, all such liability of the Authority and such members, officers, agents, attorneys or employees being released as a condition of and as consideration for the execution of this Agreement and the issuance of the Bonds. It is expressly agreed and understood that the obligations of the Authority hereunder, and under the Bonds and elsewhere, are solely corporate obligations of the Authority to the extent specifically limited in the Act and as further limited by this Section and that no personal liability whatsoever shall attach to or shall be incurred by the Authority or its members, officers, employees, attorneys or agents, past, present or future, of the Authority or of any successor of the Authority, or any of them, because of such indebtedness or by reason of any obligation, covenant or agreement contained in this Agreement or in the Bonds or implied therefrom.

Section 12.12. **No Pledge of Taxing Power; Limitation of Liability.** This Agreement does not pledge the general credit nor the taxing power of the Commonwealth, the County of Lehigh or the City of Allentown. Notwithstanding anything to the contrary herein contained, the Authority's liability under this Agreement and the Bonds shall be enforceable only out of the receipts and revenues and Borrower's Property covered by this Agreement and the rents, issues and profits thereof, and any other property mortgaged, pledged or assigned as security for the debt secured hereby, and no lien of any judgment shall be filed against the Authority or any of its property. Nothing herein, however, shall limit the Bondholders' rights against any person, firm, partnership or corporation other than the Authority. No recourse shall be had for any claim based on this Agreement or the Bonds, including but not limited to the payment of the principal of or interest on the Bonds, against the Authority or any member, officer, agent, attorney or employee past, present or future, of the Authority or any successor body, as such, either directly or indirectly through the Authority or any such successor body, under this Agreement or any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or by any legal or equitable proceeding or otherwise. The lien of any judgment entered on the warrant of attorney herein contained shall similarly be expressly limited to the security as aforesaid. It is understood and agreed that the Authority is not liable for the debt or any portion of the debt evidenced by the Bonds or interest thereon, this Agreement and neither is the Authority nor are the members of the Authority, the agents, attorneys or employees of the Authority, or their respective heirs, personal representatives or successors generally or personally liable in connection with any matter, cause or thing pertaining to the Bonds or the issuance thereof, this Agreement or any instruments and documents executed and delivered by the Authority in connection with the Project and/or financing thereof.

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Section 12.20. **Maintenance of Records.** The Borrower will, and shall cause the Charter School to, maintain records relating to the use and investment of the proceeds of the Bonds, if any, and the use and operation of the Facilities for a period of four (4) years after the later of (i) payment in full of the Bonds or (ii) payment in full of any bonds issued to refund the Bonds.

Section 12.21. **Electronic Storage.** The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

[remainder of page intentionally left blank]

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IN WITNESS WHEREOF, the Authority and the Borrower have caused this Loan Agreement to be executed in their respective corporate names and to be attested by their duly authorized officers, all as of the date first above written.

ALLENTOWN COMMERCIAL AND INDUSTRIAL AUTHORITY

[SEAL]

By \_\_\_\_\_  
John F. Gross, Esq., Chairman

Attest:

By \_\_\_\_\_  
Michael Miller, Secretary

IN WITNESS WHEREOF, the Authority and the Borrower have caused this Loan Agreement to be executed in their respective corporate names and to be attested by their duly authorized officers, all as of the date first above written.

EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL FOUNDATION

By \_\_\_\_\_  
President

Signature Page to Loan Agreement

Signature Page to Loan Agreement

**EXHIBIT A  
FORM OF PROJECT FUND REQUISITION CERTIFICATE**

Request No.:

Date:

**PROJECT FUND REQUISITION CERTIFICATE**

TO: ZIONS BANCORPORATION, NATIONAL ASSOCIATION (THE "TRUSTEE") AS TRUSTEE UNDER AND PURSUANT TO THE INDENTURE OF TRUST DATED AS OF NOVEMBER 1, 2024, BY AND BETWEEN ALLENTOWN COMMERCIAL AND INDUSTRIAL DEVELOPMENT AUTHORITY (THE "AUTHORITY") AND THE TRUSTEE, AND THE LOAN AGREEMENT DATED AS OF NOVEMBER 1, 2024 (THE "AGREEMENT"), BY AND BETWEEN THE AUTHORITY AND EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL FOUNDATION (THE "BORROWER").

The undersigned Authorized Representative of the Borrower hereby requests that the following amounts be paid to the following payees for the following costs of the Project (as defined in the Agreement) (the "Costs"):

Payee and Payment Instructions	Amount	Description
--------------------------------	--------	-------------

The undersigned Authorized Representative of the Borrower hereby states and certifies that:

(a) obligations in the stated amounts have been incurred and performed at the Project and are currently due and payable and that each item thereof is a proper charge

against the Project Fund and has not been the subject of a previous withdrawal from such fund;

(b) to the best of the undersigned's knowledge, there has not been filed with or served upon the Authority or the Borrower notice of any lien, right or attachment upon, or claim affecting the right of any such persons, firms or corporations to receive payment of, the respective amounts stated in such requisition which has not been released and will not be released simultaneously with the payment of such obligation;

(c) (i) obligations as stated on the requisition have been incurred, (ii) such work was actually performed or such materials or supplies were actually furnished or installed in or about the Project, (iii) if contested, bond has been made by the Borrower and (iv) either such materials or supplies are not subject to any lien or security interest or any such lien or security interest will be released or discharged upon payment of the requisition;

(d) all rights, title and interest to any and all personal property acquired with the proceeds of the requisition are vested in the Borrower;

(e) the amount remaining in the Project Fund is sufficient to pay all unpaid costs of designing, constructing, and equipping the Project or, if not, the Borrower shall cover such shortfall as required by the Agreement and Indenture;

(f) after taking into account the proposed disbursement, at least 95% of the aggregate of all disbursements of the proceeds of Series 2024 Bonds, plus earnings thereon, will have been applied to pay or reimburse the Borrower for the payment of capital costs of the Facilities; and

(g) no Event of Default currently exists under the Agreement, the Lease, the Mortgage, the Master Indenture or the Indenture, and no facts currently exist that, with the passage of time or giving of notice or both, would constitute an Event of Default under the Agreement, the Lease, the Mortgage, the Master Indenture or the Indenture.

(h) requisitions from the Project Fund shall not exceed an aggregate amount of \$2,000,000 unless and until the Trustee receives (i) a fully executed construction contract stipulating or guaranteeing a Project cost of less than \$25,000,000 and (ii) final land development approvals from the City of Allentown.

(i) In the event that the question is for final disbursement that the Project was completed on \_\_\_\_\_, and has been acquired, constructed/renovated and equipped by the Borrower in substantial compliance with the plans and specifications relating thereto; and a permanent certificate of occupancy or certificates of occupancy has or have been issued for the Project and all so-called "punch-list" items have been completed.]

EXHIBIT B

FORM OF CAPITAL MAINTENANCE FUND REQUISITION

EXECUTIVE EDUCATION ACADEMY  
CHARTER SCHOOL FOUNDATION

By \_\_\_\_\_  
Authorized Representative

TO: ZIONS BANCORPORATION, NATIONAL ASSOCIATION (THE "TRUSTEE") AS TRUSTEE UNDER AND PURSUANT TO THE INDENTURE OF TRUST DATED AS OF NOVEMBER 1, 2024 (THE "INDENTURE"), BY AND BETWEEN ALLENTOWN COMMERCIAL AND INDUSTRIAL DEVELOPMENT AUTHORITY (THE "AUTHORITY") AND THE TRUSTEE, AND THE LOAN AGREEMENT DATED AS OF NOVEMBER 1, 2024 (THE "AGREEMENT"), BY AND BETWEEN THE AUTHORITY AND EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL FOUNDATION (THE "BORROWER").

The undersigned, an authorized representative of the Borrower hereby (A) requests a disbursement of \$ \_\_\_\_\_ from the Capital Maintenance Fund established under the Indenture with respect to the above-referenced bonds and (B) certifies to the Trustee that such amount is required to pay all or any portion of the Borrower's costs related to the Facilities consistent with the requirements of Section 4.05 of the Agreement. The undersigned acknowledges and agrees that, subsequent to such disbursement, the Capital Maintenance Fund shall be replenished in accordance with the requirements of Sections 3.03 and 3.17 of the Indenture and Section 5.02(g) of the Agreement. No Event of Default currently exists under the Agreement, the Lease, the Mortgage, the Master Indenture or the Indenture, and no facts currently exist that, with the passage of time or giving of notice or both, would constitute an Event of Default under the Agreement, the Lease, the Mortgage, the Master Indenture or the Indenture.

Dated: \_\_\_\_\_

EXECUTIVE EDUCATION ACADEMY  
CHARTER SCHOOL FOUNDATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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EXHIBIT C

NONDISCRIMINATION/SEXUAL HARASSMENT CLAUSE

During the term of this contract, the Borrower agrees as to itself and each owner and tenant of the Facilities controlling, controlled by or under common control with the Borrower (the Borrower and each such tenant, a "Contractor") as follows:

1. In the hiring of any employees(s) for the manufacture of supplies, performance of work, or any other activity required under the contract or any subcontract, the Contractor, each subcontractor, or any person acting on behalf of the Contractor or subcontractor shall not discriminate by reason of age, race, gender, religious creed, ancestry, union membership, color, sexual orientation, gender identity or expression, AIDS or HIV status of disability or in violation of the *Pennsylvania Human Relations Act* (PHRA) and applicable federal laws, against any citizen of this Commonwealth who is qualified and available to perform the work to which the employment relates.

(i) Neither the Contractor nor any subcontractor nor any person on their behalf shall in any manner discriminate by reason of race, gender, creed, color, sexual orientation, gender identity or expression, or in violation of the PHRA and applicable federal laws, against or intimidate any employee involved in the manufacture of supplies, the performance of work, or any other activity required under the contract.

(ii) Neither the Contractor nor any subcontractor nor any person on their behalf shall in any manner discriminate by reason of race, gender, creed, color, sexual orientation, gender identity or expression, or in violation of the PHRA and applicable federal laws, in the provision of services under the contract.

(iii) Neither the Contractor nor any subcontractor nor any person on their behalf shall in any manner discriminate against employees by reason of participation in or decision to refrain from participating in labor activities protected under the Public Employee Relations Act, Pennsylvania Labor Relations Act or National Labor Relations Act, as applicable and to the extent determined by entities charged with such Acts' enforcement, and shall comply with any provision of law establishing organizations as employees' exclusive representatives.

(iv) The Contractor and each subcontractor shall establish and maintain a written nondiscrimination and sexual harassment policy and shall inform their employees in writing of the policy. The policy must contain a provision that sexual harassment will not be tolerated and employees who practice it will be disciplined. Posting this Nondiscrimination/Sexual Harassment Clause conspicuously in easily accessible and well-lighted places customarily frequented by employees

and at or near where the contracted services are performed shall satisfy this requirement for employees with an established work site.

(v) The Contractor and each subcontractor shall not discriminate by reason of race, gender, creed, color, sexual orientation, gender identity or expression, or in violation of PHRA and applicable federal laws, against any subcontractor or supplier who is qualified to perform the work to which the contract relates.

(vi) The Contractor and each subcontractor represent that it is presently in compliance with and will maintain compliance with all applicable federal, state, and local laws, regulations and policies relating to nondiscrimination and sexual harassment. The Contractor and each subcontractor further represents that it has filed a Standard Form 100 Employer Information Report ("EEO-1") with the U.S. Equal Employment Opportunity Commission ("EEOC") and shall file an annual EEO-1 report with the EEOC as required for employers subject to Title VII of the Civil Rights Act of 1964, as amended, that have 100 or more employees and employers that have federal government contracts or first-tier subcontracts and have 50 or more employees. The Contractor and each subcontractor shall, upon request and within the time periods requested by the Commonwealth, furnish all necessary employment documents and records, including EEO-1 reports, and permit access to their books, records, and accounts by the contracting agency and the Bureau of Diversity, Inclusion and Small Business Opportunities for purpose of ascertaining compliance with provisions of this Nondiscrimination/Sexual Harassment Clause.

(vii) The Contractor shall include the provisions of this Nondiscrimination/Sexual Harassment Clause in every subcontract so that those provisions applicable to subcontractors will be binding upon each subcontractor.

(viii) The Contractor's and each subcontractor's obligations pursuant to these provisions are ongoing from and after the effective date of the contract through the termination date thereof. Accordingly, the Contractor and each subcontractor shall have an obligation to inform the Commonwealth if, at any time during the term of the contract, it becomes aware of any actions or occurrences that would result in violation of these provisions.

(ix) The Commonwealth or Authority may cancel or terminate the contract and all money due or to become due under the contract may be forfeited for a violation of the terms and conditions of this Nondiscrimination/Sexual Harassment Clause. In addition, the Commonwealth or Authority may proceed with debarment or suspension and may place the Contractor in the Contractor Responsibility File.

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(x) The Contractor and each subcontractor shall furnish all necessary employment documents and records to and permit access to their books, records and accounts by the Authority or its authorized representatives and the Commonwealth for the purposes of investigation and to ascertain compliance with the provisions of this Nondiscrimination /Sexual Harassment Clause.

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LEASE AGREEMENT

THIS LEASE AGREEMENT (as amended or supplemented from time to time, this "Lease") is dated as of November 1, 2024, effective November 1, 2024, and is entered into by and between EXECUTIVE EDUCATION ACADEMY CHARTER FOUNDATION (the "Lessor"), a nonprofit corporation duly organized and validly existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth"), as lessor, and EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL (the "Lessee"), a nonprofit corporation duly organized and validly existing under the laws of the Commonwealth, as lessee. From time to time throughout this Lease, the foregoing parties shall be referred to as the "Parties" or a "Party" to this Lease.

WITNESSETH:

WHEREAS, the Lessee is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), which is exempt from federal taxation under Section 501(a) of the Code and a public charter school duly organized and validly existing pursuant to the Commonwealth Charter School Law, the Act of June 19, 1997, P.L. 225, No. 22, as amended (the "Charter School Law"); and

WHEREAS, the Lessee is authorized by Section 17-1714-A of the Charter School Law to acquire real property by lease for use as a charter school facility; and

WHEREAS, the Lessor (a) is a nonprofit corporation and an organization described in Section 501(c)(3) of the Code, which is exempt from federal taxation under Section 501(a) of the Code and (b) is authorized under its articles of incorporation and bylaws, action of its governing body and applicable law, to own and manage its properties, to own and operate school facilities in the City of Allentown, to conduct its affairs in the Commonwealth, to lease the Leased Property (defined below) pursuant to this Lease to the Lessee and to otherwise act in the manner contemplated herein; and

WHEREAS, the Lessee currently leases property from the Lessor, specifically, property located at 555 Union Boulevard in the City of Allentown, Pennsylvania as described in Exhibit A hereto (the "555 Union Leased Property") pursuant to a Lease Agreement dated as of August 1, 2017 as supplemented on October 1, 2022 (the "Existing Lease"); and

WHEREAS, Lessee pursuant to this Lease will be leasing from the Lessor the 555 Union Leased Property as well as property located at 921 N. Bradford Street in the City of Allentown, Pennsylvania as described in Exhibit B hereto (the "921 N. Bradford Leased Property" and together with the 555 Union Leased Property, the "Leased Property"); and

WHEREAS, the Lessor has applied to the Allentown Commercial and Industrial Development Authority (the "Authority") for the issuance of its Education Facility Lease Revenue Bonds (Executive Education Academy Charter School Project), Tax Exempt Series of 2024 (the "Tax Exempt Series 2024 Bonds") in the original aggregate principal amount of \$\_\_\_\_\_ and its Education Facility Lease Revenue Bonds (Executive Education Academy Charter School Project),

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NOW, THEREFORE, for and in consideration of the mutual covenants and the representations, covenants and warranties herein contained, the Parties hereto agree as follows:

ARTICLE I

DEFINITIONS

All words and phrases capitalized but not defined herein, shall have the meaning defined in Article I of the Indenture, Article I of the Loan Agreement and Article I of the Master Indenture. In addition, the following terms, except where the context indicates otherwise, shall have the meanings in this Lease set forth below:

"Additional Rent" has the meaning given in Section 6.02 hereof. .

"Agreement" or "Loan Agreement" means the Loan Agreement dated as of November 1, 2024, by and between the Authority and the Lessor, as borrower, and any amendments and supplements thereto made in conformity with the requirements thereof and of the Indenture.

"Audited Financial Statements" means financial statements with respect to the Lessee or Lessor, as applicable, prepared in accordance with generally accepted accounting principles which have been examined and reported on by a firm of Independent Public Accountants of recognized standing selected by the Lessee or Lessor. Such financial statements may be combined or consolidated financial statements, if appropriate under generally accepted accounting principles, of the Lessee or of any consolidated or combined group of companies of which the Lessee is a member provided that consolidating or combining schedules are included in the financial statements (or as supplemental schedules incorporated within such financial statements) so that the discrete financial results of the Lessee and the Lessor, as applicable, may be identified.

"Authority" means the Allentown Commercial and Industrial Development Authority, a public instrumentality of the Commonwealth and public body corporate and politic organized and existing under the Act.

"Base Rent Payment Date" means one of the dates in the "Base Rent Payment Date" column in Exhibit D hereto, as from time to time amended or supplemented.

"Base Rent" means the base rent payments payable by the Lessee pursuant to Section 6.02 hereof and as further set forth in Exhibit D hereto, as they may be amended hereunder, during the Lease Term, which constitute the base rent payments due and payable by the Lessee for and in consideration of the right to use the Leased Property during the Lease Term.

"Board" means the Board of Directors of the Lessee and any successor thereto.

"Bond Documents" means, collectively, the Indenture, the Loan Agreement, this Lease, the Mortgage, the Master Indenture, the Bond Purchase Agreement and any other documents executed in connection with the issuance of the Series 2024 Bonds.

"Bond Index" means (a) with respect to any Outstanding Indebtedness, a rate equal to the lesser of (i) the rate in effect on the last day of the preceding Fiscal Year or (ii) the weighted

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Taxable Series of 2024 ("Taxable Series 2024 Bonds") in the original aggregate principal amount of \$\_\_\_\_\_ ; and

WHEREAS, the Tax-Exempt Series 2024 Bonds and the Taxable Series 2024 Bonds are collectively referred to as the Series 2024 Bonds; and

WHEREAS, the Series 2024 Bonds are being issued pursuant to an Indenture of Trust dated as of November 1, 2024 (the "Indenture"), by and between the Authority and Zions Bancorporation, National Association, as trustee (the "Trustee") and the proceeds of the Series 2024 Bonds are being loaned by the Authority (such loan being hereinafter referred to as the "Loan") to Lessor pursuant to a Loan Agreement dated as of November 1, 2024 (the "Agreement" or "Loan Agreement"), to finance all or a portion of the Project, and Lessor agrees, therein to, among other things, pay debt service on the Series 2024 Bonds; and

WHEREAS, the Lessor, as Obligated Group Representative under the Master Indenture described below, has issued a promissory note (the "2024 Note") in the original principal amount of \$\_\_\_\_\_ under the terms of the Master Trust Indenture dated as of November 1, 2024 (the "Original Master Indenture"), as supplemented by that certain Supplemental Master Trust Indenture No. 1 dated as of November 1, 2024 (the "Supplemental Master Indenture" and, together with the Original Master Indenture and as further supplemented and amended from time to time, the "Master Indenture"), between the Lessor and Zions Bancorporation, National Association, as master trustee (the "Master Trustee"), as security for the repayment of the Series 2024 Bonds; and

WHEREAS, pursuant to the Master Indenture and an Open-End Mortgage, Assignment of Leases and Income, Security Agreement and Fixture Filing, signed as of November 1, 2024 and effective November 1, 2024 (the "Mortgage"), the Lessor has (a) assigned to the Master Trustee all of the Lessor's right, title and interest in, to and under this Lease, including the Base Rent and Additional Rent (defined herein) paid and payable by Lessee hereunder and (b) mortgaged and granted a security interest to the Master Trustee in the Leased Property; and

WHEREAS, under this Lease, the Lessor and the Lessee intend to terminate the Existing Lease; and

WHEREAS, the execution, delivery and performance of this Lease by the Lessee are in the best interest of the Lessee, serve a public purpose and have been duly authorized by the governing board of the Lessee; and

WHEREAS, the execution, delivery and performance of this Lease, the assignment by the Lessor to the Master Trustee, pursuant to the Master Indenture, and all right, title and interest of the Lessor in, to and under this Lease and the grant by the Lessor of a security interest to the Master Trustee, pursuant to the Agreement, and a lien against the Leased Property, pursuant to the Mortgage, are in the best interest of the Lessor and have been duly authorized by the governing body of the Lessor; and

WHEREAS, the Lessor desires to lease the Leased Property to the Lessee, and the Lessee desires to lease the Leased Property from the Lessor, pursuant to the terms and conditions and for the purposes set forth in this Lease, subject in all respects to the liens evidenced by the Mortgage.

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average of actual interest rates over the preceding three year period, or if such Indebtedness has borne a variable rate for less than a three year period, the average of such lesser period; and (b) with respect to any proposed Indebtedness, the average interest rate on Outstanding Variable Rate Indebtedness for the thirty-six (36) months immediately preceding the month prior to such calculation, or if no Variable Rate Indebtedness has been Outstanding for thirty-six (36) months, by reference to an index comparable to that to be utilized in determining the interest rate for the Variable Rate Indebtedness then proposed to be issued, or if no index is to be used, by reference to an index commonly used for obligations comparable to the Variable Rate Indebtedness then proposed to be incurred.

"Bond Purchase Agreement" means the Bond Purchase Agreement dated \_\_\_\_\_, 2024, by and among the Authority, the Lessor, the Lessee and Raymond James & Associates, Inc., as underwriter of the Series 2024 Bonds.

"Buildings" means the buildings located on the Leased Property.

"Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in the Commonwealth are authorized to close.

"Capital Improvements" means the acquisition of land, easements, facilities, and equipment (other than ordinary maintenance repair, or replacement), and the construction, alteration, or reconstruction of improvements, betterments, and extensions which, under generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board, are property chargeable as capital items.

"Capitalized Lease" means at any time any lease which, in accordance with generally accepted accounting principles, is required to be capitalized on the balance sheet of the Lessee at such time.

"Charter" means the Commonwealth of Pennsylvania Charter granted to the Lessee by the Allentown School District on May 22, 2014, as amended and/or renewed from time to time.

"Collateral" has the meaning set forth in Section 13.17 of this Lease.

"Commonwealth" means the Commonwealth of Pennsylvania.

"Consultant" means an Independent, recognized consulting firm which is appointed by the Lessee for the purpose of passing on questions relating to the financial affairs, management or operations of the Lessee, has a favorable reputation for skill and experience in performing similar services in respect of entities of a comparable size and nature and is not unsatisfactory to the Lessor. If any Consultant's report or opinion is required to be given with respect to matters partly within and partly without the expertise of any consultant, such Consultant may rely upon the report or opinion of another Consultant possessing the necessary expertise.

"Days Cash On Hand" means the number determined as of the end of each Fiscal Year (unless otherwise specified) by dividing (a) Unrestricted Cash and Investments, by (b) the quotient of (i) Operating Expenses, excluding depreciation and amortization but including interest expense, divided by (ii) the number of calendar days in the applicable Fiscal Year as of the date of testing.

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“Debt Service Coverage Ratio” means, for any specified period, the ratio determined by dividing the Net Income Available for Debt Service for such period by the sum of (i) the Lessor Debt Service Requirements and (ii) the Debt Service Requirements exclusive of Base Rent.

“Debt Service Requirements” means, for any specified period, the amounts payable or the payments required to be made with respect to principal and interest on outstanding Long-Term Indebtedness during such period (calculated in such a manner that no portion of Long-Term Indebtedness is included more than once), including, but not limited to, the following:

(a) the amounts payable as lease rentals with respect to any and all Long-Term Indebtedness incurred in the form of Capitalized Leases, including Base Rent payable hereunder (but excluding Additional Rent), provided that Base Rent in the final year of the Lease shall be adjusted to exclude amounts in any debt service reserve fund available and required to be applied in the year of final maturity of any Long-Term Indebtedness associated with such Base Rent, and

(b) the amounts payable to any or all holders of Long-Term Indebtedness other than Capitalized Leases and obligations hereunder (or to any trustee or paying agent for such holders) in respect of the principal of such Long-Term Indebtedness (including mandatory redemptions or prepayments of principal) and the interest on such Long-Term Indebtedness; provided, however, that

(i) the amounts deemed payable in respect of interest do not include interest on any Long-Term Indebtedness which is funded from the proceeds thereof;

(ii) the amounts payable with respect to Long-Term Indebtedness do not include amounts in any debt service reserve fund available and required to be applied in the year of final maturity of such Long-Term Indebtedness;

(iii) the amounts payable with respect to Long-Term Indebtedness do not include principal or interest on Long-Term Indebtedness to the extent legally defeased pursuant to the terms of the documents under which such Long-Term Indebtedness has been incurred or to the extent payable from funds available under an Escrow Deposit; and

(iv) the amounts payable with respect to Long-Term Indebtedness is subject to adjustment and recalculation as and to the extent permitted or required by Section 10.12 and, in the case of Indebtedness for which there is a related Qualified Derivative, Section 10.12(h) hereof.

“Effective Date” means November \_\_, 2024.

“EMMA” means the Electronic Municipal Market Access system for municipal securities disclosure established by the Municipal Securities Rulemaking Board and accessible at <http://emma.msrb.org/> or at such other information depository as may be designated by the SEC from time to time to receive final official statements, material event notices and annual financial information under the Rule.

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consents, licenses, permits and other governmental restrictions and requirements which apply to the Leased Property.

“Indebtedness” means, without duplication:

(a) all indebtedness or obligations of the Lessee for borrowed monies, for the payment of money to any Person other than the Lessee, including guaranties, whether due and payable in all events or upon the performance of work, possession of property or satisfaction of other specified conditions, or which has been incurred or assumed in connection with the acquisition of property or services by a member of the Lessee;

(b) all indebtedness, no matter how created, secured by property of the Lessee whether or not such indebtedness is assumed by the Lessee;

(c) the liability of the Lessee under any lease of real or personal property which is properly capitalized on the balance sheet of the Lessee in accordance with generally accepted accounting principles in the United States on the date of execution of this Master Indenture;

(i) all obligations the Lessee, including any obligation to make a loan, guarantying, or in effect guarantying, directly or indirectly, in any manner whatsoever, any obligation of any Person, which obligation would constitute Indebtedness if incurred by the Lessee, including any Guaranty; and

(ii) installment sale obligations of the Lessee.

Notwithstanding the foregoing, the term “Indebtedness” does not include (A) Non-Recourse Indebtedness; (B) trade payables incurred in the ordinary course of business; (C) any obligation under a line of credit, letter of credit, standby bond purchase agreement or similar liquidity or credit facility to the extent that such liquidity or credit facility has not been used or drawn upon but shall include the initial and annual fees of the issuer of such facility to the extent payable by the Lessee; and (D) any Qualified Derivative.

“Indenture” means the Indenture of Trust dated as of November 1, 2024, by and between the Authority and the Trustee, including any indentures supplemental thereto made in conformity therewith, pursuant to which the Series 2024 Bonds are authorized to be issued and secured.

“Independent” means, with respect to any Person, one which is not and does not have a partner, director, officer, member or substantial stockholder who is a member of the Board of the Lessee or an Affiliate, or an officer or employee of the Lessee or Affiliate; provided that the fact that a Person is retained regularly by or transacts business with the Lessee or Affiliate will not, in and of itself, cause such Person to be deemed an employee of the Lessee or Affiliate for the purposes hereof.

“Independent Public Accountant” means an Independent, nationally recognized accounting firm which is appointed by the Lessee for the purpose of examining and reporting on or passing on questions relating to the financial statements of the Lessee, has all certifications necessary for the performance of such services, has a favorable reputation for skill and experience in performing

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“Escrow Deposit” means a segregated escrow fund or other similar fund, account or deposit, irrevocably held in trust, of cash and/or Government Obligations the principal of and interest on which, as and when received, will be in an aggregate amount sufficient, as verified by an Independent Public Accountant or other qualified financial advisor, to timely pay all or a portion of the principal of, premium, if any, and interest on Indebtedness, as the same becomes due or payable on the date(s) for payment of the same, whether at maturity or upon redemption, following delivery of irrevocable instructions to redeem such Indebtedness.

“Extraordinary Transfers” means those one-time expenses which are actually paid with the proceeds of any Board-designated transfers from the unrestricted fund balance of the Lessee, as evidenced by a Board resolution during any Fiscal Year specifying the amount and purpose of such transfer during such Fiscal Year and certifying that such expenses are non-recurring in nature.

“Event of Default” means one or more events as defined in Section 12.01 hereof.

“Fiscal Year” means the Lessee’s fiscal year, which begins on July 1 of any year and ends on June 30 of the following year.

“Force Majeure” means, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the Commonwealth or any of their departments, agencies or officials or any civil or military authority; including, without limitation, so called “governmental shut downs” or other actions which result in any applicable governmental entity or agency not making payments that would otherwise be made to Lessee; insurrection; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accidents to machinery, transmission pipes or canals; and loss, postponement, or delay in funding to the Lessee, or any other causes not within the control of the Lessee, but specifically excluding the loss of the Charter by the Lessee due to the negligence or intentional or willful misconduct or default of Lessee.

“Government Obligations” means direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

“Gross Revenues” means all income and revenues directly or indirectly derived by the Lessee from its operations, including without limitation, School District Payments and other funding received by virtue of the charter granted to the Lessee, rentals from any leases and subleases of the Leased Property, and all gifts, grants, bequests and contributions (including income and profits therefrom) made to the Lessee to the extent not specifically restricted by the donor or maker (including specifically the federal government, the Commonwealth or local governmental unit) thereof to a particular purpose inconsistent with their use for the payments required hereunder.

“Hazardous Substance” means, at any time, (a) any “hazardous substance” as defined in §101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. §9601 et seq.) as amended at such time; and (b) any additional substances or materials which at such time are classified or considered to be hazardous or toxic under applicable federal, state or local laws, regulations, orders, judgments, decrees, agreements, authorizations,

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similar services in respect of entities of a comparable size and nature and is not unsatisfactory to the Lessor.

“Lease” means this Lease Agreement dated as of November 1, 2024, by and between the Lessor and the Lessee and any amendments or supplements hereto, including all exhibits hereto and thereto.

“Lease Term” means the term during which the Lessee is the lessee of the Leased Property under this Lease as provided in Section 4.01 hereof, as may be extended pursuant to Section 4.02 hereof. Certain provisions of this Lease survive the expiration or end of the Lease Term as provided in Section 4.01(c) hereof.

“Leased Property” means the real property described in Exhibit A, and Exhibit B hereto and known as 555 Union Boulevard and 921 North Bradford Street, all in the City of Allentown, Pennsylvania, and all improvements now or in the future located thereon, as from time to time amended or supplemented, together with all other property that may be designated as part of the Leased Property in any amendment or supplement hereto, less any property damaged, destroyed or condemned as provided in Sections 9.01 and 9.02 hereof.

“Lessor Debt Service Requirements” means the Debt Service Requirements as such term is defined in the Master Indenture.

“Lien” means any mortgage, pledge, security interest, lien, judgment lien, easement, or other encumbrance on title, including, but not limited to, any mortgage or pledge of, security interest in or lien or encumbrance on any Property of the Lessee which secures any Indebtedness or any other obligation of the Lessee, or which secures any obligation of any Person other than an obligation to the Lessee.

“Long-Term Indebtedness” means all Indebtedness other than Short-Term Indebtedness.

“Management Consultant” means a management consultant, certified public accountant or other financial or educational professional experienced in the operation, management and/or financing of charter schools and having a favorable reputation for skill and experience in the field of public or private school management and financial consultation, in any case acceptable to a majority in principal amount of the Holders of the Outstanding Obligations.

“Master Trustee” means Zions Bancorporation, National Association, Pittsburgh, Pennsylvania, in its capacity as the master trustee under the Master Indenture, or any successor trustee under the Master Indenture.

“Mortgage” means the Open-End Mortgage, Assignment of Leases and Income, Security Agreement and Fixture Filing signed as of November 1, 2024 but effective November \_\_, 2024, from the Lessor in favor of the Master Trustee, related to the Leased Property and 413 Union Boulevard, City of Allentown, Pennsylvania, as the same may be amended from time to time.

“Net Income Available for Debt Service” means, for any period of determination thereof, subpart (a) below LESS subpart (b) below.

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(a) all of the Gross Revenues of the Lessee for such period except the following:

(i) gifts, grants, bequests or contributions, or the income therefrom to the extent that the same may not be pledged or applied to the payment of amounts due hereunder or to any Operating Expenses of the Lessee because of restrictions or designations imposed by the donor or maker of the gift, grant, bequest or contribution at the time of the making thereof;

(ii) any extraordinary gains or losses resulting from the extinguishment of Indebtedness and any profits or losses which would be regarded as extraordinary items under generally accepted accounting principals;

(iii) gains or losses resulting from the sale, exchange or other disposition of capital assets not in the ordinary course of business;

(iv) unrealized gains or losses, or temporary and other-than-temporary losses resulting from the periodic valuation of investments;

(v) any gains or losses resulting from changes in the fair value of Qualified Derivatives or similar agreements and any payments received by the Lessee from a Qualified Derivative which are taken into account in calculating the Debt Service Requirements;

(vi) proceeds of insurance policies, other than policies for business interruption insurance, maintained by or for the benefit of the Lessee, and any condemnation or any other damage award received by or owing to the Lessee;

(vii) proceeds of any Indebtedness permitted by this Lease; and

(viii) any payments received by the Lessee pursuant to a Qualified Derivative that are taken into account in calculating Debt Service Requirements.

(b) All Operating Expenses of the Lessee for such period except the following:

(i) Debt Service Requirements and any payments made by the Lessee pursuant to a Qualified Derivative that are taken into account in calculating Debt Service Requirements;

(ii) any allowance for depreciation or amortization, except for depreciation or amortization related to the Leased Property; and

(iii) non-cash expenses and reserves accrued during such period for self-insurance purposes.

“Non-Recourse Indebtedness” means any indebtedness, the holder of which has no claim for any payments in respect thereof against the general credit of the Lessee or against all or any portion of the Leased Property or the Collateral.

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“Qualified Provider” means a financial institution which is a party to a Qualified Derivative and whose Long-Term credit rating (or the Long-Term credit rating of any guarantor thereof) is in one of the three highest rating categories (ignoring gradations within each category) of any rating agency (as of the date of execution of this Lease: Moody’s - above Baal; S&P - above BBB+; Fitch - above BBB+).

“Requirement of Law” means any applicable federal, state or local statute, ordinance, rule or regulation, any judicial or administrative order (whether or not on consent), request or judgment, any common law doctrine or theory, any provision or condition of any permit required to be obtained or maintained, or any other binding determination of any governmental authority relating to the ownership or operation of property, including but not limited to any of the foregoing relating to environmental, health or safety matters, and as to the Lessee, including but not limited to the Charter School Law.

“Rule 15c2-12” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“School District” means any and all school districts in which resides the parents or the guardians of a child who is enrolled in Lessee and who is included in the average daily membership of the school district for the purpose of providing basic education funding and special education funding payments to Lessee.

“School District Payments” means any and all payments made to or on behalf of the Lessee, by the Commonwealth or the School District, which are permitted to be used as Gross Revenues, as the same may be amended, modified or replaced.

“Short-Term Indebtedness” means as of the date of determination thereof, all Indebtedness maturing on demand or within one year after the date as of which such determination is made (excluding the current portion of any Long-Term Indebtedness and excluding any Indebtedness renewable or extendable at the option of the debtor absolutely or conditionally for a period or periods ending more than one year after the date of such determination, whether or not theretofore extended or renewed).

“Subordinated Indebtedness” means any Indebtedness of the Lessee which is expressly made subordinate and junior in right of payment to the payment of rentals payable pursuant to Section 6.02 due and to become due with hereunder so that in the event that any Subordinated Indebtedness is declared or otherwise becomes due and payable because of the occurrence of an event of default with respect thereto, (a) the Lessor shall be entitled to receive payment in full of rentals payable pursuant to Section 6.02 before the holders of the Subordinated Indebtedness shall be entitled to receive any payment on account of such Subordinated Indebtedness as a result of such event of default, (b) no holder of Subordinated Indebtedness, or any trustee acting on such holder’s behalf, shall be entitled to exercise any control over proceedings to enforce the terms and conditions of this Lease without the prior consent of the Lessor and (c) the other terms and conditions of such subordination are satisfactory to the Lessor in its discretion.

“Notes” means the 2024 Note and any additional Notes issued by the Lessor under the Master Indenture.

“Obligations” has the meaning specified in the Master Indenture.

“Officer’s Certificate” means a certificate signed by an Authorized Officer of the Lessee. Any Officer’s Certificate which relates (i) to any financial test or ratio shall set forth in reasonable detail the computations involved in showing compliance with such test or ratio and the assumptions or evidence used as a basis for the figures used in making such computation; or (ii) which relates to the operations of the Lessee shall be approved by the Board of Trustees and shall set forth in reasonable detail the basis for the findings set forth herein.

“Operating Expenses” means fees and operating expenses of the Lessee, including lease payments under operating leases (excluding (a) Base Rent, and (b) Additional Rent related to Sections 6.02(b)(ii) and (iv)), due and payable under this Lease), maintenance, repair expenses, utility expenses, real estate taxes, insurance premiums, administrative and legal expenses, miscellaneous operating expenses including fees paid to a Management Consultant, advertising and promotion costs, payroll expenses (including taxes), the cost of material and supplies used for current operations of the Lessee, the cost of vehicles, interest expense, equipment leases and service contracts, taxes upon the operations of the Lessee not otherwise mentioned herein, charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with generally accepted accounting principles, all in such amounts as reasonably determined by the Lessee; provided, however, “Operating Expenses” shall not include (i) those expenses which are actually paid from any revenues of the Lessee which are not Gross Revenues, (ii) non-recurring capital expenses, including amounts paid from monies in the Capital Maintenance Fund under the Indenture, (iii) except as provided above in this definition, charges for the accumulation of appropriate reserves for bad debt, depreciation and amortization, (iv) Extraordinary Transfers, or (v) any non-cash accruals such as those related to the GASB 68 accounting standard.

“Opinion of Counsel” means a written opinion of an attorney or firm of attorneys selected by the Lessee.

“Permitted Encumbrances” has the meaning described in Section 7.02 hereof.

“Permitted Use” means the use as a charter school, the operation of programs sponsored or run by Lessee and other lawful purposes incidental thereto, and for no other purpose.

“Property” means any and all land, leasehold interests, buildings, machinery, equipment, hardware, and inventory of the Lessee, wherever located and whether now or hereafter acquired, any and all rights, titles and interest in and to any and all tangible property of the Lessee, whether real or personal, and wherever situated and whether now or hereafter acquired.

“Qualified Derivative” means an interest rate swap, cap, collar, floor, forward option, or other hedging agreement, arrangement or security, however denominated, entered into with a Qualified Provider with respect to Indebtedness incurred by the Lessee.

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“Trustee” means Zions Bancorporation, National Association, Pittsburgh, Pennsylvania, in its capacity as the paying agent, the registrar and the trustee under the Indenture, or any successor trustee under the Indenture.

“Unrestricted Cash and Investments” means, as determined by reference to the Audited Financial Statements most recently available (unless otherwise specified), the sum of cash, cash equivalents and unrestricted marketable or liquid securities and investments of the Lessee or Lessor, as applicable, but excluding proceeds of Indebtedness and trustee-held funds, reserves, deposits or set-asides and posted collateral (A) derived from or for the payment of Indebtedness, including debt service, construction and reserve funds or (B) created to meet an obligation or potential obligation of the Lessee other than with respect to costs of operations or improvements, including but not limited to, for (i) liability (including malpractice) exposure, self-insurance or “captive” insurer commitments, (ii) pension or retirement fund purposes and (iii) held to secure payments due on a Qualified Derivative. For the purposes of calculations of the liquidity requirements of Section 10.08(b) hereof, an unrestricted contribution from a third party or affiliate will be treated as being made during the period of such calculation so long as the unrestricted contribution is made prior to the date the applicable Officer’s Certificate is required to be delivered with respect to such calculation.

“Variable Rate Indebtedness” means any Long-Term Indebtedness, the rate on interest on which is subject to change on a periodic basis for a period of fewer than three years; provided, however, that Long-Term Indebtedness shall not be deemed to be Variable Rate Indebtedness if the rate of interest thereon is subject to change solely by reason of the occurrence of an event of default, the conversion of the Indebtedness to tax-exempt debt, the loss of any applicable exemption of such interest from income taxation, or any other contingency which was not reasonably expected to occur at the time of incurrence.

## ARTICLE II

### REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.01. Representations, Covenants and Warranties of the Lessee. The Lessee represents, covenants and warrants, for the benefit of the Lessor, and its successors and assigns, including without limitation, the Trustee, the Master Trustee and the Holders of the Outstanding Obligations as follows:

(a) The Lessee is and shall remain, a nonprofit corporation and a public charter school duly organized and validly existing under the Charter School Law. The Charter is and shall remain in full force and effect for the term of this Lease. The Lessee is authorized by Section 17-1714-A of the Charter School Law (i) to lease the Leased Property from the Lessor pursuant to this Lease and (ii) to execute, deliver and perform its obligations under this Lease. The execution, delivery and performance of this Lease have been duly authorized by the Lessee and, to the best of its knowledge, the Lease is a legal, valid and binding agreement of the Lessee, enforceable against the Lessee in accordance with its terms, subject only to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and equitable principles, whether considered at law or in equity.

(b) Nothing in this Lease shall be construed as diminishing, unlawfully delegating or otherwise restricting any of the governmental authority of the Lessee. Nothing in this Lease shall be construed to require the Lessee to operate the Leased Property other than as lessee and under the requirements of this Lease.

(c) The execution, delivery and performance of this Lease are in the best interests of the Lessee, serve a public purpose and have been duly authorized by the Lessee.

(d) None of the execution and delivery of this Lease, the fulfillment of or compliance with the terms and conditions of this Lease or the consummation of the transactions contemplated by this Lease: (i) conflicts with or results in a breach of; (A) the terms, conditions or provisions of the Lessee's Charter, (B) to the best of its knowledge, any Requirement of Law, (C) any material restriction or any agreement or instrument to which the Lessee is now a party or by which the Lessee is bound; (ii) constitutes a default under any of the foregoing; or (iii) except as specifically provided or permitted in this Lease and the Master Indenture, results in the creation or imposition of a lien or encumbrance whatsoever upon any of the Leased Property or assets of the Lessee.

(e) Except as previously disclosed, there is no litigation or proceeding pending or, to the knowledge of the Lessee, threatened against the Lessee or any other Person affecting the right of the Lessee to execute and deliver this Lease, the ability of the Lessee to make the payments required hereunder or the ability of the Lessee otherwise to comply with its obligations under this Lease.

(f) To the best knowledge of the Lessee, except as disclosed in writing to the Lessor and the Master Trustee: (i) since the Lessee first occupied the Leased Property, the Leased Property has at all times been operated in substantial compliance with all Requirements of Law; (ii) all licenses, consents and permits required by Requirements of Law in respect of the Lessee and/or the Leased Property have been or will be obtained and are in full force and effect and the Lessee is or will be in substantial compliance with the material terms and conditions of such permits; (iii) there is no pending litigation, investigation, administrative or other proceeding of any kind before or by any governmental authority or other Person relating to, or alleging, any violation of any Requirements of Law in connection with the Lessee and/or the Leased Property and there are no grounds on which any such litigation, investigation or proceedings might be commenced against the Lessee; (iv) the Leased Property is not subject to any judgment, injunction, writ, order or agreement respecting any Requirements of Law; (v) there is no Hazardous Substance located on, in or under the Leased Property in violation of any Requirements of Law; (vi) there has been (to Lessee's actual knowledge) no disposal of any Hazardous Substance on, from, into or out of the Leased Property in violation of any Requirements of Law; and (vii) there has been (to Lessee's actual knowledge) no spillage, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing or dispersing of any Hazardous Substance, into the indoor or outdoor environment from, into or out of the Leased Property including, but not limited to, the movement of any such items through or in the air, soil, surface water, ground water from, into or out of the Leased Property or the abandonment or discard of barrels,

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any indication or notice, written or verbal, from representatives of the Internal Revenue Service (the "IRS") to the effect that its exemption under Section 501(c)(3) of the Code has been modified, limited, revoked, or superseded, or that the IRS is considering modifying, limiting, revoking or superseding such exemption. The Lessee is in compliance with all of the terms, conditions and limitations, if any, contained in its determination letter. There has been no change in the facts and circumstances represented to the IRS as a basis for receiving, and which formed the basis on which the IRS issued the determination letter relating to the Lessee's status as an organization described in Section 501(c)(3) of the Code and as an organization which is not a "private foundation" as defined in Section 509 of the Code of a nature or to a degree as would warrant any action by the IRS to modify, limit, revoke or supersede such determination letter of the Lessee. No administrative or judicial proceedings are pending or threatened which may, in any way, adversely affect the classification of the Lessee as an organization (i) described in Section 501(c)(3) of the Code which is exempt from federal income taxation under Section 501(a) of the Code and (ii) which is not a "private foundation" as defined in Section 509 of the Code.

(p) Neither the representations of the Lessee contained in this Lease, the Limited Offering Memorandum, the Bond Purchase Agreement and the Tax Certificate, nor any oral or written statements, furnished by the Lessee, nor written statements furnished on behalf of the Lessee, to the Authority, Trustee, Master Trustee, bond counsel, the Underwriter or Underwriter's counsel in connection with the transactions contemplated hereby, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein or therein not misleading. There are no known material facts that the Lessee has not disclosed to the Authority, Master Trustee, Trustee or the Underwriter of the Series 2024 Bonds in writing that materially and adversely affect or in the future will (so far as the Lessee can now reasonably anticipate) materially and adversely affect the properties, business, prospects, profits, or condition (financial or otherwise) of the Lessee, or the ability of the Lessee to perform its obligations under this Lease and the Tax Certificate or any documents or transactions contemplated hereby or thereby.

(q) The Lessee shall deliver prompt written notice to the Lessor and the Master Trustee of the occurrence or existence of any known event or state of facts which, with the passage of time or the giving of notice or both, would constitute an Event of Default under this Lease.

(r) Reserved.

(s) The Lessee shall use all the Leased Property solely for the Permitted Use and for no other purpose and shall procure all required licenses and permits, and not use the Leased Property in violation of any laws, ordinances, orders or regulations of any public authority or of any insurer, Board of Fire Underwriters, or similar insurance rating bureau having jurisdiction over the Leased Property or in a manner which may be injurious to or adversely affect the general character of the Leased Property, and not conduct any auction, fire, going out of business, bankruptcy or similar sale.

(t) Reserved.

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containers or other open or closed receptacles containing any such items from, into or out of the Leased Property in violation of any Requirements of Law.

(g) The Leased Property complies in all material respects with applicable zoning and safety ordinances.

(h) The Lessee shall maintain proper books and records and accounts of its operations substantially in accordance with generally accepted accounting principles, as in effect from time to time, consistently applied.

(i) The Leased Property shall be used and operated substantially in accordance with all Requirements of Law.

(j) The governing board of the Lessee has determined that the Leased Property is necessary and essential in the Lessee's operations and that entering into this Lease is in the best interest of the Lessee.

(k) The Lessee will recognize economic and other benefits by leasing the Leased Property.

(l) The Lessee shall provide written notice to the Master Trustee and the Lessor immediately (but in any case not later than 15 days) in the event the Lessee receives notice (i) from its chartering organization of any of the following with respect to the Lessee's Charter: (a) the Charter is recommended for revocation, (b) revocation proceedings are commenced, (c) the Charter is revoked, (d) the Charter is not renewed, or (e) any other notice that it believes will materially impede upon or has the potential to impede upon the Lessee's Charter, including, but not limited to, any and all notice of claims the Lessee receives in connection with the Lessee's Charter, and (ii) of any actual or threatened litigation, claim, or dispute involving the Leased Property that comes to its attention. The Lessee shall maintain open and timely communication with the Lessor concerning any such matter, including any developments, settlement offers, or other relevant information.

(m) The Lessee is currently in compliance with and in the future will comply with all applicable federal and state nondiscrimination laws.

(n) The Lessee shall comply with the provisions of the Continuing Disclosure Agreement dated as of November 1, 2024 (the "Continuing Disclosure Agreement"), by and among the Lessor, the Lessee and School Improvement Partnership, LLC, as dissemination agent, executed in connection with the issuance of the Series 2024 Bonds.

(o) The Lessee is and will remain an organization described in Section 501(c)(3) of the Code that is exempt from federal taxation under Section 501(a) of the Code. The Lessee is, and has received a determination letter classifying it as, an organization (i) described in Section 501(c)(3) of the Code which is exempt from federal income taxation under Section 501(a) of the Code (except with respect to "unrelated business taxable income" within the meaning of Section 512(a) of the Code) and (ii) which is not a "private foundation" as defined in Section 509(a) of the Code. Such determination letter has not been modified, limited, revoked or superseded. The Lessee has not received

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(u) If supplied by Lessor, the Lessee shall pay Lessor, as they become due, all charges for utilities for the Leased Property or, if required by Lessor, contract for same in Lessee's name.

(v) The Lessee shall not overload, damage or deface the Leased Property; and properly store and dispose of all trash using services (if any) designated by Lessor.

(w) The Lessee shall not take any intentional act that Lessee knows will prevent Lessor from obtaining, or makes void or voidable, any insurance, or creates extra premiums for or increases the rate of, Lessor's insurance, and if Lessee causes extra premiums or increased rates, Lessee will pay the additional cost to Lessor upon demand.

(x) The Lessee shall not act in any manner which prevents Lessor from obtaining, or causes the revocation of, any license, permit, authority, or other document necessary for Lessor to operate the Buildings and if as a direct or indirect result of Lessee's business an addition to or change in the Buildings facilities is required by Law, Lessee shall pay for the addition or change.

(y) The Lessee shall comply in all material respects with all reasonable policies, programs and measures instituted from time to time by Lessor in order to comply with any applicable codes, rules or regulations relating to the conservation and/or preservation of energy or energy related services, whether mandatory or voluntary, provided that, if voluntary, such policies, programs and measures are (i) comparable to those being generally instituted by lessors of other buildings (of comparable construction) in the general area in which the Buildings are located, (ii) are appropriate to a building of construction similar to the Buildings, (iii) are not at Lessee's cost, and (iv) do not increase Lessee's cost.

Section 2.02. Representations, Covenants and Warranties of the Lessor. The Lessor represents, covenants and warrants, for the benefit of the Lessee, the Master Trustee, and the Holders of the Outstanding Obligations, as follows:

(a) The Lessor (i) is a nonprofit corporation and an organization described in Section 501(c)(3) of the Code, which is exempt from federal taxation under Section 501(a) of the Code, (ii) is a Type I supporting organization that is operated, supervised and controlled by the Lessee, and (iii) is duly organized, existing and subsisting under the laws of the Commonwealth, is possessed of full power to purchase, own, hold and lease (as owner, lessee and lessor) real and personal property, has all necessary power to borrow money from the Authority pursuant to the Agreement, to lease the Leased Property to the Lessee pursuant to this Lease, and to execute, deliver and perform its obligations under the Agreement, the Master Indenture, the 2024 Note and this Lease, and has duly authorized the execution, delivery and performance of its obligations under the Master Indenture, the 2024 Note, the Agreement and this Lease.

(b) The Lessor shall at all times maintain its corporate existence and maintain, preserve and renew all the rights and powers provided to it under its certificate of organization, bylaws, action of its governing body and applicable law.

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(c) This Lease is enforceable against the Lessor in accordance with its respective terms, subject only to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and equitable principles, whether considered at law or in equity.

(d) The Leased Property shall be leased by the Lessor in accordance with all Requirements of Law.

(e) Neither the execution and delivery of this Lease, the fulfillment of or compliance with the terms and conditions hereof, or the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions and provisions of any restriction or any agreement or instrument to which the Lessor is now a party or by which the Lessor is bound or constitutes a default under any of the foregoing.

(f) Except as specifically provided in the Master Indenture and this Lease, the Lessor shall not assign the Master Indenture or this Lease, its rights to payments from the Lessee or its duties and obligations hereunder or thereunder to any other person, firm, corporation or other entity.

(g) The Lessor shall provide written notice to the Master Trustee and the Lessee immediately (but in any case not later than 15 days) in the event the Lessor receives notice of any actual or threatened litigation, claim, or dispute involving the Leased Property that comes to its attention. The Lessor shall maintain open and timely communication with the Lessee concerning any such matter, including any developments, settlement offers, or other relevant information.

### ARTICLE III

#### DEMISING CLAUSE

The Lessor demises and leases the Leased Property to the Lessee, and the Lessee leases the Leased Property from the Lessor in accordance with the provisions of this Lease, for use solely as an educational facility and purposes ancillary thereto, and for no other purpose, subject only to Permitted Encumbrances, to have and to hold for the Lease Term.

### ARTICLE IV

#### LEASE TERM

##### Section 4.01. Lease Term.

(a) The Lease Term shall commence on the Effective Date and end on October 1, 2054, subject to earlier termination in accordance with this Lease, including, without limitation, Article XII hereof.

(b) Except for the Lessee's obligations that expressly survive the expiration or end of the Lease Term, the expiration or end of the Lease Term shall terminate all unaccrued obligations of the Lessee under this Lease and shall terminate the Lessee's rights

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Lessor, except as expressly required or permitted by this Lease and subject to the terms, covenants, conditions and provisions of this Lease, the Permitted Encumbrances, the Mortgage and the Master Indenture. The Lessor, and all claiming by, through or under Lessor, shall not interfere with the quiet use and enjoyment of the Leased Property by the Lessee during the Lease Term so long as no Event of Default shall have occurred. The Lessor, and all claiming by, through or under Lessor, shall, at the request of the Lessee and at the cost of the Lessee, join and cooperate fully in any legal action in which the Lessee asserts its right to such possession and enjoyment, or which involves the imposition of any taxes or other governmental charges on or in connection with the Leased Property. Such cooperation shall include, but not be limited to, the sharing of information, documents and materials reasonably necessary for the defense of any litigation or claim. In addition, the Lessee may, at its own expense, join in any legal action affecting its possession and enjoyment of the Leased Property and shall be joined in any action affecting its liabilities hereunder.

### ARTICLE VI

#### PAYMENTS BY THE LESSEE

Section 6.01. Base Rent and Additional Rent Base Rent. The Lessee shall pay or cause to be paid Base Rent directly to the Master Trustee for the account of the Lessor during the Lease Term, on the Base Rent Payment Dates, without notice or demand. The Base Rent during the Lease Term shall be in the amounts set forth in Exhibit D hereto, as from time to time amended or supplemented, including in connection with the issuance of any Notes under the Master Indenture. The amount of Base Rent shall be recalculated by the Lessor in the event of issuance of any Notes, any partial redemption of any Notes prior to maturity and to reflect any credits against installment payments due from the Lessor under the Loan Agreement.

##### (b) Additional Rent.

(i) The Lessee shall pay Additional Rent during the Lease Term as herein provided. With the exception of any Additional Rent that is required to be paid by Lessee to a specified party pursuant to Section 8.03 below, the Additional Rent during the Lease Term shall be estimated annually by the Lessor and the Lessee and such estimate shall be in an amount sufficient to pay the following costs during the next ensuing Fiscal Year: (i) the reasonable fees and expenses of the Authority, the Master Trustee and the Trustee; (ii) payments into the Debt Service Reserve Fund required by Section 3.08 of the Indenture; (iii) payments into the Rebate Fund required by Section 3.20 of the Indenture; (iv) payments into the Capital Maintenance Fund required by Section 3.17 of the Indenture and Section 5.02(g) of the Agreement; (v) the cost of insurance premiums for the Leased Property, unless otherwise paid by Lessee; and (vi) all other costs included in the definition of, or expressly required to be paid by the Lessee as Additional Rent hereunder. The Lessee hereby agrees that, to the extent that Debt Service Reserve Fund monies are applied pursuant to Section 3.09 of the Indenture or, to the extent that, for any other reason, the amounts in any account within the Debt Service Reserve Fund are less than the Debt Service Reserve Fund Requirement, the Lessee shall promptly pay to the Trustee in accordance with Section 5.02(b) of the

of possession under this Lease; provided however, all obligations of the Lessee that have accrued hereunder prior to such termination or expiration shall continue until they are paid, performed and discharged in full.

(c) Except as the Lessor directs in writing, the Lessee shall remove its goods, effects, signs, trade fixtures, and peaceably yield-up the Leased Property, broom-clean and in good order, repair and condition at the end of the Lease Term, with all repairs, excluding painting but including patching to the Leased Property required by such removal, having been made, and all exposed or unconnected utility lines having been capped. If Lessee fails to remove its Property or to make such repairs by the end of the Lease Term, Lessor may remove and store Lessee's Property in a public warehouse at Lessee's expense, and make the repairs, and the Lessee promptly shall reimburse Lessor for its costs.

##### Section 4.02. Extended Term.

(a) The Lessee may extend the Lease Term for an additional five (5) years (the "Extended Term") by delivering written notice thereof to the Lessor at least six (6) months prior to the expiration of the Lease Term. The Parties agree that the Base Rent for the Extended Term will be renegotiated unconditionally, subject only to the procedure set forth in Section 4.02(b). Except for Base Rent, all other terms of this Lease shall apply during the Extended Term.

(b) Within twenty (20) days of the date that the Lessor receives the Lessee's written notice of its intent to renew, the Lessor shall deliver to the Lessee, in writing, its determination of the Base Rent for the Extended Term. The Lessee shall have ten (10) business days to notify the Lessor, in writing, of its acceptance or rejection of the Lessor's determination of Base Rent. If the Lessee fails to timely reject the Lessor's determination of Base Rent, the Lessee shall be deemed to have accepted same and shall be bound to the Extended Term. If the Lessee rejects said Base Rent determination, the Lessee shall provide the Lessor with its determination of Base Rent and the basis therefor. The Parties shall have thirty (30) days to work together in good faith to determine a mutually agreeable fair market Base Rent for the Leased Property as of the commencement of the Extended Term. If the Parties are unable to come to agreement as to the fair market Base Rent for the Leased Property within said thirty (30) day period, each party shall, at its own expense, retain the services of an MAI-Certified Appraiser, who is licensed in the Commonwealth of Pennsylvania and maintains an office within the geographic limits of Lehigh or Northampton counties. Each appraiser shall provide his/her/its opinion as to the fair market Base Rent for the Leased Property as of the commencement of the Extended Term, and the binding fair market Base Rent shall be the average of the opinions of the two appraisers.

### ARTICLE V

#### ENJOYMENT OF LEASED PROPERTY

The Lessor hereby covenants that during the Lease Term and so long as the Lessee does not commit an uncured Event of Default which is continuing, the Lessee shall peaceably and quietly have and hold and enjoy the Leased Property without suit, trouble or hindrance from the

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Agreement, for deposit in the Debt Service Reserve Fund, from the amounts for the payment of Additional Rent, such amounts as are required to restore the amount on deposit in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement. The Lessee hereby expressly agrees to pay to the Lessor, as Additional Rent, all costs and expenses incurred by the Lessor in connection with any investigation, claim, demand, suit, action or proceeding relating to the activities of the Lessor or the Lessee in respect of the Leased Property, the Master Indenture, the Agreement, this Lease, the Series 2024 Bonds or any matter related thereto.

(ii) The Lessee and the Lessor may agree on the payments of other Additional Rent hereunder if the Lessee and the Lessor deliver to the Master Trustee an Officer's Certificate certifying that, for the applicable Fiscal Year, after taking into account such proposed Additional Rent, the Lessee will be in compliance with all financial and other covenants contained in this Lease and that no uncured Event of Default exists under this Lease, and that with such Additional Rent, the Lessor will be in compliance with all financial and other covenants contained in the Master Indenture and that no event of default exists under the Master Indenture. Payment of Additional Rent pursuant to this paragraph will be subordinate to the payment of Base Rent.

(c) Fees. The Lessee shall pay into a reserve fund established and held by the Lessor on the first day of each calendar month during the Lease Term monies which, when added to all such other monies paid into such reserve fund during a calendar year, are sufficient to pay all other fees of the Master Trustee and the Trustee coming due during such calendar year to the extent not already included in Base Rent or Additional Rent. The monthly deposits to be paid in the reserve fund established under this Section 6.02(d) for any calendar year shall be in an amount as mutually agreed at the beginning of such calendar year by the Lessor and the Lessee and monies on deposit in such reserve fund shall only be used to pay all fees of the Master Trustee and the Trustee as the same become due.

(d) Absolute Net Lease. This Lease shall be deemed and considered to be an "absolute net lease" or "triple net lease" and the Lessee shall pay absolutely all ownership, operation, maintenance, repair, replacement and other costs of the Leased Property during the Lease Term, including the Base Rent, the Additional Rent, and all other payments required hereunder, free of any deductions, and without abatement, deduction or setoff.

##### Section 6.02. Manner of Payment.

(a) The Base Rent and any Additional Rent payable to the Master Trustee, as assignee of the Lessor, shall be paid by lawful money of the United States of America to the Master Trustee and for deposit in accordance with the Master Indenture. All Additional Rent shall be paid by the Lessee on a timely basis directly to the Person to which such Additional Rent is owed (except that the payment of the Master Trustee's fees shall be made to the Master Trustee as provided in Section 6.02(d) herein). The obligation of the Lessee to pay the Base Rent and Additional Rent required under this Article and other provisions hereof, during the Lease Term, shall be absolute and unconditional, and

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payment of the Base Rent and Additional Rent shall not be abated for any reason, including without limitation, by reason of accident or unforeseen circumstances. Notwithstanding any dispute between the Lessee and the Lessor, the Master Trustee, the Trustee, any Holder of Outstanding Obligations, any contractor or subcontractor retained with respect to the Leased Property, or any other person, the Lessee shall, during the Lease Term, make all payments of Base Rent and Additional Rent when due and shall not withhold any Base Rent or Additional Rent pending final resolution of such dispute (except to the extent permitted by Sections 7.02 and 8.03 hereof with respect to certain Additional Rent), nor shall the Lessee assert any right of set-off or counter-claim against its obligation to make such payments required hereunder; provided, however, that the making of such payments shall not constitute a waiver by the Lessee of any rights, claims or defenses which the Lessee may assert. No action or inaction on the part of the Lessor or the Master Trustee shall affect the Lessee's obligation to pay Base Rent and Additional Rent during the Lease Term, provided such payment, in itself, shall not be construed as a waiver or release of any and all rights of the Lessee.

(b) On or before the date of the execution of the Lease, Lessee shall send a written notice to a sufficient number of School Districts comprising 40% of the Lessee's total enrolled students then making School District Payments to Lessee directing that all such School District Payments are to be paid to an account of Lessee held by the Master Trustee and transferred on a daily basis to the Revenue Fund established under the Master Indenture, for application to payments required to be paid by Lessee to the Master Trustee pursuant to Section 6.02(a) and (b) hereof.

Section 6.03. Necessity of the Leased Property; Determinations as to Fair Market Value. The Lessee hereby declares its current need for the Leased Property and further determines and declares its expectation that the Leased Property will (so long as it is subject to the terms hereof) adequately serve the needs for which it is being leased throughout the stated term of this Lease. The Lessee hereby agrees and determines that the Base Rent during each year of the Lease Term represent not more than the fair value of the use of the Leased Property during such year, in making such declarations and determinations, the Lessee has given consideration to, inter alia, the uses and purposes for which the Leased Property will be employed by the Lessee, the benefit to the Lessee by reason of the Leased Property, and the use and occupancy of the Leased Property pursuant to the terms and provisions of this Lease.

## ARTICLE VII

### TITLE TO THE IMPROVEMENTS TO THE LEASED PROPERTY; LIMITATIONS ON ENCUMBRANCES

Section 7.01. Title to the Leased Property.

(a) Any alterations, additions, renovations, improvements, or modifications to the Leased Property, or repairs or replacements thereof, shall, upon completion of

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materialmen, laborers, suppliers or vendors for work or services performed or materials furnished which are not due and payable or which are not delinquent or the amount or validity of which are being contested and execution thereon is stayed or the existence of which will not subject the Leased Property or the Collateral to material loss or forfeiture;

(f) Any judgment Lien in an amount not in excess of one hundred thousand dollars (\$100,000) against the Lessee so long as such judgment is being contested and execution thereon is stayed or, in the absence of such contest and stay, such judgment Lien will not materially impair the Leased Property or the Collateral or subject the Leased Property or the Collateral to material loss or forfeiture;

(g) Rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any Property, (i) to control or regulate any Property, or to use such Property, in any manner, which rights do not materially impair the use of such Property, or materially and adversely affect the value thereof, (ii) to terminate such right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially alter the use of such Property, or materially and adversely affect the value thereof, or (iii) to purchase, condemn, appropriate or recapture, or designate a purchaser of, such Property;

(h) easements, rights-of-way, servitudes, restrictions and other minor defects, encumbrances, and irregularities in the title to any Property, which do not materially impair the use of such Property, or materially and adversely affect the value thereof;

(i) Liens arising by reason of good faith deposits with the Lessee in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the Lessee to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(j) Any Lien arising by reason of deposits with, or the giving of any form of security, to any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Lessee to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workmen's compensation, unemployment insurance, pension or profit sharing plans or other social security, or to share in the privileges or benefits required for companies participating in such arrangements; and

(k) Rights of set-off or banker's Lien with respect to funds on deposit with a financial institution in the ordinary course of business.

construction thereof, become part of the Leased Property without payment therefor by the Lessor and shall be surrendered to the Lessor at the end of the Lease Term.

(b) The Lessee shall have no right, title or interest in the Leased Property or any alterations, additions, renovations, improvements, or modifications thereto, or repairs or replacements thereof, except as expressly set forth in this Lease.

Section 7.02. No Encumbrance or Pledge of Leased Property. Except as otherwise permitted by this Lease, the Lessee agrees that it will neither create nor suffer to be created or exist any Lien upon any of the Leased Property or the Collateral now owned or hereafter acquired by the Lessee other than Permitted Encumbrances. If any mechanic's, laborer's or materialman's lien shall at any time be filed against the Property or any part thereof, the Lessee, within fifteen (15) days after notice of the filing thereof, will cause such lien to be discharged of record by payment, deposit, bond, order of the court of competent jurisdiction or otherwise. If the Lessee shall fail to cause such lien to be discharged within the period aforesaid, then in addition to any other right or remedy, the Lessor may, but shall not be obligated to, discharge it either by paying the amount claimed to be due or by procuring the discharge of such lien by deposit or by bonding proceedings, and in any such event, the Lessor shall be entitled, if the Lessor so elects, to compel the prosecution of any action for the foreclosure of such lien by the lienor and to pay the amount of the judgment in favor of the lienor with interest, costs and allowances. Any amount so paid by the Lessor and all costs and expenses incurred by the Lessor in connection therewith, together with interest thereon at the Default Rate from the respective dates of the Lessor's making of the payments and incurring of the costs and expenses, shall constitute Additional Rent payable by the Lessee under this Lease and shall be paid by the Lessee to the Lessor on demand.

Permitted Encumbrances shall consist of the following:

(a) The Liens created by this Lease;

(b) Liens granted to secure Indebtedness and Qualified Derivatives as permitted by Section 10.12;

(c) Any Lien described in Exhibit D hereto which is existing on the Effective Date, including renewals thereof, provided that no such Lien may be extended or modified to apply to any Property of the Lessee not subject to such Lien on such date, unless such Lien as so extended or modified otherwise qualifies as a Permitted Encumbrance hereunder;

(d) Any Lien on Property acquired by the Lessee pursuant to a consolidation, merger, sale or conveyance in accordance with Section 10.04 hereof and that is not incurred in contemplation of such consolidation, merger, sale or conveyance; provided that no such Lien may be extended or modified to apply to any Property of the Lessee not subject to such Lien on such date, unless such Lien if so extended or modified otherwise qualifies as a Permitted Encumbrance hereunder;

(e) Any Liens for taxes, assessments, levies, fees, water and sewer rents, and other governmental and similar charges and any liens of mechanics,

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Section 7.03. Compliance With Requirements of Law. The Lessee shall at all times use and operate the Leased Property, or cause the Leased Property to be used and operated, such that (a) the Leased Property at all times shall be used and operated in substantial compliance with all Requirements of Law; (b) all permits required by Requirements of Law in respect of the Leased Property shall be obtained and maintained in full force and effect and the Lessee shall comply with the material terms and conditions of such permits; (c) there shall be no Hazardous Substance located on, in or under the Leased Property in violation of any Requirements of Law; (d) there shall be no disposal of any Hazardous Substance on, from, into or out of the Leased Property in violation of any Requirements of Law; and (e) there shall be no spillage, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leeching, dumping, disposing, depositing or dispersing of any Hazardous Substance into the indoor or outdoor environment from, into or out of the Leased Property including but not limited to the movement of any such items through or in the air, soil, surface water, ground water from, into or out of the Leased Property or the abandonment or discard of barrels, containers or other open or closed receptacles containing any such items from, into or out of the Leased Property in violation of any Requirements of Law.

## ARTICLE VIII

### MAINTENANCE; TAXES; INSURANCE AND OTHER CHARGES

Section 8.01. Maintenance of the Leased Property by the Lessee.

(a) The Lessee agrees that at all times during the Lease Term the Lessee shall, at the Lessee's sole cost and expense, maintain, preserve and keep the Leased Property or cause the Leased Property to be maintained, preserved and kept, with the appearances and every part and parcel thereof, in good repair, working order and condition, subject to normal wear and tear, and that the Lessee will from time to time make or cause to be made all necessary and proper repairs and replacements. None of the Lessor, the Trustee, the Master Trustee or any other party shall have any responsibility in any of these matters or for the making of any additions, modifications or replacements to the Leased Property. For the avoidance of doubt, Lessee shall be responsible, at its sole cost and expense, for all operating costs, capital expenditures and repairs at the Leased Property, which by way of example shall include, without limitation, the following:

(i) the cost of repairs, replacement and maintenance of the Leased Property and all the personal property used in conjunction therewith;

(ii) all expenses incurred for heating, cooling, electricity, water, gas, sewers, refuse collection, and telephone services, and similar utility services; the cost of supplies, janitorial and cleaning, snow and ice removal, security services, landscaping maintenance and replacements, and window washing;

(iii) all premiums and fees for fire and extended coverage insurance, and commercial general liability insurance, all in amounts and coverage's (with additional policies against additional risks) as may be required by Lessor or the holder of any mortgage on the Leased Property;

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(iv) the cost of any capital and non-capital alterations or improvements made to the Leased Property;

(v) management fees, fees for services of independent contractors performing duties necessary to the operation of the Buildings, the cost of compensation (including employment taxes and fringe benefits) of all persons who perform duties or provide services in or with respect to the Leased Property, if any; and

(vi) any other expense or charge which in accordance with generally accepted accounting and management principles would be considered an expense of maintaining, operating, or repairing the Leased Property.

(b) Notwithstanding anything to the contrary contained in this Section 8.01, upon written request from Lessee, Lessor shall seek to have the costs incurred or to be incurred by Lessee under this Section 8.01 paid for or otherwise reimbursed out of the Capital Maintenance Fund, and Lessor and Lessee shall cooperate with one another in seeking such payment or reimbursement.

**Section 8.02. Modification of the Leased Property; Installation of Equipment and Personal Property of the Lessee.**

(a) Lessee shall have the right, without Lessor's consent, but upon giving prior notice to the Lessor and the Master Trustee, to remodel or make Capital Improvements or other substitutions, additions, modifications or improvements to the Leased Property, at its own cost and expense except to the extent that funds are available in the Capital Maintenance Fund, and the same shall be part of the Leased Property, subject to, and shall be included under the terms of this Lease; provided, however, that (i) such Capital Improvements, remodeling, substitutions, additions, modifications and improvements shall not in any way damage the Leased Property or cause them to be used for purposes other than as permitted pursuant to this Lease; (ii) the Leased Property, as remodeled, improved or altered, upon completion of such remodeling, or such making of substitutions, additions, modifications and improvements, shall be of a value not less than the value of the Leased Property immediately prior to such remodeling or such making of substitutions, additions, modifications and improvements and all of such improvements or alterations shall become part of the Leased Property without amendment of this Lease; and (iii) the cost of any improvements on any individual facility comprising Leased Property that constitute Capital Improvements shall not exceed \$500,000 in any given calendar year. All work shall be commenced and prosecuted diligently to completion in a good and workmanlike manner in accordance with all applicable legal requirements.

(b) Subject to Section 13.17, the Lessee may also, from time to time in its sole discretion and at its own expense, install equipment and personal property (which are not to be fixtures) in or on the Leased Property. All such equipment and personal property shall remain the sole property of the Lessee; provided, however, that any such equipment and personal property which becomes permanently affixed to the Leased Property shall become part of the Leased Property, subject to this Lease and shall be included under the

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coverage limits customarily carried by owners or operators of facilities of similar size and character within the Commonwealth;

(c) fidelity insurance or bonds on those of its officers and employees who handle funds of the Lessee, both in such amounts and to such extent as are customarily carried by organizations similar to the Lessee and operating properties similar in size and character to the Leased Properties of the Lessee;

(d) unless Lessor provides notice to Lessee that Lessor is carrying such insurance (in which case the premium shall be paid for by Lessee as Additional Rent), to the extent available, rental value insurance covering all risks as to which insurance is required pursuant to (a) above, in an amount equal to not less than the amounts required to be paid pursuant to Section 6.02(a) hereof for a period of not less than 12 months. If any such loss or damage has occurred, the Lessee shall continue to be obligated to pay the amounts required to be paid pursuant to Section 6.02(a) hereof, and any proceeds of such insurance shall be applied against all or part of such payment obligations of the Lessee;

(e) business interruption insurance in an amount equal to twelve (12) months of the Base Rent for a period of improvement or restoration. The period of restoration shall begin one day after the date of direct physical loss and shall end on one year from such date the period of restoration begins;

(f) such other forms of insurance as the Lessee is required by law to provide with respect to the Leased Property, including, without limitation, any legally required worker's compensation insurance and disability benefits insurance; and

(g) such other insurance, in form and/or substance, as Lessor may reasonably determine from time-to-time in its reasonable discretion, including, without limitation, such insurance as Lessor is obligated to carry under the Master Indenture or the Mortgage, in connection with the Leased Property.

All the insurance coverage required by this Section may be subject to deductible clauses in such amounts as are customary for facilities of similar size and character within the Commonwealth.

All policies maintained (or caused to be maintained) by Lessee pursuant to this Section shall be taken out and maintained in generally recognized, responsible insurance companies, which may include "captive" insurance companies or governmental insurance pools, selected by the Lessee. The insurance policies required by subsections (a) and (d) of this Section shall name the Master Trustee, the Trustee and the Lessor as insureds as their respective interests may appear and shall name the Master Trustee as a mortgagee and loss payee under the terms of a standard Commonwealth mortgagee loss payable endorsement. The Trustee and the Master Trustee shall also be named as an additional insured on the policy required by subsection (b) of this Section. All insurance proceeds for losses (except for worker's compensation, fidelity insurance and liability insurance), shall be paid directly to the Master Trustee (x) if and to the extent required by the Master Indenture and shall be used in accordance with Section 7.6 of the Master Indenture, and (y) except for the proceeds of property insurance maintained on Lessee's furniture, trade

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terms of this Lease. Equipment and personal property, which is affixed to the Leased Property, but which can be removed without material damage to the Leased Property shall not be deemed to be permanently affixed and shall remain Lessee's Property in all respects subject to the security interest provided in Section 13.17 hereof. The Lessee may also finance the costs of acquiring or leasing equipment related to the Lessee's charter school operations. If the Lessee chooses to lease such equipment in conformity with the terms hereof, following reasonable written notice the Lessor hereby agrees to provide waivers of distraint required in connection with such lease.

Section 8.03. **Taxes, Other Governmental Charges and Utility Charges.** The Lessee shall use its reasonable good faith best efforts to maintain the Leased Property as exempt from ad valorem property or other taxes to the extent allowable by law. In the event that the Leased Property or any portion thereof shall, for any reason, be deemed subject to taxation, assessments or charges lawfully made by any governmental body, the Lessee shall pay the amount of all such taxes, assessments and governmental charges then due. With respect to special assessments or other governmental charges that may be lawfully paid in installments over a period of years, the Lessee shall be obligated to provide only for such installments as are required to be paid during each Fiscal Year during the Lease Term. The Lessee shall not allow any liens for unpaid taxes, assessments or governmental charges to exist with respect to the Leased Property or any portion thereof (including, without limitation, any taxes levied thereon which, if not paid, will become a charge on the rentals and receipts from the Leased Property or any portion thereof, or any interest therein, including the interest of the Lessor, the Master Trustee or the Holders of the Outstanding Obligations) or the rentals and revenues derived therefrom or hereunder. The Lessee shall also pay to the appropriate Person when due and payable, all gas, water, steam, electricity, heat, power, utility and other charges incurred in the maintenance and upkeep of the Leased Property.

Section 8.04. **Provisions Regarding Casualty and Property Damage Insurance.** Throughout the Lease Term, the Lessee must maintain the following policies of insurance, to the extent the risks covered by such policies are not covered by the policies of insurance required by the Master Indenture:

(a) unless Lessor provides notice to Lessee that Lessor is carrying such insurance (in which case the premium shall be paid for by Lessee as Additional Rent), insurance against loss or damage to the Leased Property and all improvements therein (including, during any period of time when the Lessee is making alterations, repairs or improvements to the Leased Property, improvements and betterment's coverage), all subject to standard form exclusions, with uniform standard extended coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at the time in use in the Commonwealth, in an amount equal to the greater of the full replacement value of the Buildings or the aggregate principal amount of the Notes then Outstanding, unless the insurable full replacement value of the Buildings is less than the aggregate principal amount of the Notes Outstanding, in which event, in an amount equal to the full replacement value of such Buildings;

(b) commercial general liability and automobile liability insurance against claims arising in, on or about the Leased Property, including in, on or about the sidewalks or premises adjacent to the Leased Property, providing coverage limits not less than the

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fixtures and equipment, which shall be paid directly to Lessee for use by Lessee to repair or replace such furniture, trade fixtures or equipment. Such policies or certificates of insurance shall (i) provide that (except as to insurance required pursuant to subsections (c) and (e) of this Section) the insurer shall endeavor to mail 30 days' written notice to the Master Trustee of any cancellation prior to expiration of such policy, and (ii) be satisfactory in all other respects to the Master Trustee.

Notwithstanding the foregoing, the Lessee may, in its discretion, provide any of the insurance required by this Section under blanket insurance policies which insure not only the risks required to be insured hereunder but also other similar risks. The Lessee shall pay the premiums for all insurance required by this Lease directly to the applicable insurance company as part of the Additional Rent.

At least once every five years from July 1, 2024, the Lessee shall employ, at its expense, an Insurance Consultant (as such term is defined in the Master Indenture) to review the insurance coverage required by this Section and to deliver to the Lessor and the Master Trustee a report as to the adequacy of such coverage and as to its recommendations, if any, for adjustments thereto.

ARTICLE IX

CASUALTY; CONDEMNATION; USE OF PROCEEDS

Section 9.01. **Casualty.**

(a) Immediately upon the occurrence of any damage to or any destruction or condemnation (or other similar taking or conveyance in lieu thereof) of the Property in excess of 10% of the net book value of the property, plant and equipment of the Lessee immediately before the occurrence in question (excluding properties which secure Non-Recourse Indebtedness), the Lessee shall notify in writing the Lessor and the Master Trustee thereof. Any net insurance proceeds paid directly to the Lessee shall be paid to the Lessor and applied by the Lessor as required by Section 7.6 of the Master Indenture. The Lessee agrees to take all actions required to permit the Lessor to comply with the provisions of Section 7.6 of the Master Indenture.

(b) If the Property shall be damaged or destroyed by fire or other casualty, the Lessor, subject to the net insurance proceeds being made available to the Lessor for repair and restoration in accordance with the terms of the Master Indenture, shall promptly repair, restore and replace the Property to substantially the same condition as prior to the fire or other casualty.

(c) If the net insurance proceeds are applied to the redemption of all of the Obligations pursuant to Section 7.6 of the Master Indenture, this Lease shall terminate as of the date of the fire or other casualty and the rent herein reserved shall be apportioned and paid in full by the Lessee to the Lessor to such date and all rent prepaid for periods beyond such date shall forthwith be repaid by the Lessor to the Lessee and neither party shall thereafter have any liability hereunder. In the case of damage to or destruction of all or substantially all of the Property and the deposit of the net insurance proceeds in accordance with Section 7.6 of the Master Indenture, the Lessee shall pay to the Lessor for

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payment to the Master Trustee, an amount sufficient, together with the net insurance proceeds to redeem all of the Obligations.

Section 9.02. Condemnation.

(a) If all of the Property is taken or condemned for a public or quasi-public use under any statute or by right of eminent domain by any competent authority or sold in lieu of such taking or condemnation, this Lease shall terminate as of the date the right of possession vests in the condemnor (the "Taking Date"). The rent herein reserved shall be apportioned and paid in full by the Lessee to the Lessor on the Taking Date and all rent prepaid for periods beyond the Taking Date shall forthwith be repaid by the Lessor to the Lessee and neither party shall thereafter have any liability hereunder. The Lessee may prosecute its own claim by separate proceedings against the condemnor for damages legally due to the Lessee (such as leasehold improvements, fixtures and equipment, which the Lessee was entitled to remove, and moving and related expenses); provided that the same does not reduce the award payable to the Lessor.

(b) If only part of the Property is so taken or condemned, the Lessor, subject to the net condemnation proceeds being made available to the Lessor, may elect (subject to the provisions of Section 7.6 of the Master Indenture) either to (i) replace or restore the part of the Property affected by such taking or condemnation or (ii) to apply all or part of the net condemnation proceeds applied to the redemption of Obligations outstanding under the Master Indenture. Any net condemnation proceeds paid directly to the Lessee shall be paid to the Lessor and applied pursuant to Section 7.6 of the Master Indenture.

(c) If the condemnor should take only the right to possession for a fixed period of time or for the duration of an emergency or other temporary condition and the Lessee is still permitted to operate, then, notwithstanding anything hereinabove provided, this Lease shall continue in full force and effect without any abatement of rent, but the amounts payable by the condemnor with respect to any period of time prior to the expiration or sooner termination of this Lease shall be paid by the condemnor to the Lessor and the condemnor shall be considered a sublessee of the Lessee. If the amounts payable hereunder by the condemnor are paid in monthly installments, the Lessor shall apply the amount of such installments, or as much thereof as may be necessary for the purpose, toward the amount of rent due from the Lessee as rent for that period, and the Lessee shall pay to the Lessor any deficiency between the monthly amount thus paid by the condemnor and the amount of the rent, while the Lessor shall pay over to the Lessee any excess of the amount of the award over the amount of the rent.

ARTICLE X

DISCLAIMER OF WARRANTIES; OTHER COVENANTS

Section 10.01. Disclaimer of Warranties; AS-IS Condition; Surrender. NEITHER THE LESSOR, THE TRUSTEE, THE AUTHORITY, NOR THE MASTER TRUSTEE MAKE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR

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the Internal Revenue Code and exempt from federal income tax under Section 501(a) of the Internal Revenue Code, (B) assumes in writing the due and punctual payment of all obligations under this Lease, and the due and punctual performance and observance of all of the covenants and conditions of this Lease and (C) is a related entity to the Lessee or the Lessor and is a qualified charter school under the laws of the Commonwealth; and

(b) The Master Trustee, the Trustee and the Lessor receive an Opinion of Bond Counsel (of the type described in Section 10.09 of the Indenture) with respect to such merger, consolidation or transfer; and

(c) The Lessee or the Survivor shall have obtained and delivered to the Master Trustee any consent or approval required by the Commonwealth approving the change in ownership resulting from such merger, consolidation or transfer of assets, together with an Opinion of Counsel that all such consents or approvals that are required have been obtained; and

(d) No Event of Default will have occurred by reason of such merger, consolidation or transfer, and no event will have occurred by reason of such merger, consolidation or transfer which with the passage of time or giving of notice, would constitute an Event of Default.

Prior to any merger, consolidation or transfer, the Lessee shall deliver to the Master Trustee and the Lessor, an Officer's Certificate demonstrating that all of the foregoing conditions have been satisfied, which certificate shall be supported by such reports or opinions as the Master Trustee may reasonably require (provided, the Master Trustee shall have no duty or obligation to require any such reports or opinions).

Section 10.05. Compliance with Requirements of Law. During the Lease Term, the Lessee and the Lessor shall observe and comply promptly with all current and future Requirements of Law applicable to the Leased Property or any portion thereof and all current and future requirements of all insurance companies writing policies covering the Leased Property or any portion thereof.

Section 10.06. Lessee Acknowledgment of the Series 2024 Bonds; Subordination of Lease. The Lessee acknowledges and consents to the assignment by the Lessor to the Master Trustee, pursuant to the Mortgage, and the subsequent assignment of the 2024 Note by the Authority to the Trustee, pursuant to the Indenture, of all rights, title and interest of the Lessor in, to and under this Lease (other than the rights of the Lessor with respect to payments for or reimbursement of certain fees and expenses under Section 6.02 hereof and indemnity rights under Section 13.01 hereof). The Lessee acknowledges and consents to the issuance and sale of the Series 2024 Bonds pursuant to the Indenture. The Lessee acknowledges and approves the form of the Series 2024 Bonds contained in the Indenture, and the authentication of the Series 2024 Bonds by the Trustee is hereby approved, authorized and directed. Any provisions governing the rights, immunities and protections of the Master Trustee under the Master Indenture are incorporated by reference into this Lease as being applied to the Master Trustee as though fully set forth herein.

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PURPOSE OR FITNESS FOR USE OF THE LEASED PROPERTY OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY OR ANY PORTION THEREOF. The Lessee hereby acknowledges and declares that the Lessee has fully participated in, and shall fully participate in, the design, construction, maintenance and operation of the Leased Property, and that neither the Master Trustee nor the Holders of the Outstanding Obligations has any responsibility therefor. The Lessee hereby acknowledges and agrees that neither the Lessor, the Authority, the Trustee nor the Master Trustee is under any obligation to maintain, repair, replace, alter or improve the Leased Property or to provide or render any services to Lessee prior to or at any time during the Lease Term, and the Lessee agrees to accept the Leased Property in their "AS-IS, WHERE-IS" condition as of the commencement of the Lease Term. In no event shall the Lessor, the Authority, the Trustee or the Master Trustee or the Holders of the Outstanding Obligations be liable for any direct or indirect, incidental, special or consequential damage in connection with or arising out of this Lease or the existence, furnishing, functioning or use by the Lessee of any item, product or service provided for herein. The Lessor shall, at the expiration or sooner termination of the Lease Term, promptly surrender the Leased Property in good order and condition and in conformity with the applicable provisions of this Lease, excepting only normal wear and tear.

Section 10.02. Further Assurances and Corrective Instruments. The Lessor and the Lessee agree that so long as this Lease is in full force and effect and no Event of Default shall have occurred, the Lessor and the Lessee shall have full power to carry out the acts and agreements provided herein and they shall, so far as it may be authorized by law, from time to time, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered such supplements hereto and such further instruments as may reasonably be required for collecting any inadequate or incorrect description of the Leased Property hereby leased or intended so to be, or for otherwise carrying out the intention of or facilitating the performance of this Lease. This Section shall not be construed to obligate the Lessor to advance its own funds, other than proceeds of the Series 2024 Bonds, in order to take any action hereunder.

Section 10.03. The Lessor, Lessee or Master Trustee Representatives. Whenever under the provisions hereof the approval of the Lessor, the Lessee or the Master Trustee is required, or the Lessee, the Lessor or the Master Trustee is required to take some action at the request of the other, unless otherwise provided, such approval or such request shall be given for the Lessor by the Authorized Representative of the Lessor, for the Lessee by the Authorized Representative of the Lessee and for the Master Trustee by an authorized officer of the Master Trustee, and the Lessor, the Lessee and the Master Trustee shall be authorized to act on any such approval or request.

Section 10.04. Maintenance of Existence. The Lessee shall maintain its existence as a charter school in good standing under the laws of the Commonwealth, provided that the Lessee may merge or consolidate with any other corporation, or may transfer, sell or convey all or substantially all of its assets to any Person if:

(a) The Lessee is the surviving or resulting corporation, as the case may be (the "Survivor"), and the other corporation is a related entity to the Lessee or the Lessor, or in the event the Lessee is not the Survivor, the Survivor (A) is a solvent corporation either organized under the laws of, or duly qualified to do business and subject to service of process in, the Commonwealth, and is an organization described in Section 501(c)(3) of

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This Lease is expressly subordinated to the lien of the Mortgage given by the Lessor to secure the 2024 Note issued under the Master Indenture. This Lease shall be subordinate to the lien of the Mortgage and any liens or security interests created under the Master Indenture and the Mortgage (now or hereafter placed upon the Leased Property) and to any and all advances made under the Mortgage and to all renewals, modifications, replacements or extensions thereof. The Lessee agrees, with respect to any of the foregoing documents, that no documentation other than this Lease shall be required to evidence such subordination. Notwithstanding the foregoing, upon the written request of the Lessor or the Master Trustee, the Lessee agrees to deliver a commercially reasonable Subordination and Attornment Agreement reasonably acceptable to the Lessor, the Lessee to the holder of the Mortgage or to any other holder of any debt incurred in connection with a refinancing of the debt evidenced by the Master Indenture.

Section 10.07. Tax Covenants.

(a) the Lessee covenants that it shall not: (i) make any use of the Leased Property; or (ii) take (or omit to take) any other action with respect to the Lease or Leased Property, if such use, action or omission would, under the Code, cause the interest on the Tax Exempt Series 2024 Bonds or any Additional Tax-Exempt Bonds to be included in gross income for federal income tax purposes or to be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or would cause interest on the Tax Exempt Series 2024 Bonds to lose its exclusion from Commonwealth taxable income under present Commonwealth law.

(b) In particular, the Lessee hereby covenants from time to time that it shall not take (or omit to take) or permit or suffer any action to be taken if the result of the same would cause the Tax-Exempt Series 2024 Bonds or any Additional Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(c) The Lessee agrees that no portion of the Leased Property shall be used primarily for sectarian purposes. The Lessee shall comply with all applicable state and federal laws concerning discrimination on the basis of race, creed, color, sex, national origin, or religious belief and will respect, permit, and not interfere with the religious beliefs of persons working for the Lessee. The Lessee agrees that the Leased Property shall not be used exclusively or predominantly for religious worship or sectarian instruction (other than the academic or comparative study of various religions or religions philosophies and student clubs).

(d) The Lessee hereby covenants and agrees that it shall not enter into any arrangement, formal or informal, pursuant to which Lessee (or any "related party" as defined in Section 1.150-1(b) of the Treasury Regulations) shall purchase the Series 2024 Bonds or any Additional Tax-Exempt Bonds. This covenant shall not prevent Lessee from purchasing Bonds in the open market for the purpose of tendering them to the Trustee for purchase and retirement.

(e) With the intent not to limit the generality of the foregoing, Lessee covenants and agrees that:

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(i) Lessee (1) shall take whatever actions are necessary to preserve and maintain its status as an organization which is (A) described in Section 501(c)(3) of the Code, (B) exempt from federal income taxes under Section 501(a) of the Code (except as to unrelated trade or business income) and (2) shall not intentionally perform any acts nor enter into any agreements that would cause any revocation or adverse modification of such federal income tax status.

(ii) No changes shall be made in the Leased Property or in the use of the Leased Property which will adversely affect the excludability from gross income for federal income tax purposes of the interest on the Series 2024 Bonds or any Additional Tax-Exempt Bonds or will cause the interest on the Series 2024 Bonds or any Additional Tax-Exempt Bonds, or any portion thereof, to constitute an item of tax preference for purposes of the alternative minimum tax imposed on individuals under the Code. Lessor shall use Leased Property or cause such Leased Property to be used so long as the Series 2024 Bonds and any Additional Tax-Exempt Bonds remains unpaid so as to constitute a "project" within the meaning of the Act.

(f) The covenants set forth in this Section shall remain in full force and effect notwithstanding the defeasance of the Series 2024 Bonds pursuant to Article VII of the Indenture or any other provisions thereof.

Section 10.08. Financial Covenants.

(a) Debt Service Coverage Ratio.

(i) Annually, on or before each December 31 commencing December 31, 2024, the Lessee must deliver to the Lessor and the Master Trustee, which delivery can be satisfied with an EMMA filing, disclosing the Debt Service Coverage Ratio for the Fiscal Year then ended (calculated as of the end of such the Fiscal Year) and evidencing the calculation thereof. If the Debt Service Coverage Ratio disclosed in the Officer's Certificate required by this Section 10.08(a) is below 1.00, then, to the extent that the Lessor is required to disclose financial and operating data pursuant to the requirements of Master Indenture, the Lessor covenants to post or cause to be posted on EMMA unless already so posted a copy of such certificate within ten business days of delivery of the certificate to the Lessor pursuant to this Section 10.08(a).

(ii) The Lessee covenants to achieve a Debt Service Coverage Ratio at or above 1.10 for each Fiscal Year commencing with the Fiscal Year ending June 30, 2024.

(iii) If, for any Fiscal Year, commencing with the Fiscal Year ending June 30, 2024, such Debt Service Coverage Ratio is below 1.10, the Lessee must

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Operating Expenses of the Lessee or the Lessor or other financial matters of the Lessee or Lessor which are relevant to increasing the Days Cash On Hand to at least the level required by this Section 10.08(b). The Lessee and the Lessor each agrees that promptly upon the receipt of such recommendations, subject to applicable requirements or restrictions imposed by law, it will revise its methods of operation and take such other actions to comply with any reasonable recommendation of the Consultant identified in the report of the Consultant. So long as the Lessee and the Lessor, as applicable, retains a Consultant and complies with such Consultant's reasonable recommendations (subject to applicable requirements or restrictions imposed by law), no default or Event of Default may be declared solely by reason of a violation of the requirements of Section 10.08(b)(i).

(c) Selection of Consultants. To the extent that either the Lessee or Lessor is required by the foregoing provisions of this Section 10.08 to engage a Consultant, the following procedures are to be followed.

(i) Within fifteen (15) days of the occurrence of any event requiring the Lessee or the Lessor to retain a Consultant pursuant to Section 10.08 of this Lease, the applicable party will select such Consultant and will cause a notice of the selection of such Consultant, including the name of such Consultant and a brief description of the Consultant, to be filed with EMMA.

(ii) If the Lessee or the Lessor is advised by the Master Trustee that the Holders of more than 50% of the aggregate principal amount of the Obligations Outstanding under the Master Indenture have objected to the Consultant selected, the applicable party must select another Consultant.

Section 10.09. Provision of Financial and Related Information. To the extent permitted by Requirements of Law, the Lessee agrees to provide the Lessor the following information (a) quarterly unaudited reports of its financial condition including, but not limited to, its performance, profitability, student enrollment counts and actual income and expenses as compared to the annual budget, as described in the Continuing Disclosure Agreement, (b) annual budgets, and (c) annual audited financial statements. Such financial information and operating data will be provided on or prior to the dates agreed by the Lessee in its Continuing Disclosure Agreement and can be satisfied with an EMMA filing. Upon the reasonable request of the Lessor, and subject to the Lessee's obligations under law, the Lessee shall also provide to the Lessor reasonable additional, non-privileged information concerning the operations, financial condition and any pending material transactions of the Lessee.

The Trustee and the Master Trustee shall have no duty to review or analyze any financial statements or other information filed with the Trustee or the Master Trustee by any party. The Trustee and the Master Trustee shall not be deemed to have notice of any information contained therein or of any default or event of default which may be disclosed in any manner therein or derived therefrom. The Trustee and the Master Trustee shall have no duty to confirm that all EMMA filings required by this Lease, the Continuing Disclosure Obligation or other agreement have been filed.

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retain, within 30 days of receipt of written direction of a majority in principal amount of the Holders of the Outstanding Obligations, and at its expense, a Consultant to prepare and submit a written report within 45 days of being retained (a copy of such report is to be filed with the Lessor and the Master Trustee unless timely posted to EMMA) including recommendations with respect to increasing income of the Lessee, decreasing Operating Expenses or other financial matters of the Lessee which are relevant to increasing the Debt Service Coverage Ratio to at least the required level, which recommendations are to take into account the extent to which the Lessee may be prevented from increasing its revenues under any existing contracts or applicable laws or regulations or due to changes in reimbursement by any School District. If, however, such failure to satisfy the requirements of this Section 10.08(a) hereof is the result solely of an extraordinary event that is not likely to recur, such report need only state such conclusion.

The Lessee agrees that promptly upon the receipt of such Consultant's report, subject to applicable requirements or restrictions imposed by law, it will revise its methods of operation and take such other actions to comply with any reasonable recommendations of the Consultant identified in its report. So long as the Debt Service Coverage Ratio is not below 1.00 for any Fiscal Year, and so long as the Lessee retains a Consultant and diligently and in good faith complies with such Consultant's reasonable recommendations (subject to applicable requirements or restrictions imposed by law) in all material respects, no Event of Default may be declared solely by reason of a violation of the requirements of Section 10.08(a)(ii) with respect to such Fiscal Year.

Notwithstanding anything herein to the contrary, the failure of the Lessee to achieve a Debt Service Coverage Ratio at or above 1.00 for any Fiscal Year will be an Event of Default hereunder.

(b) Liquidity Covenant.

(i) The Lessee and the Lessor covenants and agrees that they will collectively maintain at least 45 Days Cash On Hand, as of the end of each Fiscal Year commencing with the Fiscal Year ending June 30, 2024.

(ii) The covenant detailed in Section 10.08(b)(i) is to be tested as of June 30 of each year and evidenced by a certificate of the Lessee or Lessor filed with EMMA and setting forth the calculation of such amount based on the results of the Audited Financial Statements of the Lessee and Lessor for such Fiscal Year upon release of such Audited Financial Statements but no later than December 31, commencing December 31, 2024. If as of any June 30, commencing June 30, 2024, the Days Cash On Hand is below that required by this Section 10.08(b), the Lessee, upon written direction of a majority in principal amount of the Holders of the Outstanding Obligations, is required to retain, at its expense, a Consultant to submit a written report and make recommendations within forty-five (45) days of being retained (a copy of such report and recommendations is to be promptly filed with EMMA ) with respect to increasing revenues of the Lessee or Lessor, decreasing

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Section 10.10. Charter Covenants. The Lessee covenants (i) to operate in accordance with the material terms of its Charter at all times, (ii) to operate its facilities in material compliance with the Charter at all times and (iii) to file for renewal of its Charter with the appropriate public body within the time required by the Charter authorizer prior to the expiration of the Charter. The Lessee shall provide notice to the Holders of the Outstanding Obligations (which obligation can be satisfied with an EMMA filing) as soon as possible, but in any event not later than ten (10) calendar days, upon receipt of any material notice or event with respect to the Charter.

Section 10.11. Educational Services Provider; Subordination of Management Fee. The Lessee agrees and acknowledges that payment of any and all management fees by the Lessee to any management company is subordinate to the payment of Base Rent and Additional Rent hereunder sufficient to pay debt service on the 2024 Note. For purposes of this Section 10.11, a management company fee will be deemed to be subordinate to the payment of Base Rent, and Additional Rent if payment of such fees payable on any date may not be paid until such time as all amounts due and payable under Section 6.02 hereof have been paid. Any management company to be retained by the Lessee must agree in writing to such subordination.

Section 10.12. Limitations on Incurrence of Additional Indebtedness. The Lessee covenants and agrees in this Lease that it will not incur or assume (the terms "incur" and "assume," for the purposes hereof, mean and include the guaranteeing of, or the direct or indirect assumption of liability for, the debts of others) any Indebtedness other than as permitted by the following provisions of this Section 10.12.

(a) The Lessee may incur or assume Indebtedness (taking into account all extension or renewals thereof which may be made at the sole option of the Lessee) (i) with a term which does not exceed five (5) years; and (ii) the maximum annual amount of principal and interest payable on which, when added to the maximum annual amount of principal and interest payable on any other Indebtedness of the Lessee incurred under this provision and then outstanding, does not exceed 5% of the Gross Revenues for the Fiscal Year then most recently completed for which Audited Financial Statements are available.

(b) Long-Term Indebtedness. Long-Term Indebtedness (which may be secured in whole or in part by the Collateral on a party with its obligation under this Lease) may be incurred by the Lessee if it delivers both items (i) and (ii) below or (iii) below to the Lessor and the Master Trustee:

(i) an Officer's Certificate certifying that the Debt Service Coverage Ratio for the most recent Fiscal Year with respect to which Audited Financial Statements have been delivered to the Master Trustee was at least 1.10; and

(ii) an Officer's Certificate demonstrating that the Debt Service Coverage Ratio for each of the first three consecutive Fiscal Years following the incurrence of such Long-Term Indebtedness or, if such Long-Term Indebtedness is being issued to finance improvements, equipment or new facilities, the first three consecutive Fiscal Years after such improvements, equipment or new facilities are placed in service, is projected to be at least 1.20 (taking into account the proposed additional Long-Term Indebtedness and any Long-Term Indebtedness to be

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refinanced thereby and provided that, the projected Net Income Available for Debt Service used to compute the Debt Service Coverage Ratio is to be adjusted to provide for any projected revenues and expenses anticipated as the result of any real or personal property acquired, constructed, or completed with the proceeds of any such Long-Term Indebtedness); or

(iii) Long-Term Indebtedness may be incurred by the Lessee for the purpose of refunding any Outstanding Long-Term Indebtedness so as to render it no longer Outstanding; provided, however, that, an Officer's Certificate certifying that (A) the aggregate Debt Service Requirements of the Lessee will not be increased by more than 5% as a result of such new refunding Long-Term Indebtedness and (B) the maximum annual amount of principal and interest payable on any other Indebtedness of the Lessee will not be increased by more than 5% as a result of such new refunding Long-Term Indebtedness (the foregoing notwithstanding, Long-Term Indebtedness incurred by the Lessee for the purpose of refunding any Outstanding Long-Term Indebtedness may nevertheless be incurred without complying with the 5% limits of this subsection if such Long-Term Indebtedness may be incurred under the provisions of Section 10.12(b)(i) and (ii) above).

(c) Long-Term Indebtedness incurred as Variable Rate Indebtedness is subject to the further provisions of Section 10.12(f) hereof.

(d) Short-Term Indebtedness. Short-Term Indebtedness (secured in whole or in part by the Collateral on a parity with its obligation under this Lease) may be incurred from time to time by Lessee, subject to the following conditions:

(i) the principal amount of any Short-Term Indebtedness to be incurred, may not exceed \$1,000,000 and, when added to the then outstanding principal amount of all Short-Term Indebtedness, Subordinated Indebtedness and Non-Recourse Indebtedness, may not exceed 7% of Gross Revenues, as set forth in the most recent Audited Financial Statements of the Lessee; provided that if such Short-Term Indebtedness is being incurred to cover any cash flow needs of Lessee as a result of any delays in School District Payments, or of the failure of the Commonwealth to timely enact a state budget, the \$1,000,000 limitation set forth in this subsection (i) shall be increased to 7% of Gross Revenues, notwithstanding any outstanding principal amount of any Short-Term Indebtedness or Long-Term Indebtedness; or

(ii) any such Short-Term Indebtedness could be incurred under the tests set forth in Section 10.12(b) hereof treating such Short-Term Indebtedness as Long-Term Indebtedness.

For seven (7) consecutive days within each Fiscal Year, the Lessee must reduce the aggregate principal amount of all outstanding Short-Term Indebtedness, when added to the then outstanding principal amount of all Long-Term Indebtedness incurred pursuant to Section 10.12(a) hereof, to 5% of the Gross

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(iii) Any posting of collateral by the Lessee pursuant to the terms of any Qualified Derivative will be considered a "Permitted Encumbrance" for purposes of this Lease. The posting of collateral as well as any payment of any termination or settlement amounts will be considered asset dispositions subject to the provisions of this Lease.

(iv) The Lessee's liability to make termination payments pursuant to a Qualified Derivative may be either (A) a general unsecured obligation of the Lessee or (B) an obligation subordinate to or on parity with the Lessee's duty to pay Base Rent and Additional Rent hereunder; provided, however, that in the case of a subordinated termination payment, such termination payment may be payable only to the extent it does not result in the occurrence of an Event of Default hereunder. At such time as the Lessee's obligation to make a termination payment pursuant to a Qualified Derivative is no longer contingent, i.e., the condition giving rise to the payment of such termination payment has arisen and the amount of termination payment has been quantified, the amount of such termination payment, if the Lessee's duty to pay such termination payment is secured on a parity basis with the Lessee's obligation to pay Base Rent and Additional Rent hereunder, will be deemed to be Indebtedness for purposes of this Lease.

(v) For purposes of the computation of Debt Service Requirements, interest on Long-Term Indebtedness with respect to which the Lessee has entered into a Qualified Derivative will be deemed equal to a net rate that takes into account the regularly scheduled payments made by the Lessee and the regularly scheduled payments made to or received by the Lessee under such Qualified Derivative; provided that only such portion of the Long-Term Indebtedness as corresponds to the notional amount of such Qualified Derivative will be deemed to bear interest at such net rate. So long as such Long-Term Indebtedness is deemed to bear interest at a rate taking into account a Qualified Derivative, any payments made by the Lessee on such Qualified Derivative will be excluded from expenses and any payments received by the Lessee on such Qualified Derivative will be excluded from revenues.

(vi) Each Qualified Derivative shall be in such form and contain such provisions as may be permitted or required hereunder and that the Master Trustee shall have received (as of the date of issue) the following:

(i) A certified resolution of the board of the Lessee approving the execution of the Qualified Derivative and the purpose thereof.

(ii) An Officer's Certificate stating that (1) no Event of Default has occurred and is continuing hereunder and (2) the applicable requirements for entering into the Qualified Derivative under this Lease has been satisfied.

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Revenues, as set forth in the most recent Audited Financial Statements of the Lessee; provided that such percentage may be increased to 7% of the Gross Revenues for the immediately preceding Fiscal Year in the event of delays in School District Payments if there is delivered to the Master Trustee an Officer's Certificate to the effect that such delays are more extensive than were anticipated or could not reasonably have been anticipated by the Lessee in establishing its operating budget for the Fiscal Year in which such Short-Term Indebtedness is outstanding.

(e) Variable Rate Indebtedness. For the purpose of determining the Debt Service Requirements on any Variable Rate Indebtedness, the Debt Service Requirements thereon shall be deemed to include the amount of principal maturing or subject to mandatory redemption in such year plus interest at the rate equal to the Bond Index. Additionally, the Debt Service Requirements on Variable Rate Indebtedness that is Long-Term Indebtedness with respect to which the Lessee has entered into a Qualified Derivative shall be further modified in accordance with Section 10.12(h) hereof.

(f) Non-Recourse Indebtedness. The Lessee may incur Non-Recourse Indebtedness provided that: (i) at the time of incurrence, no unsecured Event of Default exists hereunder and (ii) the aggregate amount of Non-Recourse Indebtedness, together with Short-Term Indebtedness and Subordinated Indebtedness, that may be outstanding at any time is limited to 7% of Gross Revenues, as set forth in the most recent Audited Financial Statements of the Lessee. The leases described in Exhibit E shall not constitute Non-Recourse Indebtedness for the purposes of the limitations set forth in this Section.

(g) Subordinated Indebtedness. The Lessee may incur Subordinated Indebtedness provided that: (i) at the time of incurrence, no unsecured Event of Default exists hereunder and (ii) the aggregate amount of Subordinated Indebtedness, together with Short-Term Indebtedness and Non-Recourse Indebtedness, that may be outstanding at any time is limited to 7% of Gross Revenues, as set forth in the most recent Audited Financial Statements of the Lessee.

(h) Qualified Derivatives. The Lessee may enter into any Qualified Derivative provided that: it is entered into in connection with Indebtedness permitted hereunder and the following provisions are satisfied:

(i) The regularly scheduled periodic payments and/or termination payments due on a Qualified Derivative may be granted a security interest in the Collateral on a parity basis with the obligation of the Lessee under this Lease upon written notice to the Lessor and the Master Trustee.

(ii) Determinations of Net Income Available for Debt Service are not to take into account any extraordinary gains or losses, unrealized gains or losses resulting from the periodic valuation of Qualified Derivatives, or gains or losses resulting from the termination, defeasance or discharge of any Qualified Derivative.

(iii) An executed counterpart or certified copy of the related Qualified Derivative and all related financing documents delivered in connection with the Qualified Derivative.

(iv) An opinion of Counsel to the effect that (1) entering into the Qualified Derivative has been duly authorized by the Lessee, (2) all applicable requirements for entering into the Qualified Derivative hereunder has been satisfied; and (3) to the best of such Counsel's knowledge, all necessary approvals of all Regulatory Bodies having jurisdiction have been obtained with respect to the entering into the Qualified Derivative.

Section 10.13. Conflict of Interest. The Lessee has (or shall prior to the issuance of the Series 2024 Bonds) adopted a conflict of interest policy consistent with all applicable Commonwealth and local laws governing conflicts of interest and has complied with such policy with respect to this Lease.

Section 10.14. No Cross-Collateralization. The Lessee acknowledges and agrees that School District Payments shall only be used for (a) the payment of Base Rent and (b) any other benefit of the charter school located at the Leased Property and agrees that it will not use School District Payments for any other public charter schools operated or managed by a management company, if any.

Section 10.15. Security for Permitted Indebtedness. Any Indebtedness and Qualified Derivative incurred as provided in this Lease may be secured only as hereinafter provided below:

(a) if authorized by the provisions of Section 10.12 hereof, by a lien or security interest that is secured on a parity basis to the Lien and security interest created by this Lease;

(b) unless authorized by the provisions of Section 10.12 hereof, by a lien on and security interest in any property or interest in property, real, personal or mixed, of the Lessee other than the Property or the Collateral;

(c) by a purchase money security interest in fixtures, equipment or school materials or by a security interest given to refinance a purchase money security interest;

(d) by a lien on and security interest in the Collateral that is subordinate to the Lien and security interest created by this Lease; or

(e) any Indebtedness which is incurred for the purpose of providing working capital, including a line of credit, may be secured by a security interest in Accounts on a parity with the security interest created therein by this Lease. Any agreement for the repayment of such Indebtedness and instruments evidencing or securing the same shall provide that all notices to be given to the lender of such Indebtedness regarding defaults by the Lessee are also to be provided to the Master Trustee, as assignee of the Lessor, and the Lessor, and shall specify the rights of the Master Trustee to pursue remedies upon the

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receipt of such notice, and the sharing of the rights of the Holders of the Obligations to control the exercise of remedies with the holders of such Indebtedness.

Section 10.16. Restrictions on Guarantees. The Lessee agrees that it will not enter into any Guaranty unless such Guaranty could then be incurred by the Lessee as Long-Term Indebtedness under this Lease. For purposes of the computation of the Debt Service Requirements, the aggregate annual principal and interest payments on the indebtedness subject to the Guaranty shall be included in the computation thereof.

#### ARTICLE XI

##### ASSIGNMENT, SUBLEASING, DISPOSING AND SELLING

Section 11.01. Assignment by the Lessor. The Lessor's rights under this Lease (other than its rights with respect to certain fees and expenses under Section 6.02 hereof), including rights to receive and enforce payments hereunder, have been assigned to the Master Trustee pursuant to the Mortgage. The Lessor shall not assign any rights it may have under this Lease or the Master Indenture without the prior written consent of the Master Trustee given in accordance with the Master Indenture.

Section 11.02. Assignment and Subleasing by the Lessee. Except as permitted hereunder, the Lessee shall not mortgage, pledge or encumber this Lease, collaterally or otherwise. The Lessee shall not assign this Lease or sublet the whole or any part of the Property, without on each occasion first obtaining the prior written consent of the Lessor, which consent shall not be unreasonably delayed or withheld. No subletting or assignment, with or without the Lessor's consent, shall in any way relieve or release the Lessee from liability for the performance of all terms, covenants and conditions of this Lease. Notwithstanding the foregoing, Lessee may sublease or permit the occupancy or use of any space located at the Property on a short-term and limited basis to third (3rd) Persons and/or (b) amend or extend the leases, subleases, and/or licenses that are in existence as of the Effective Date without the Lessor's approval (either as to the sublease or use or occupancy agreement or the documentation evidencing the sublease or use or occupancy agreement) so long as Lessee complies with the provisions of Section 10.07.

Section 11.03. Sale, Lease or Other Disposition of the Leased Property. The Lessee covenants that it shall not transfer, sell Lease or dispose of Property or the Collateral to any other Person, unless permitted in this Lease.

(a) The Lessee may, from time to time, remove, sell or otherwise dispose of Property or the Collateral in the ordinary course of its business including, without limitation, equipment, furniture and fixtures which have become obsolete, worn out or for which the Lessee has received fair market value.

(b) The Lessee may, from time to time, remove, sell or otherwise dispose of any Property or the Collateral, for fair market value, provided that the market value of the Property and the Collateral subject to such transfers shall not exceed five percent (5%) of the total market value of the Property and Collateral for the preceding Fiscal Year.

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this Section 12.01, for a period of 30 days after written notice, specifying such failure and requesting that it be remedied shall be given to the Lessee by the Trustee or the Lessor (any notice sent by the Trustee to the Lessee shall also be sent to the Lessor, but the Trustee shall have no liability if it fails to provide such notice), provided, however, that no Event of Default shall be deemed to be continuing so long as a course of action adequate in the judgment of the Lessor to remedy such failure shall have been commenced within such 30-day period and shall thereafter be diligently prosecuted to completion and the failure shall be remedied thereby, provided, however, that such course of action must be complete within 90 days of the written notice that has been given to the Lessee;

(e) the Lessee shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its Property or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of its creditors, or shall fail to pay its debts as they become due, or shall take any action in furtherance of any of the foregoing;

(f) an involuntary case or other proceeding shall be commenced against the Lessee seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its Property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days;

(g) the Lessee fails to comply with the requirements of Section 10.08(a)(iii) hereof, relating to the delivery of and complying with the recommendations a report of a Consultant, or if the Debt Service Coverage Ratio is less than 1.0 for any Fiscal Year.

(h) the estate or interest of the Lessee in the Leased Property shall be levied upon or attached in any proceeding and such process shall not be vacated or discharged within 60 days after such levy or attachment; or

(i) an uncured default caused by the Lessee occurs under the Bond Documents, beyond any applicable notice and cure periods.

Section 12.02. Remedies on Default. Whenever any uncured Event of Default referred to in Section 12.01 hereof shall have happened and be continuing, the Master Trustee, acting as assignee of the Lessor, may, or at the request of a majority in principal amount of the Holders of the Outstanding Obligations shall, without any further demand or notice, exercise one or any combination of the following remedies:

(a) terminate the Lease Term, without any right on the part of the Lessee to reinstate its rights under this Lease by the payment of any amount due or by the performance of any obligation, term or covenant broken, and give notice to the Lessee to

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(c) The Lessee may sell, remove or otherwise dispose of tangible personal property, fixtures or equipment at any time having book value in excess of the limit described in paragraph (b) above if the Lessee delivers to the Master Trustee:

(i) a certified copy of a resolution adopted by the governing body of the Lessee authorizing such transfer; and

(ii) an Officer's Certificate (A) to the effect that such removal, sale or other disposition shall not impair the use and operation of the Property, (B) stating the estimated fair value, if any, of such Property or interest in Property, and (C) stating that such arrangements have been made or can be made for sale or other disposition thereof for consideration not less than such estimated fair value.

(d) The Lessee covenants that the net proceeds of any sale or other disposition made pursuant to paragraphs (a), (b) or (c) above, if any, shall be applied to the replacement of the Property or the Collateral sold or disposed of, or shall otherwise be reinvested in the Property or shall be used to redeem the Series 2024 Bonds.

(e) The Lessee may, from time to time, remove, sell or otherwise transfer any Property or the Collateral, if such Property or Collateral consists solely of assets which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use for payment on the Series 2024 Bonds.

(f) The Lessee may not under any circumstances sell, pledge, factor or otherwise dispose of any accounts receivable.

#### ARTICLE XII

##### EVENTS OF DEFAULT AND REMEDIES

Section 12.01. Events of Default Defined. Any one of the following events (including the expiration of any specified time) shall constitute an "Event of Default" under this Lease:

(a) failure by the Lessee to pay any Base Rent during the Lease Term when due and payable hereunder, and such failure continues for ten (10) days of the date when due;

(b) failure by the Lessee to pay Additional Rent during the Lease Term when due and payable hereunder, and such failure continues for ten (10) days after notice is given to the Lessee by the Lessor;

(c) failure by the Lessee to maintain its Charter pursuant to the Charter School Law; provided, however, that if the Lessee (i) continues to operate as a charter school pursuant to the Charter School Law, (ii) continues to receive School District Payments or other funding and (iii) continues to pursue a renewal of its charter or timely appeal of the termination of its charter in good faith, an Event of Default shall not be deemed to occur;

(d) failure of the Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to elsewhere in

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vacate and surrender the Leased Property within 10 calendar days from the date of such notice, and if the Lessee does not surrender possession to the Lessor. The Lessor shall have the right to recover possession of the Leased Property with legal process and to the extent permitted by Requirements of Law, breaking locks and replacing locks, and removing Lessee's and any third party's property therefrom, and making any disposition thereof as the Lessor may deem commercially reasonable;

(b) re-enter and take possession of the Leased Property in accordance with applicable law, repossess the same, expel the Lessee and those claiming through or under the Lessee and remove the effects of both or either, using such force for such purposes as may be lawful and necessary, without being liable for prosecution, without being deemed guilty of any manner of trespass, and without prejudice to any remedies for arrears of Base Rent, Additional Rent or other amounts payable under this Lease or as a result of any preceding breach of covenants or conditions;

(c) enter the Leased Property in accordance with Requirements of Law, breaking open locked doors, if necessary, to effect entrance, without liability to action or prosecution for damages for such entry or for the manner thereof, for the purpose of distraining or levying and or any other purposes, and take possession of and sell all goods, chattels, fixtures, furnishings and equipment of the Lessee at auction, on three (3) days' notice served in person on the Lessee or left on the Leased Property, and retain the proceeds thereof on account of the Lessee's obligations hereunder; and the Lessee hereby forever remises, releases and discharges the Lessor, and its agents, from all claims, actions, suits, damages, and penalties, for or by reason or on account of any entry, distraint, levy, appraisal or sale;

(d) to pursue any and all other rights and remedies available under Commonwealth law, in law or in equity, including, without limitation, taking possession and selling any and all of Lessee's real or personal property upon which the Lessor or its assignees has a Lien hereunder or under the Master Indenture or the Mortgage;

(e) lease or sublease all or any portion of the real property included in the Leased Property;

(f) collect or bring action for Base Rent, Additional Rent and all other sums payable by the Lessee for the remaining Lease Term as Lessee in arrears, or file a Proof of Claim in any bankruptcy or insolvency proceeding for such Base Rent, Additional Rent and other sums due, or institute any other proceedings, whether similar or dissimilar to the foregoing, to enforce payment thereof;

(g) with or without terminating this Lease, but with legal process, re-enter and re-possess the Leased Property, or any part thereof and lease or sublease the same to any person or entity upon such terms and conditions as Lessor, or the Trustee on behalf of the Lessor, in its reasonable discretion, shall deem reasonable, for a term within or beyond the Lease Term;

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(h) proceed as a secured party under the provisions of the Uniform Commercial Code against the goods, furniture, fixtures, chattels and equipment if any, in which the Lessor has a security interest;

(i) other than with respect to an Event of Default involving the Lessee's failure to pay Base Rent or Additional Rent, or the Lessee's liquidation, receivership, bankruptcy or other similar insolvency proceeding, appoint a consultant at the expense of the Lessee to make operational and other business recommendations to the Lessee (and the Lessor) to improve the operations, operating profits and cash flow of the Lessee (and the Lessor), and the Lessee (and the Lessor) will cooperate with the consultant and shall adhere to all appropriate recommendations of the consultant in these regards; or

(j) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under this Lease, the Mortgage and the Master Indenture.

Notwithstanding anything to the contrary contained in this Lease, so long as Lessee is actively operating a charter school in the Leased Property, Lessee shall not be required to vacate the Leased Property following an uncured Event of Default, and any termination of this Lease or Lessee's right of possession of the Leased Property by Lessor pursuant to this Section 12.02 or elsewhere shall not be effective, until the earlier of (i) five (5) business days after the end of Lessee's then-current school year, if the uncured Event of Default occurs during a school semester, or (ii) the end of the next school year if the uncured Event of Default occurs after the end of the spring semester but prior to the beginning of the fall semester.

No expiration or termination of this Lease pursuant to this Section 12.02, and no repossession of the Leased Property or any part thereof pursuant to this Section 12.02 or otherwise shall relieve the Lessee of its liabilities and obligations hereunder, all of which shall survive such expiration, termination or repossession, and the Trustee, on behalf of the Lessor may, at Lessor's written direction, sue for and collect Base Rent, Additional Rent and any other charges due hereunder at any time and from time to time as and when such charges accrue.

#### Section 12.03. No Remedy Exclusive; Obligation to Mitigate Damages.

No remedy herein conferred upon or reserved to the Trustee on behalf of the Lessor is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bond Documents or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee, on behalf of the Lessor, to exercise any remedy reserved in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

Section 12.04. Waivers. Any failure of the Lessee or the Lessor to enforce any remedy allowed for the violation of any provision of this Lease shall not imply the waiver of any such provision, even if such violation is continued or repeated, and no express waiver shall affect any

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members, officers or directors, which act or omission shall include any and all claims or potential claims arising at law or in equity which are or may be asserted against the Trustee, the Master Trustee or the Lessor, their agents, officers or directors, including, but not limited to claims of negligence, breach of contract, breach of fiduciary duty and any alleged violation of any law, ordinance or regulation. To the extent permitted by law, the Lessee shall indemnify and hold the Lessor, the Trustee and the Master Trustee (and their respective officers, directors, employees, attorneys, advisors, and contractors) harmless from any such claim arising from (a), (b) or (c) above or in connection with any action or proceeding brought thereon and, upon notice from the Lessor, the Trustee or the Master Trustee, shall defend the Lessor, the Trustee or the Master Trustee (and each such other indemnified person) in any such action or proceeding. The Lessee shall, to the extent permitted by law, indemnify and hold harmless the Master Trustee, the Trustee and the Lessor and their respective officers, directors, employees, attorneys, advisors, and contractors, in their official and personal capacity, for any and all actions related to the Leased Property and the authorization, issuance and delivery of any Notes. The foregoing indemnities shall not apply to any claims arising out of the gross negligence or willful misconduct of any of the indemnified parties and shall survive the termination of this Lease.

Section 13.02. Manner of Giving Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when (a) mailed by certified or registered mail, postage prepaid, (b) deposited with any nationally recognized overnight delivery service that routinely issues receipts, or (c) personally delivered by any courier service that routinely issues receipts: if to the Lessee, 555 Union Blvd., Allentown, PA, 18109, Attention: CEO; if to the Lessor, 555 Union Blvd., Allentown, PA, 18109, Attn: President; and if to the Master Trustee, at 444 Liberty Ave, Suite 825, Pittsburgh, PA 15222. The Lessee, the Lessor and the Master Trustee, may by written notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Copies of all notices given by or to the Lessee or the Lessor shall be sent simultaneously to the Trustee.

Section 13.03. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Lessor and the Lessee and their respective successors and assigns, subject, however, to the limitations contained in Article XI hereof, and shall also inure to the benefit of the Trustee, the Master Trustee and the other entities indemnified pursuant to Section 13.01 of this Lease.

Section 13.04. No Individual Liability. All covenants, stipulations, promises, agreements and obligations of the Lessee or the Lessor, as the case may be, contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Lessee or the Lessor, as the case may be, and not of any member, director, officer, employee, servant or other agent of the Lessee or the Lessor in his or her individual capacity, and no recourse shall be had on account of any such covenant, stipulation, promise, agreement or obligation (including, without limitation, any obligations relating to payment of principal of, redemption premium, if any, or interest on the Series 2024 Bonds), or for any claim based thereon or hereunder, against any member, director, officer, employee, servant or other agent of the Lessee or the Lessor or any natural person executing this Lease, the Master indenture or my related document or instrument.

Section 13.05. Force Majeure. If either party shall be delayed, hindered in or prevented from the performance of any act required hereunder by reason of Force Majeure (excluding specifically the payment of Base Rent and Additional Rent due hereunder), then performance of

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provision other than the one(s) specified in such waiver and only for the time and in the manner specifically stated. No receipt of monies by the Lessor from the Lessee after the termination of this Lease shall in any way (a) alter the length of the Term or of the Lessee's right of possession hereunder, or (b) after the giving of any notice, reinstate, continue or extend the Term or affect any notice given to the Lessee prior to the receipt of such monies, it being agreed that after the service of notice or the commencement of a suit or after final judgment for possession of the Property, the Lessor may receive and collect any rent due, and the payment of said rent shall not waive or affect said notice, suit or judgment.

#### Section 12.05. Reserved.

Section 12.06. Lessee's Right to Cure an Event of Default under the Bond Documents. In the event of any act or omission by the Lessor under this Lease or the Bond Documents which would, either immediately or after the lapse of time, cause the Lessor to be in default or give the Master Trustee, including the Master Trustee acting for the Lessor, the right to terminate any part of this Lease, or to claim a partial or total default hereunder, or to exercise any self-help remedies, the Master Trustee shall not exercise any such right or remedy until the Master Trustee has delivered to Lessor the greater of either: (i) thirty (30) days prior written notice; or (ii) such applicable notice and cure period as expressly provided in the Bond Documents, of such act or omission (the "Lessor Cure Notice"), to cure the same, and contemporaneously provide a copy of the Lessor Cure Notice to Lessee. If the Lessor does not cure said default(s) as provided in the Lessor Cure Notice, then thereafter the Master Trustee, including the Master Trustee acting for the Lessor, will not exercise any such right or remedy until the Master Trustee has delivered to Lessee thirty (30) days prior written notice of the Lessor's failure to cure such default(s) (the "Lessee Cure Notice"), and Lessee shall have a reasonable period, not to exceed an additional thirty (30) days, commencing on the last day on which the Lessor could cure such default under the Lessor Cure Notice, in which to do so. However, if such default(s) have not been cured by the Lessor and cannot be cured by a Lessee within such thirty (30) day period, then Lessee shall be permitted an additional thirty (30) days to cure, so long as Lessee is proceeding with due diligence and in good faith to promptly cure such defaults. Notwithstanding anything to the contrary herein: (i) in no event shall Lessee have a duty or obligation to cure or remedy any breach or default by Lessor under the Lease or the Bond Documents; and (ii) Lessee shall reserve any claims, rights, and remedies, without prejudice, that it may have against the Lessor.

### ARTICLE XIII

#### MISCELLANEOUS

Section 13.01. Indemnification Covenants. To the extent permitted by law, the Lessee shall and hereby agrees to indemnify and hold the Lessor, the Trustee, and the Master Trustee (and their respective officers, directors, employees, attorneys, advisors, and contractors) harmless against and from all claims, by or on behalf of any person, firm, corporation or other legal entity arising from the Lease and the execution of the Lease and the occupancy, operation, conduct or management of or from any work or thing done on or with respect to, the Leased Property during the Lease Term from: (a) any conditions of the Leased Property; (b) any violation of law by the Lessee or breach of any covenant or warranty by the Lessee hereunder, or any claim or allegation of any of the foregoing; and (c) any act or omission of the Lessee or any of its respective agents,

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such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a reasonable period, in no event to exceed a period equivalent to the period of such delay.

Section 13.06. Amendments, Changes and Modifications. Except as otherwise provided in this Lease or the Master Indenture, subsequent to the effective date of this Lease and prior to its expiration or earlier termination, this Lease may not be effectively amended, changed, modified or altered without the written consent of the Master Trustee and other than by the execution of a recorded document in the same manner as this Lease is executed which may be evidenced by a recorded document in the real property records of the Clerk and Recorder of the county in which the Leased Property is located.

Section 13.07. Events Occurring on Days that are not Business Days. If the date for making any payment or the last day for performance of any act or the exercising of any right under this Lease is a day that is not a Business Day, such payment may be made, such act may be performed or such right may be exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Lease.

Section 13.08. Severability. In the event that any provision of this Lease, other than relating to pay merit of Base Rent and Additional Rent, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.09. Execution in Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.10. Applicable Law. The laws of the Commonwealth and rules and regulations issued pursuant thereto, as the same may be amended from time to time, shall be applied in the interpretation, execution and enforcement of this Lease. Any provision of this Lease whether or not incorporated herein by reference which provides for arbitration by an extrajudicial body or person or which is otherwise in conflict with said laws, rules, and regulations shall be considered null and void. Nothing contained in any provision incorporated herein by reference which purports to negate this or any other special provision in whole or in part shall be valid or enforceable or available in any action at law whether by way of complaint, defense, or otherwise. Any provision rendered null and void by the operation of this provision will not invalidate the remainder of this Lease to the extent that this Lease is capable of performance.

Section 13.11. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Lease.

Section 13.12. Retention of Records. The Lessee will maintain or cause to be maintained records relating to the use and operation of the Leased Property for a period of four (4) years after the later of (i) payment in full of the Series 2024 Bonds or (ii) payment in full of any bonds issued to refund the Series 2024 Bonds.

Section 13.13. Electronic Storage. The Parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies,

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teletypes, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 13.14. Estoppels. Each Party hereto agrees that at any time and from time to time during the Term of this Lease, it shall promptly, but in any event not later than 15 business days after request by the other party hereto, execute, acknowledge and deliver to such other party or to any prospective purchaser, assignee, transferee, or the Trustee or to any third party designated by such other party, a certificate stating that, to the actual knowledge of the signer (a) that this Lease is unmodified and in force and effect (or if there have been modifications, that this Lease is in force and effect as modified, and identifying the modification agreements); (b) the date to which Base Rent and Additional Rent have been paid; (c) to the knowledge of the signer after due inquiry and investigation, whether or not there is any existing uncured Event of Default by the Lessee in the payment of any Base Rent. Additional Rent, or other sums payable hereunder beyond any applicable grace period, and to the actual knowledge of the signer, whether or not there is any other existing default by either party hereto with respect to which a notice of default has been saved, and, if there is any such default, specifying the nature and extent thereof; and (d) whether or not there are any setoffs, defenses or counterclaims against enforcement of the obligations to be performed hereunder existing in favor of the party executing such certificate.

Section 13.15. Access. The Lessor, the Master Trustee, and their respective employees, agents and contractors, may, at all reasonable times, with two (2) days' notice, except in an emergency when no notice shall be required, enter and inspect the Leased Property and every part thereof.

Section 13.16. Attornment and Non-Disturbance.

(a) At the election of any successor-in-interest to the Lessor's estate in the Leased Property or the rights of the Lessor under this Lease, whether through purchase, operation of law, possession, foreclosure action, deed, lease, or otherwise (the "Successor Lessor"), the Lessee shall attorn to and recognize such Successor Lessor as the Lessee's Lessor under this Lease, and shall promptly execute, acknowledge and deliver any instrument that such Successor Lessor may reasonably request to evidence such attornment. To the extent permitted by law, the Lessee hereby waives any right the Lessee may have under any present or future law to laminate this Lease or surrender the Leased Property by reason of the institution of any proceeding to terminate a superior lease or action to foreclose a superior mortgage, and this Lease shall not be affected by any such proceeding or action unless and until the lessor of the superior lease or holder, now or hereafter, of the superior mortgage, elects in such proceeding or action to terminate this Lease.

(b) So long as the Lessee is not in an uncured default hereunder, then during the Lease Term hereof, the Lessee's rights and obligations hereunder shall not be diminished, disturbed or modified by the Lessor, the Successor Lessor, the Trustee, or the Master Trustee in the exercise of any rights under the Bond Documents. Further, so long is not in an uncured default hereunder the Lessee's possession of the Leased Property and rights and privileges under this

of the Collateral at any time and from time to time at public or private sale, with or without advertisement thereof and apply the proceeds of any such sale as may be required under the Indenture, and if not so required first to the Lessor's expenses in preparing the Collateral for sale (including reasonable attorneys' fees), second to the complete satisfaction of the obligations under this Lease and third, as required by the UCC. The Lessee waives the benefit of any marshaling doctrine with respect to the Lessor's exercise of its rights hereunder. The Lessee grants a royalty-free license to the Lessor for all patents, service marks, trademarks, tradenames, copyrights, computer programs and other intellectual property and proprietary rights sufficient to permit the Lessor to exercise all rights granted to the Lessee under this Section.

Section 13.18. Consents. Whenever the consent of either party is required for any action, the requested party shall not unreasonably withhold, condition or delay such consent, and if such consent is not expressly withheld in written notice to the other party given within fifteen (15) days after the request for such consent, such consent shall be deemed not to have been given by the requested party.

Section 13.19 Venue. The Parties agree that jurisdiction and venue for any dispute arising out of this Agreement shall be exclusively in the state courts located in Lehigh County, Pennsylvania, and the Parties hereto consent to the personal jurisdiction of those courts.

Lease shall not be disturbed by the Successor Lessor, the Trustee, or the Master Trustee in the exercise of any rights under the Bond Documents.

Section 13.17. Security Interest.

(a) As security for the performance of all obligations hereunder and the payment of all sums due or to become due hereunder or in connection herewith, the Lessee hereby grants to the Lessor and its assigns a security interest ("Security Interest") in all of the following property, whether now owned or hereafter acquired or arising or wherever located: Chattel Paper, Documents, General Intangibles, Goods, including without limitation, Equipment, Inventory, Fixtures and Accessions, Instruments (as those terms are defined in the UCC), Gross Revenues, monies which at any time the Lessee shall have the right to own and have in its possession, books and records evidencing or relating to the foregoing, and all Proceeds of the foregoing (as such term is defined in the UCC) (together, the "Collateral").

(b) The Lessee authorizes the Lessor to file commercial reasonable financing statements with all applicable filing offices, to execute and deliver such agreements and other documents as may be necessary to perfect the grant of security interest made hereby, so long as the Lessor provides the Lessee with a copy thereof for the Lessee to review prior to filing the same. The Lessee further acknowledges that the Lessor will assign this Lease and the security granted by the Lessee hereunder to the Trustee, and the Lessee hereby agrees and consents to the same and agrees to execute such other and further documents as such assignee may request in connection with any such assignment. The Lessee represents, warrants and covenants that the Collateral has not been previously pledged to any other party, that no financing statement covering any of the Collateral is on file in any public office, and that the Lessee will not pledge the Collateral to any party (other than the Lessor).

(c) Upon the occurrence of an uncured Event of Default (as hereinafter defined), the Lessor shall have the right, in addition to all other rights and remedies available to it, upon ten (10) days' notice to the Lessee, to apply toward and set-off against and apply to the unpaid obligations then due and payable hereunder, any items or funds held by Lessor, and any and all deposits (whether general or special, time or demand, matured or unmatured, fixed or contingent, liquidated or unliquidated) now or hereafter maintained by the Lessee with the Lessor. For the purpose of securing the Lessee's performance and payment of its obligations hereunder, the Lessor shall have, and the Lessee hereby grants to the Lessor, a first lien on all such deposits.

(d) The Lessee hereby appoints the Lessor as its lawful attorney-in-fact to do, at the Lessor's option, and at the Lessee's expense and liability, all lawful acts and things which the Lessor may deem necessary or desirable to effectuate its rights under this Section. Upon the occurrence of an Event of Default hereunder, the Lessor may immediately and without notice pursue any remedy at law or in equity to collect, enforce or satisfy any obligations under this Lease, which rights and remedies are cumulative, may be exercised from time to time, and are in addition to any rights and remedies available to the Lessor under this Lease. Upon thirty (30) calendar days' prior written notice to the Lessee, which the Lessee hereby acknowledges to be sufficient, commercially reasonable and proper, the Lessor may sell, lease or otherwise dispose of any or all

IN WITNESS WHEREOF, the Lessor and the Lessee have executed this Lease as of the effective date first above written.

EXECUTIVE EDUCATION ACADEMY  
CHARTER FOUNDATION,  
as Lessor

By: \_\_\_\_\_  
Name:  
Title: President

EXECUTIVE EDUCATION ACADEMY  
CHARTER SCHOOL  
as Lessee

By: \_\_\_\_\_  
Name:  
Title: CEO

**EXHIBIT A**

**DESCRIPTION OF THE 555 UNION LEASED PROPERTY**

**EXHIBIT B**

**DESCRIPTION OF THE 921 N. BRADFORD LEASED PROPERTY**

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B-1

**EXHIBIT C**

**BASE RENT PAYMENT SCHEDULE**

[See attached.]

**EXHIBIT D**

**PERMITTED ENCUMBRANCES**

Those items listed in the Title Policies issued by \_\_\_\_\_ Company in connection with the Series 2024 Bonds, and:

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**MASTER TRUST INDENTURE**

by and between

**EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL FOUNDATION**

and

**ZIONS BANCORPORATION, NATIONAL ASSOCIATION,  
as Master Trustee**

Dated as of November 1, 2024

(Relating to Executive Education Academy Charter School)

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EXHIBIT A INVESTMENT REQUIREMENTS

This MASTER TRUST INDENTURE dated as of November 1, 2024 (this "Master Indenture") is by and between EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL FOUNDATION (the "Corporation" or "Obligated Group Representative"), a nonprofit corporation duly organized and validly existing under the laws of the Commonwealth of Pennsylvania, and ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as master trustee (the "Master Trustee"), a national banking association organized and existing under the laws of the United States of America.

PRELIMINARY STATEMENT

The Corporation is authorized by law, and deems it necessary and desirable, to enter into this Master Indenture for the purpose of providing for the issuance from time to time of Obligations (hereinafter defined), which Obligations are to be secured by and payable from revenues derived from operations of Executive Education Academy Charter School Inc., a Pennsylvania nonprofit organization ("Charter School"), in connection with certain lawful and proper corporate purposes of the Corporation.

All acts and things necessary to constitute this Master Indenture a valid indenture and agreement according to its terms have been done and performed, the Corporation, as the sole member of the Obligated Group (as defined herein), has duly authorized the execution and delivery of this Master Indenture, and the Corporation, in the exercise of the legal right and power vested in it, has executed this Master Indenture and proposes to make, execute, issue and deliver Obligations.

At the time Obligations are issued in accordance with the provisions of this Master Indenture and of any Supplemental Indenture creating Obligations, all acts and things necessary to authorize such Obligations and to constitute such Obligations, payable solely from the Pledged Revenues (hereinafter defined) the valid and binding legal obligations of the Corporation will have been done and performed.

NOW, THEREFORE, in order to declare the terms and conditions upon which Obligations of each series are to be authenticated, issued and delivered, and in consideration of the premises, the Corporation, intending to be legally bound, hereby covenants and agrees with the Master Trustee for the equal and proportionate benefit of the respective Holders from time to time of Obligations issued hereunder, as follows.

ARTICLE I

DEFINITION OF TERMS, CONSTRUCTION AND CERTAIN GENERAL PROVISIONS

Section 1.1 Definitions of Terms. Unless the context shall otherwise require, the words and terms used in this Master Indenture shall have the meanings specified in this Section. Except where otherwise indicated or provided, words importing persons include firms, associations and corporations, and words importing the singular number include the plural number and vice versa.

"2024 Note" has the meaning set forth in Section 4.1 hereof.

"Ancillary Obligation" means an Obligation, expressly identified as such in a Supplemental Indenture as being entered into in order to evidence or secure financial obligations of the Obligated Group payable from Pledged Revenues in an agreement that is ancillary to any direct Indebtedness, such as a reimbursement agreement, liquidity agreement, standby bond purchase agreement or similar agreement, unless and until and to the extent any such agreement constitutes a direct obligation of the Obligated Group to repay money borrowed, credit extended or the equivalent thereof (at which time such Obligation is to be deemed Indebtedness and treated hereunder as a Note).

"Architect" means an Independent architect, engineer or firm of architects or engineers which is appointed by the Obligated Group Representative for the purpose of passing on questions relating to the design and construction of any particular facility, has all licenses and certifications necessary for the performance of such services, has a favorable reputation for skill and experience in performing similar services in respect of facilities of a comparable size and nature, and is not unsatisfactory to the Master Trustee.

"Audited Financial Statements" means financial statements with respect to a Member, but solely with respect to assets, revenues and expenses related to the Charter School, prepared in accordance with generally accepted accounting principles which have been examined and reported on by a firm of Independent Public Accountants of recognized standing selected by the Obligated Group Representative. Such financial statements may be combined or consolidated financial statements, if appropriate under generally accepted accounting principles, of the Obligated Group Representative or of any consolidated or combined group of companies of which such Obligated Group Representative is a member provided that consolidating or combining schedules are included in the financial statements (or as supplemental schedules incorporated within such financial statements) so that the discrete financial results of each Member related to the operations of the Charter School may be identified.

"Base Rent" has the meaning set forth in the Lease.

"Board" means a Member's board of directors, board of trustees, board of governors or other board or group of individuals in which all of the powers of such Member for the management of corporate assets are vested.

"Business Day" means any day other than a Saturday or a Sunday or a day on which banking institutions are required or authorized by law or executive order to remain closed in the Commonwealth of Pennsylvania or the City of New York.

"Capitalized Lease" means at any time any lease which, in accordance with generally accepted accounting principles, is required to be capitalized on the balance sheet of the Members at such time.

"Charter School" means Executive Education Academy Charter School Inc., a Pennsylvania nonprofit organization.

"Consultant" means an Independent, recognized consulting firm which is appointed by the Obligated Group Representative for the purpose of passing on questions relating to the financial affairs, management or operations of the Members, has a favorable reputation for skill

and experience in performing similar services in respect of entities of a comparable size and nature. If any Consultant's report or opinion is required to be given with respect to matters partly within and partly without the expertise of any consultant, such Consultant may rely upon the report or opinion of another Consultant possessing the necessary expertise.

"Corporation" means Executive Education Academy Charter School Foundation, a Pennsylvania nonprofit corporation, its successors and assigns.

"Counsel" means an attorney at law or law firm (which may include counsel to a Member) not unsatisfactory to the Master Trustee.

"Debt Service Requirements" means for any specified period, the amounts payable or payments required to be made with respect to any Outstanding Obligations.

"EMMA" means the Electronic Municipal Market Access system providing a centralized online source for free access to municipal disclosures, market transparency data and educational materials about the municipal securities market operated by the Municipal Securities Rulemaking Board.

"Environmental Damages" means all claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability), encumbrances, liens, privileges, costs, and expenses of investigation and defense of any claim, whether or not such claim is ultimately defeated, and of any good faith settlement or judgment, of whatever kind or nature, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable, including without limitation reasonable attorneys' fees and expenses and expert consultants' fees and disbursements, any of which are incurred at any time as a result of the existence of Regulated Chemicals upon, about, beneath or migrating, or threatening to migrate, onto or from the Mortgaged Property, or the existence of a violation of Environmental Requirements pertaining to the Mortgaged Property, regardless of whether or not such Environmental Damages were caused by or within the control of the Members.

"Environmental Requirements" means all applicable federal, Commonwealth, regional or local laws, statutes, rules, regulations or ordinances, concerning public health, safety or the environment, including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§9601, et seq., the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Solid and Hazardous Waste Amendments of 1984, 42 U.S.C. §§6901, et seq., the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 U.S.C. §§1251, et seq., the Toxic Substances Control Act of 1976, 15 U.S.C. §§2601, et seq., the Emergency Planning and Community Right-To-Know Act of 1986, 42 U.S.C. §§ 11001, et seq., the Clean Air Act of 1966, as amended, 42 U.S.C. §§ 7401, et seq., the National Environmental Policy Act of 1975, 42 U.S.C. §§ 4321, the Rivers and Harbors Act of 1899, 33 U.S.C. §§ 401 et seq., the Endangered Species Act of 1973, as amended 16 U.S.C. §§ 1531, et seq., the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651, et seq., the Safe Drinking Water Act of 1974, as amended 42 U.S.C. §§ 300(f), et seq., and all rules, regulations, policies and guidance documents promulgated or published thereunder, and any Commonwealth, regional, parish or local statute, law, rule, regulation or ordinance relating to public health, safety or the environment, including, without

limitation those relating to: (a) releases, discharges, emissions or disposals to air, water, land or groundwater; (b) the withdrawal or use of groundwater; (c) the use, handling, or disposal of polychlorinated biphenyls ("PCBs"), asbestos or urea formaldehyde; (d) the transportation, treatment, storage, disposal, release or management of hazardous substances or materials (including, without limitation, petroleum, its derivatives, by-products or other hydrocarbons), and any other solid, liquid, or gaseous substances, exposure to which is prohibited, limited or regulated, or may or could pose a hazard to the health and safety of the occupants of the Mortgaged Property or any property adjacent to or surrounding the Mortgaged Property; (e) the exposure of Persons to toxic, hazardous, or other controlled, prohibited or regulated substances; and (f) any Regulated Chemical.

"Event of Default" means any event of default under this Master Indenture, as defined in Article VIII hereof.

"Fiscal Year" means a period of twelve consecutive months ending on June 30 of each year or such other 12-month period specified in writing by the Obligated Group Representative.

"Force Majeure," as it relates to the Members, means, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the Commonwealth or any of their departments, agencies or officials or any civil or military authority; including, without limitation, so called "governmental shut downs" or other actions which result in any applicable governmental entity or agency not making payments that would otherwise be made to Charter School; insurrection; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accidents to machinery, transmission pipes or canals; or any other causes not within the control of the Charter School or the Members, but specifically excluding the loss of the Charter by the Charter School due to the negligence or intentional or willful misconduct or default of Charter School.

"Government Obligations" means direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

"Guaranty" means any Obligation issued under Article III hereof by the Obligated Group, under the terms of which the Obligated Group guarantees the indebtedness of a person other than the Obligated Group, which Obligation is secured by either (a) a first priority lien on the Pledged Revenues and the Mortgaged Property on a parity basis with the 2024 Note or (b) solely in the case of additional Indebtedness incurred pursuant to Section 4.2(c), only the Tenant Revenues.

"Hedging Obligation" means an Obligation expressly identified as such in a Supplemental Indenture delivered to the Master Trustee as being entered into in connection with a Qualified Derivative, which Obligation secures the scheduled periodic payments and termination payments due under a Qualified Derivative as stated in such Hedging Obligation.

"Holder" means, as the context requires, any Noteholder or any Person to whom a Guaranty, a Hedging Obligation or an Ancillary Obligation is issued, and the holder of any other Obligation issued hereunder and includes successors or assigns.

"Indebtedness" means, without duplication, the following but in each case only so long as such indebtedness, obligation, or liability is secured by or payable from the Pledged Revenues:

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exercised by one person over another directly, indirectly through control over a third party, or jointly with one or more controlled third parties.

"Independent Public Accountant" means an Independent, nationally recognized accounting firm which is appointed by the Obligated Group Representative for the purpose of examining and reporting on or passing on questions relating to the financial statements of the any Member, has all certifications necessary for the performance of such services, has a favorable reputation for skill and experience in performing similar services in respect of entities of a comparable size and nature.

"Insurance Consultant" means an Independent firm of insurance agents, brokers or consultants which is appointed by the Obligated Group Representative for the purpose of reviewing and recommending insurance coverages for the facilities and operations of the Obligated Group, has a favorable reputation for skill and experience in performing such services in respect of facilities and operations of a comparable size and nature.

"Investment Securities" means and include the following:

(a) Government Obligations;

(b) Obligations of any state or political subdivision thereof or any agency or instrumentality of such a state or political subdivision, provided that (i) cash, Government Obligations or a combination thereof have been irrevocably pledged to and deposited into a segregated escrow account for the payment when due of the principal or redemption price of and interest on such obligations, (ii) any cash pledged and deposited as aforesaid is in such amount and any Government Obligations so pledged and deposited is payable as to principal and interest in such amounts and on such dates as may be necessary, without reinvestment, to provide for the payment when due of the principal or redemption price of an interest on such obligations, and (iii) such obligations are rated in the highest rating category assigned by Moody's if Moody's has assigned a rating to any Obligation of the Obligated Group; and by S&P, if S&P has assigned a rating to any Obligation of the Obligated Group (or, upon the discontinuance of all rating services that have assigned a rating to any Obligation of the Obligated Group, by such other nationally recognized rating service or services as may be acceptable to the Master Trustee);

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies or such other like governmental or government-sponsored agencies which may be hereafter created: Bank for Cooperatives; Federal Intermediate Credit Banks; Federal Financing Bank; Federal Home Loan-Bank System; Export-Import Bank of the United States; Farmers Home Administration; Small Business Administration; Inter-American Development Bank; International Bank for Reconstruction and Development; Federal Land Banks; Federal National Mortgage Association; the Government National Mortgage Association; or the Tennessee Valley Authority;

(d) Negotiable and non-negotiable certificates of deposit which are issued by the Master Trustee (and its affiliates), banks, trust companies or savings and loan associations and which meet the further requirements set forth in Section 6.5 hereof;

(e) Repurchase agreements for Government Obligations which (i) are entered into with the Master Trustee, banks, trust companies or dealers in government bonds which report to, trade

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(a) all indebtedness or obligations of a Member for borrowed moneys, for the payment of money to any Person other than such Member, including guaranties and any Obligations issued hereunder, whether due and payable in all events or upon the performance of work, possession of property or satisfaction of other specified conditions, or which has been incurred or assumed in connection with the acquisition of property or services by a member of the Obligated Group;

(b) all indebtedness, no matter how created, secured by property of a Member whether or not such indebtedness is assumed by such Member;

(c) the liability of a Member under any lease of real or personal property which is properly capitalized on the balance sheet of a Member in accordance with generally accepted accounting principles in the United States on the date of execution of this Master Indenture;

(d) all obligations of the Members, including any obligation to make a loan, guarantying, or in effect guarantying, directly or indirectly, in any manner whatsoever, any obligation of any Person, which obligation would constitute Indebtedness if incurred by a Member, including any Guaranty; and

(e) installment sale obligations of a Member.

Notwithstanding the foregoing, the term "Indebtedness" does not include (A) Non-Recourse Indebtedness; (B) trade payables incurred in the ordinary course of business; (C) any obligation under a line of credit, letter of credit, standby bond purchase agreement or similar liquidity or credit facility established in connection with the issuance of any Notes or Related Financing Documents to the extent that such liquidity or credit facility has not been used or drawn upon to purchase Notes or Related Financing Documents but shall include the initial and annual fees of the issuer of such facility to the extent payable by a Member; (D) any Hedging Obligation or Ancillary Obligation (except at such point in time when such Obligations evidence a direct obligation to pay, in the case of non-contingent termination payments evidenced by a Hedging Obligation, or repay money advanced or credit extended under an Ancillary Obligation); (E) indebtedness of a Member to the guarantor of Indebtedness of such Member to the extent the underlying guaranteed indebtedness is included as Indebtedness of such Member, (F) deferred revenue resulting from the prepayment of amounts due for future services; (G) current obligations payable out of current revenues, including current payments for the funding of pension plans and contributions to self-insurance programs; or (H) any other obligation which does not constitute indebtedness under generally accepted accounting principles.

"Independent" means, with respect to any Person, one which is not and does not have a partner, director, officer, member or substantial stockholder who is a member of the Board of the Member or "Affiliate" (as defined below), or an officer or employee of a Member or Affiliate; provided that the fact that a Person is retained regularly by or transacts business with a Member or Affiliate shall not, in and of itself, cause such Person to be deemed an employee of a Member or Affiliate for the purposes hereof. For the purposes of the foregoing, a Person shall be deemed to be an "Affiliate" if it controls or is controlled by a Member or if both are controlled by the same third party, as set forth below: (a) one Person shall be deemed to control another if it owns more than 50% of the outstanding voting stock of or other equity interests in the other, or it has the power to elect more than 50% of the governing body of the other; and (b) such control may be

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with and are recognized as primary dealers by a Federal Reserve Bank, and (ii) meet the further requirements of Section 6.5 hereof;

(f) Investment agreements with banks, trust companies (including the Master Trustee (and its affiliates) or trustee under any Related Financing Documents) or dealers in government bonds which report to, trade with and are recognized as primary dealers by a Federal Reserve Bank, and meet the further requirements of Section 6.5 hereof;

(g) Commercial paper rated in the highest rating category by Moody's if Moody's has assigned a rating to any Obligation of the Obligated Group; and by S&P, if S&P has assigned a rating to any Obligation of an Obligation Issuer (or, upon the discontinuance of all rating services that have assigned a rating to any Obligation of the Obligated Group, by such other nationally recognized rating service or services as may be acceptable to the Master Trustee);

(h) Obligations of any state or political subdivision thereof or any agency or instrumentality of such a state or political subdivision, provided that such obligations are rated in one of the three highest rating categories assigned by such rating service by Moody's to obligations of the same type if Moody's has assigned a rating to any Obligation of the Obligated Group; and by S&P, if S&P has assigned a rating to any Obligation of an Obligation Issuer (or, upon the discontinuance of all rating services that have assigned a rating to any Obligation of the Obligated Group, by such other nationally recognized rating service or services as may be acceptable to the Master Trustee); and

(i) investments in a money market fund, which may be funds of the Master Trustee or its affiliates, rated in one of the two highest rating categories for this type of investment by any rating agency, including the First American Money Market Mutual Funds or any other mutual fund for which the Master Trustee or an affiliate of the Master Trustee serves as investment manager, administrator, shareholder, servicing agent and/or custodian or subcustodian; notwithstanding that (i) the Master Trustee or an affiliate of the Master Trustee receives fees from such funds for services rendered, (ii) the Master Trustee charges and collects fees for services rendered pursuant to this Master Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Master Indenture may at times duplicate those provided to such funds by the Master Trustee or its affiliates.

"Lease" means the Lease Agreement dated as of November 1, 2024, between the Corporation, as lessor, and the Charter School, as lessee, for the Leased Property.

"Leased Property" means the real property known as 413 Union Boulevard, 555 Union Boulevard and 921 N. Bradford Street in Allentown, Pennsylvania 18109.

"Long Term Indebtedness" means all Indebtedness other than Short Term Indebtedness.

"Master Indenture" means this Master Trust Indenture, as it may be supplemented or amended from time to time.

"Master Trustee" means Zions Bancorporation, National Association, acting as master trustee hereunder, and all successors and assigns.

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“Member” means the Corporation, together with each other Person that is obligated hereunder to the extent and in accordance with the provisions of Section 7.10 hereof.

“Moody’s” means Moody’s Investors Services, Inc., and its successors and assigns.

“Mortgage” means, the Open-End Mortgage, Assignment of Leases, Security Agreement and Fixture Filing, effective as of the date hereof, by which the Corporation has granted to the Master Trustee a lien on and security interest in the Leased Property and an assignment of the Corporation’s rights under the Leases (as defined in the Mortgage) as security for the Obligations issued under this Master Indenture, as it may be amended, restored, supplemented or otherwise modified from time to time. The properties initially covered by the Mortgage include 413 Union Boulevard Street, 555 Union Boulevard and 921 N. Bradford Street, all in Allentown, PA 18109.

“Mortgaged Property” means the real and personal property, including, among other things, the Leased Property.

“Non-Recourse Indebtedness” means indebtedness which is not a general obligation of a Member, and which is either (a) secured by a purchase money mortgage, pledge or lien on property of a Member other than the Mortgaged Property or the Pledged Revenues, and not payable directly or indirectly from Pledged Revenues, or (b) secured by and payable from revenues and property other than the Mortgaged Property or the Pledged Revenues.

“Note” means any note issued hereunder by the Obligated Group Representative to evidence Indebtedness incurred pursuant to the terms hereof that is to be secured by either (a) a first priority lien on the Pledged Revenues and the Mortgaged Property on a parity basis with the 2024 Note or (b) solely in the case of additional Indebtedness incurred pursuant to Section 4.2(c) only the Tenant Revenues.

“Noteholder” means (a) in the case of a Note in fully registered form, the Person in whose name the Note is registered pursuant to Section 2.4 hereof and (b) in the case of a coupon Note, the bearer of the Note or the Person in whose name the Note may be registered as to principal pursuant to Section 2.4 hereof.

“Obligated Group” means all Members.

“Obligated Group Representative” means the Corporation or such other Member (or Members acting jointly) as may be designated from time to time to act as Obligated Group Representative hereunder pursuant to written notice to the Master Trustee executed by all of the Members.

“Obligations” means Notes, Guaranties, Hedging Obligations and Ancillary Obligations issued hereunder.

“Officer’s Certificate” means a certificate signed by the Chairperson, Vice Chairperson, President or any Vice President of a Member.

“Outstanding” means, when used with reference to Indebtedness, as of any date of determination, all Indebtedness theretofore issued or incurred and not paid and discharged or

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not yet expired (but only so long as no person in favor of whom such judgment was rendered has taken any action to enforce the lien resulting from such judgment);

(f) liens on property received through gifts, grants or bequests, such liens being due to restrictions imposed by the donor, grantor or testator on such gifts, grants or bequests of property or the income therefrom or such liens having been in existence at the time of such gift, grant or bequest;

(g) liens on the Pledged Revenues granted pursuant to this Master Indenture;

(h) deposits or pledges to secure workers’ compensation, unemployment insurance, old age benefits or other social security obligations;

(i) liens arising by reason of deposits or pledges in connection with leases of real estate, bids, contracts (other than contracts for the payment of money), tenders or letters of credit or to secure statutory obligations or surety or performance bonds or other pledges of like nature and all in the ordinary course of business;

(j) rights and duties, and liens and encumbrances, created under or pursuant to Related Financing Documents, including liens on monies in any depreciation reserve fund or debt security reserve fund established in connection with the issuance of any Notes or Related Financing Documents;

(k) liens on property of a Member in existence at the time of any merger or consolidation by a corporation into a Member, which liens secure indebtedness which was outstanding at such time;

(l) leases which relate to property which is of the type that is customarily the subject of leases, other leases existing as of the date of the Master Indenture, and any renewals and extensions thereof;

(m) any lien in the nature of a banker’s lien or right of set-off with respect to any debt owing to or any funds held in any manner for the account of a Member by a bank, savings and loan association, trust company or similar financial institution;

(n) any lien on any property of a Member, other than the Pledged Revenues, if after giving effect to such lien, no more than 5% of the total book value (determined in accordance with generally accepted accounting principles as aforesaid) of the tangible assets of a Member would be encumbered by liens which qualify as Permitted Encumbrances solely by application of this clause (n);

(o) mortgages, security interests and liens which secure all the Notes and Guarantees equally and ratably with any other Indebtedness secured thereby;

(p) liens on Pledged Revenues to secure regularly scheduled periodic payments and/or termination payments on Qualified Derivatives, which lien may be on a parity basis with the lien granted to secure Obligations under this Master Indenture;

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deemed to be paid and discharged in accordance with the terms of the instrument or instruments creating or evidencing such Indebtedness. When used with reference to Obligations Outstanding means, as of any particular time, all Obligations which have been duly authenticated and delivered by the Master Trustee under the terms of this Master Indenture, except:

(i) Notes as to which all required payments of principal, premium and interest have been fully paid or have been duly provided for pursuant to Article XI hereof;

(ii) Notes surrendered to and required to be cancelled by the Master Trustee or otherwise replaced, as provided in Article II hereof;

(iii) Guaranties issued hereunder for which the Master Trustee has received from the Holder thereof a written release of all claims thereunder against the signer;

(iv) Hedging Obligations issued hereunder for which the Master Trustee has received evidence from the Holder thereof that the related Qualified Derivative has terminated and all amounts payable thereunder have been paid; and

(v) Ancillary Obligations issued hereunder for which the Master Trustee has received evidence from the Holder thereof that all obligations under the Related Financing Documents have been satisfied;

provided, however, that if two or more obligations represent the same underlying Indebtedness as specified in such obligations (as when an obligation secures an issue of bonds and another obligation secures repayment obligations to a bank under a letter of credit which secures such bonds) for purposes of the various financial covenants contained herein, but only for such purposes, only one of such obligations shall be deemed Outstanding.

“Permitted Encumbrances” means

(a) liens for taxes, assessments and other governmental charges not delinquent or which can be paid without penalty;

(b) unfiled inchoate mechanic’s and materialmen’s liens or construction work in progress;

(c) workmen’s, repairmen’s, warehousemen’s, landlord’s and carriers’ liens and other similar liens, if any, arising in the ordinary course of business;

(d) easements, restrictions, mineral, oil, gas and mining rights and reservations, zoning laws and defects in title, if they do not individually or in the aggregate materially impair the use of the real and personal property of a Member or materially detract from the value thereof to such Member;

(e) any lien (including those referred to above) for the satisfaction and discharge of which a sufficient sum of money is on deposit with a fiduciary or trustee and pledged to the satisfaction of such lien or resulting from the entry of a judgment which is the subject of perfected appeal proceedings or as to which the time within which an appeal therefrom may be perfected has

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(q) liens on Pledged Revenues to secure termination amounts due with respect to Qualified Derivatives; provided, however, that such liens shall be subordinate to the lien granted to secure Obligations issued hereunder;

(r) liens on property granted in connection with the incurrence of Non-Recourse Indebtedness, which property shall be limited solely to the property financed with such Non-Recourse Indebtedness;

(s) liens on Pledged Revenues that is subordinate to the lien granted to secure Obligations issued hereunder to secure Subordinated Indebtedness;

(t) the Mortgage;

(u) the lien of this Master Indenture; and

(v) liens existing on the date hereof including any items on the title policy delivered under the Loan Agreement.

“Person” means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, any unincorporated organization, a governmental body or a political subdivision, a municipality, a municipal authority or any other group or organization of individuals.

“Pledged Revenues” means Tenant Revenues and all payments received or receivable by a Member under the Lease, any and all revenues, rentals, fees, third-party payments, receipts, unrestricted donations, unrestricted contributions or other income of the Members derived from or related to the Mortgaged Property subject to Permitted Encumbrances), all as calculated in accordance with generally accepted accounting principles, including, without limitation, proceeds derived from insurance, condemnation proceeds, accounts, contract rights and other rights and assets, whether now or hereafter owned, held or possessed by the Obligated Group. Notwithstanding anything herein to the contrary, gains or losses resulting from changes in accounting principles not involving the receipt or the expenditure of cash, including, among others, gains or losses resulting from the implementation of GASB 68, are to be excluded from Pledged Revenues for all purposes hereof.

“Principal Office” means the principal corporate trust office of the Master Trustee in Cleveland, Ohio or such other office at which at any particular time its corporate trust business shall be administered; provided, however, that with respect to payments on the Obligations and any exchange, transfer, or other surrender of the Obligations, the Master Trustee’s Principal Office shall mean the corporate trust operations office of the Master Trustee in St. Paul, Minnesota or such other office or location designated by the Master Trustee by written notice.

“Qualified Derivative” means an interest rate swap, cap, collar, floor, forward option, or other hedging agreement, arrangement or security, however denominated, entered into with a Qualified Provider with respect to Indebtedness incurred by a Member.

“Qualified Financial Institution” means (a) a bank, trust company, national banking association or a corporation subject to registration with the Board of Governors of the Federal

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Reserve System under the Bank Holding Company Act of 1956, or a member of the National Association of Securities Dealers, Inc., whose unsecured obligations or uncollateralized long term debt obligations have been assigned a rating within the three highest rating categories by Moody's if Moody's has assigned a rating to any Obligation of the Obligated Group; and by S&P, if S&P has assigned a rating to any Obligation of an Obligation Issuer (or, upon the discontinuance of all rating services that have assigned a rating to any Obligation of the Obligated Group, by such other nationally recognized rating service or services as may be acceptable to the Master Trustee); or which has issued a letter of credit, contract, agreement or surety bond in support of debt obligations which have been so rated; or (b) an insurance company with a claims paying ability rated in one of the three highest rating categories by Moody's if Moody's has assigned a rating to any Obligation of the Obligated Group; and by S&P, if S&P has assigned a rating to any Obligation of the Obligated Group (or, upon the discontinuance of all rating services that have assigned a rating to any Obligation of the Obligated Group, by such other nationally recognized rating service or services); and an A.M. Best's rating of A+ or whose unsecured obligations or uncollateralized long term debt obligations have been assigned a rating within the three highest rating categories by Moody's if Moody's has assigned a rating to any Obligation of the Obligated Group; and by S&P, if S&P has assigned a rating to any Obligation of the Obligated Group (or, upon the discontinuance of all rating services that have assigned a rating to any Obligation of the Obligated Group, by such other nationally recognized rating service or services).

**"Qualified Provider"** means a financial institution which is a party to a Qualified Derivative and whose long term credit rating (or the long term credit rating of any guarantor thereof) is in one of the three highest rating categories (ignoring gradations within each category) of any rating agency (as of the date of execution of this Master Indenture: Moody's - above Baa; S&P - above BBB+; Fitch - above BBB+).

**"Regulated Chemical"** means any substance, the presence of which requires investigation, permitting, control or remediation under any federal, Commonwealth or local statute, regulation, ordinance or order, including without limitation: (a) any substance defined as "hazardous waste" under the Resource Conservation and Recovery Act, as amended (42 U.S.C. §§ 6901 et seq.); (b) any substance defined as a "hazardous substance" under the Comprehensive Environmental Response, Compensation and Liability Act, as amended (42 U.S.C. §§ 9601 et seq.); (c) any substance defined as a "hazardous material" under the Hazardous Materials Transportation Act (49 U.S.C. §§ 1800 et seq.); (d) any substance defined under any Pennsylvania statute analogous to (a), (b) or (c), to the extent that said statute defines any term more expansively; (e) asbestos; (f) urea formaldehyde; (g) polychlorinated biphenyls; (h) petroleum, or any distillate or fraction thereof; (i) any hazardous or toxic substance designated pursuant to the laws of the Commonwealth; and (j) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority.

**"Related Bond Indenture"** means any indenture, trust agreement, bond resolution, loan agreement or other comparable instrument pursuant to which a series of Related Bonds are issued.

**"Related Bond Issuer"** means a governmental issuer of any Related Bonds and any financial institution or other Person serving as lender of proceeds of any Related Bonds pursuant to a Related Bond Indenture or Related Loan Agreement.

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any Related Financing Documents and all other obligations of the Obligated Group hereunder so that in the event that any Subordinated Indebtedness is declared or otherwise becomes due and payable because of the occurrence of an event of default with respect thereto, (a) the Holders shall be entitled to receive payment in full of such principal, premium and interest on the Notes before the holders of the Subordinated Indebtedness shall be entitled to receive any payment on account of such Subordinated Indebtedness as a result of such event of default, (b) no holder of Subordinated Indebtedness, or any trustee acting on such holder's behalf, shall be entitled to exercise any control over proceedings to enforce the terms and conditions of this Master Indenture without the prior written consent of the Master Trustee and all Holders and (c) the other terms and conditions of such subordination are satisfactory to the Master Trustee in its discretion.

**"Supplemental Indenture"** means an indenture supplemental to, and authorized and executed pursuant terms of, this Master Indenture for the purpose of creating one or more series of Notes or a particular Guaranty issued hereunder.

**"Tenant Revenues"** means all rental payments received or receivable by a Member under any lease of the Mortgaged Property except the Lease.

Section 1.2 **Construction of References.** References by number in this Master Indenture to any Article or Section shall be construed as referring to the Articles and Sections contained in this Master Indenture, unless otherwise stated. The words "hereby," "herein," "hereof," "hereto," and "hereunder" and any compounds thereof shall be construed as referring to this Master Indenture generally and not merely to the particular Article, Section or subdivision in which they occur, unless otherwise required by the context.

Section 1.3 **Severability Clause.** If any provision of this Master Indenture shall be held or be deemed to be, or shall in fact be, inoperative or unenforceable as applied to any particular case in any jurisdiction or jurisdictions, or in all jurisdictions or in all cases, because any provision conflicts with any constitution or statute or rule of public policy or for any other reason, such circumstance shall not have the effect of rendering the provision or provisions in question inoperative or unenforceable in any other jurisdiction or in any other case or circumstance or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable.

Section 1.4 **Accounting Principles.** Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes of this Master Indenture or any agreement, document or certificate executed and delivered in connection with or pursuant to this Master Indenture, such determination or computation shall be done in accordance with generally accepted accounting principles at the time in effect in the United States, to the extent applicable, consistently applied except where such principles are inconsistent with the requirements of this Master Indenture or such agreement, document or certificate.

**"Related Bond Resolution"** shall mean any bond resolution, indenture or other comparable instrument pursuant to which a series of Related Bonds are issued.

**"Related Bonds"** shall mean means the revenue bonds or other obligations issued by any Related Bond Issuer pursuant to a Related Bond Indenture or obligations incurred by an Obligated Issuer pursuant to a Related Loan Agreement, the proceeds of which are loaned or otherwise made available to an Obligated Issuer in consideration of the execution, authentication and delivery of an Obligation or Obligations to or for the order of such Related Bond Issuer.

**"Related Financing Documents"** means: (a) in the case of any Note, (i) all documents pursuant to which the proceeds of the Note are made available to a Member, the payment obligations evidenced by the Note are created and any security for the Note (if permitted hereunder) is granted, and (ii) all documents creating any additional payment or other obligations on the part of a Member which are executed in favor of the Noteholder in consideration of the Note proceeds being loaned or otherwise made available to a Member or, if a permanent loan commitment or credit enhancement has been issued or obtained in support of a Member's obligations under the Note, executed in favor of the issuer thereof in consideration of such issuance; (b) in the case of any Guaranty, all documents creating the indebtedness being guaranteed pursuant to the Guaranty and providing for the loan or other disposition of the proceeds of the indebtedness and all documents pursuant to which any security for the Guaranty (if permitted hereunder) is granted; (c) in the case of any indebtedness other than Notes or Guaranties, but including Hedging Obligations and Ancillary Obligations, all documents relating thereto which are of the same nature and for the same purpose as the documents described in clauses (a) and (b) above.

**"Related Loan Agreement"** means any loan agreement, financing agreement or other comparable instrument pursuant to which a Member incurs Indebtedness.

**"Required Payments"** has the meaning set forth in Section 2.6 hereof.

**"Revenue Fund"** means the Revenue Fund established pursuant to Section 6.2 hereof.

**"S&P"** means S&P Global Ratings, a division of S&P Global, Inc., and its successors and its assigns.

**"School District Payments"** means all payments received by the Charter School from the School District (as defined in the Lease).

**"Short Term Indebtedness"** means as of the date of determination thereof, all Indebtedness maturing on demand or within one year after the date as of which such determination is made (excluding the current portion of any Long Term Indebtedness and excluding any Indebtedness renewable or extendable at the option of the debtor absolutely or conditionally for a period or periods ending more than one year after the date of such determination, whether or not theretofore extended or renewed).

**"Subordinated Indebtedness"** means any Indebtedness of a Member secured by the Pledged Revenues that is expressly made subordinate and junior in right of payment to the payment of principal, premium, if any, and interest due and to become due with respect to the Notes and

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## ARTICLE II

### THE NOTES

Section 2.1 **Issuance of Notes, Form and Term Thereof.** Subject to the further conditions specified in Article IV hereof, the Obligated Group will be permitted to issue one or more series of Notes hereunder. The Notes of each series will be issued in substantially such form as may be approved by the Obligated Group Representative and set forth in the Supplemental Indenture providing for the issuance thereof. At the option of the Obligated Group Representative, the Notes of any particular series may be issued in coupon form (registrable as to principal only) or in fully registered form without coupons and, subject to the applicable provisions hereof, such Notes shall be issued upon and contain such additional terms as the Members determine, including, without limitation thereto, the following: (a) the aggregate principal amount of such Notes; (b) the authorized denominations of such Notes; (c) the date of such Notes; (d) the maturity date or dates of such Notes and the principal amount of Notes within each maturity; (e) the redemption provisions for such Notes; and (f) the rate or rates of interest on such Notes or the method of calculating such rate or rates of interest and the dates on which such interest is required to be paid. All such terms shall be set forth in the Supplemental Indenture providing for the issuance of the Notes in question.

Section 2.2 **Execution.** Each Note must be executed by the President or Vice President of the Board of the Obligated Group Representative and attested by its Secretary or Assistant Secretary and any coupons attached thereto will be executed by the Treasurer or Assistant Treasurer of the Obligated Group Representative. If permitted by applicable law, electronic signatures or facsimiles of the above-required signature may be imprinted on Notes and coupons issued hereunder. If permitted or required by the Articles of Incorporation, by-laws, code of regulations or corporate resolutions of the Obligated Group Representative, the signatures (which may be electronic or facsimiles) of other authorized officers may be substituted for the signatures of the officers specified above. The validity of any Note so executed shall not be affected by the fact that one or more of the officers whose signature appears on such Note have ceased to hold office at the time of authentication or delivery to the Holder or at any time thereafter.

Section 2.3 **Authentication.** No Note shall be valid for any purpose hereunder until the certificate of authentication printed thereon is duly executed by the manual signature of an authorized officer of the Master Trustee. Such authentication shall be proof that the Holder is entitled to the benefit of the trust hereby created.

### Section 2.4 Registration, Transfer and Exchange.

(a) The Note registration books of the Obligated Group shall be maintained at the Principal Office of the Master Trustee. Such books shall contain (i) the names and addresses of all Holders of Notes in fully registered form, all Holders of Notes in coupon form which are registered as to principal (other than to bearer) and all other Holders of Notes who have filed their names and addresses with the Master Trustee for the purpose of receiving notices, and (ii) any other information which may be necessary for the proper discharge of the Master Trustee's duties hereunder as trustee, registrar, paying agent and transfer agent in respect of such Notes.

(b) The Notes of any series (and the coupons, if any, appertaining thereto) may be transferred or exchanged in the manner specified in the Supplemental Indenture providing for the issuance thereof. No transfer or exchange made in any other manner shall be valid for any purpose hereunder. Unless otherwise specified in the Supplemental Indenture providing for the issuance of the Notes to be transferred or exchanged, the Members shall pay all costs relating to such transfer or exchange, except for taxes or governmental charges related thereto, which shall be paid by the Holder requesting the transfer or exchange.

#### Section 2.5 Mutilated, Destroyed, Lost or Stolen Notes

(a) If any Note is mutilated, lost, stolen or destroyed, the Holder thereof shall be entitled to the issuance of a substitute Note, only as follows:

(i) in all cases, the Noteholder shall provide indemnity satisfactory to the Master Trustee against any and all claims arising out of or otherwise related to the issuance of substitute Notes pursuant to this Section;

(ii) in the case of a mutilated Note or coupon, the Noteholder shall surrender the Note to the Master Trustee for cancellation; and

(iii) in the case of a lost, stolen or destroyed Note or coupon, the Noteholder shall surrender the Note or coupons (whichever have not been lost, stolen or destroyed) provide evidence, satisfactory to the Obligated Group Representative and the Master Trustee, of the ownership of the affected Note or coupon and the loss, theft or destruction thereof.

Upon compliance with the foregoing, a new Note of like tenor and denomination, with unmaturing coupons attached, if appropriate, executed by the Obligated Group Representative, shall be authenticated by the Master Trustee and delivered to the Noteholder, all at the expense of the Noteholder to whom the substitute Note is delivered. Notwithstanding the foregoing, the Master Trustee shall not be required to authenticate and deliver any substitute for a Note which has been called for redemption or which has matured or is about to mature and, in any such case, the principal or redemption price then due or becoming due shall be paid by the Master Trustee in accordance with the terms of the mutilated, lost, stolen or destroyed Note without substitution therefor, provided the Master Trustee is indemnified to its satisfaction.

(b) Every substituted Note and coupon issued pursuant to this Section 2.5 shall constitute an additional contractual obligation of the Obligated Group, whether or not the Note or coupon alleged to have been destroyed, lost or stolen shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Master Indenture equally and proportionately with any and all other Notes and coupons duly issued hereunder.

(c) All Notes and coupons shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes and coupons, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the

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Subject to the provisions below with respect to the limitation on the amount payable by the Obligated Group, the obligation of each Member to make Required Payments is a continuing one and is to remain in effect until all Required Payments have been paid in full in accordance with Article XI hereof. All moneys from time to time received by the Obligated Group Representative or the Master Trustee to reduce liability on Obligations, whether from or on account of the Members or otherwise, shall be regarded as payments in gross without any right on the part of any one or more of the Members to claim the benefit of any moneys so received until the whole of the amounts owing on Obligations has been paid or satisfied and so that in the event of any such Member filing bankruptcy, the Obligated Group Representative or the Master Trustee shall be entitled to prove up the total indebtedness or other liability on Obligations Outstanding as to which the liability of such Member has become fixed.

Each such Obligation shall be a primary obligation and shall not be treated as ancillary to collateral with any other obligation and shall be independent of any other security so that the covenants and agreements of each Member hereunder shall be enforceable without first having recourse to any such security or source of payment and without first taking any steps or proceedings against any other Person. The Obligated Group Representative and the Master Trustee are each empowered to enforce each covenant and agreement, as hereinbefore provided, and to enforce the making of Required Payments. Each Member hereby authorizes the Obligated Group Representative and the Master Trustee to enforce or refrain from enforcing any covenant and agreement of the Members hereunder and to make any arrangement or compromise with any particular Member or Members as the Obligated Group Representative or the Master Trustee may deem appropriate, consistent with this Master Indenture and any Supplemental Indenture. Each Member hereby waives in favor of the Obligated Group Representative and the Master Trustee all rights against the Obligated Group Representative, the Master Trustee and any other Member, insofar as is necessary to give effect to any of the provisions of this Section.

(c) Notwithstanding anything in this Master Indenture to the contrary, the Obligated Group's obligation to make any payment when due under this Master Indenture is limited solely to the Pledged Revenues. No other revenues or property of the Obligated Group (other than the Mortgaged Property) are pledged by the Obligated Group to secure payment of Required Payments or the Obligations issued under this Master Indenture. The Master Trustee hereby covenants that it shall not take recourse against any of the Members with respect to the failure by the Members to make any Required Payments except recourse to the Mortgaged Property, the Pledged Revenues and the amounts held in the funds and accounts created under the Related Financing Documents (except any costs of issuance fund or rebate fund) or hereunder, or to such other security as may from time to time be given for the payment of obligations arising out of this Master Indenture or any Supplemental Indenture.

Section 2.7 Temporary Notes. Pending preparation of definitive Notes of any series, or by agreement with the purchasers of all Notes of any series, temporary printed or typewritten Notes may be issued, authenticated and delivered in lieu of definitive Notes. At the written request of the Obligated Group Representative, the Master Trustee shall authenticate definitive Notes in exchange for and upon surrender of an equal principal amount of temporary Notes. Until so exchanged, temporary Notes shall have the same rights, remedies and security hereunder as definitive Notes.

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replacement or payment of negotiable instruments, investments or other securities without their surrender.

Section 2.6 Payments of Principal, Redemption Price and Interest; Persons Entitled Thereto; Limited Obligation of Obligated Group. Except as otherwise provided below with respect to the limitation on the amount payable by the Obligated Group and as otherwise provided in any Supplemental Indenture executed in connection with the addition of a new Member to the Obligated Group, each Member jointly and severally covenants and agrees (a) to pay or cause to be paid promptly all payments, when due, whether at maturity by acceleration, upon proceeding for redemption, or otherwise, required to be made by any Member under this Master Indenture, any Supplemental Indenture, or any Obligation (the "Required Payments"), at the place, on the dates and in the manner provided herein, in any Supplemental Indenture and in said Obligations and (b) to faithfully observe and perform all of the conditions, covenants and requirements of this Master Indenture, any Supplemental Indenture and any Obligation. Each Member acknowledges and agrees that the time of such payment and performance is of the essence of the obligations hereunder. Unless otherwise provided in the Supplemental Indenture relating thereto:

(a) The principal or redemption price of each Note shall be payable upon surrender thereof at the Principal Office of the Master Trustee. Such payments shall be made to the Holder of the Note so surrendered, as shown on the registration books kept by the Master Trustee on the date of payment.

(b) The interest due on any Note in coupon form shall be payable upon surrender of the appropriate coupons at the Principal Office of the Master Trustee. The interest due on any Note in fully registered form shall be payable by check or draft mailed to the Holder thereof, subject to such provisions concerning record dates as may be contained in such Note and in the Supplemental Indenture providing for the issuance thereof.

The obligation of each Member with respect to Required Payments shall not be abrogated, prejudiced or affected by:

(i) the granting of any extension, waiver or other concession given to any Member by the Master Trustee or any Holder or by any compromise, release, abandonment, variation, relinquishment or renewal of any of the rights of the Master Trustee or any Holder or anything done or omitted or neglected to be done by the Master Trustee or any Holder in exercise of the authority, power and discretion vested in them by this Master Indenture, or by any other dealing or thing which, but for this provision, might operate to abrogate, prejudice or affect such obligation;

(ii) the liability of any other Member under this Master Indenture ceasing for any cause whatsoever, including the release of such other Member pursuant to the provisions of this Master Indenture or any Related Supplement from membership in the Obligated Group; or

(iii) any Member failing to become liable as, or losing eligibility to become, a Member with respect to an Obligation.

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Section 2.8 Cancellation and Destruction of Surrendered Notes. The Master Trustee shall cancel and destroy (a) all Notes surrendered for transfer or exchange, for payment at maturity or for redemption (unless the surrendered Note is to be partially redeemed and, if permitted under the terms of the Note, the Master Trustee elects to return the Note, certified as to the redemption, to the Holder thereof), and (b) all Notes purchased by a Member and surrendered to the Master Trustee for cancellation. The Master Trustee shall destroy the Notes in accordance with the customary practices of the Master Trustee and applicable record retention requirements.

Section 2.9 Acts of Noteholders; Evidence of Ownership. Any action to be taken by Noteholders may be evidenced by one or more concurrent written instruments of similar tenor signed or executed by such Noteholders in person or by agent appointed in writing. The fact and date of the execution by any Person of any such instrument may be proved by acknowledgment before a notary public or other person empowered to take acknowledgements or by an affidavit of a witness to such execution. Any action by the Holder of any Note shall bind all future Holders of the same Note in respect of anything done or suffered by the Obligated Group Representative or the Master Trustee in pursuance thereof.

Section 2.10 Appointment of Obligated Group Representative. Each Member, by becoming a Member, irrevocably appoints the Obligated Group Representative as its agent and true and lawful attorney in fact and grants to the Obligated Group Representative full power to execute a Supplemental Indenture authorizing the issuance of Obligations or series of Obligations and to execute and deliver Obligations and documents related thereto.

### ARTICLE III

#### GUARANTIES, HEDGING OBLIGATIONS AND ANCILLARY OBLIGATIONS

Section 3.1 Issuance of Guaranties, Hedging Obligations and Ancillary Obligations. Subject to the further conditions specified in Article IV hereof, the Obligated Group will be permitted to issue one or more Guaranties, Hedging Obligations or Ancillary Obligations hereunder. Any such Guaranty, Hedging Obligation or Ancillary Obligation is to be issued in such form and will be issued upon and contain such terms as the Obligated Group determines and as is permitted or required by the applicable provisions hereof, and as is set forth in the Supplemental Indenture providing for the issuance thereof. As a condition to each issuance of a Guaranty, a Hedging Obligation or an Ancillary Obligation, the Master Trustee is to receive an opinion of Counsel (dated as of the date of issue) that such Guaranty, Hedging Obligation or Ancillary Obligation has been duly authorized by the Issuer thereof and that all requirements for the issuance of such Guaranty, Hedging Obligation or Ancillary Obligation hereunder have been satisfied.

#### Section 3.2 Execution and Authentication

(a) Each Guaranty, Hedging Obligation or Ancillary Obligation is to be executed by the Chairperson or Vice Chairperson of the Board of the Obligated Group Representative and attested by its Secretary or Assistant Secretary. If permitted or required by the Articles of Incorporation, by-laws, code of regulations or corporate resolutions of the Obligated Group Representative, the signatures of other authorized officers may be substituted for the foregoing.

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(b) No Guaranty, Hedging Obligation or Ancillary Obligation will be valid for any purpose hereunder until authenticated by an authorized officer of the Master Trustee as having been issued in accordance with the terms and conditions specified herein.

Section 3.3 **Registration, Transfers and Exchanges.**

(a) The registration books with respect to this Master Indenture are to be kept at the Principal Office of the Master Trustee and must contain the names and addresses of all Holders of Guaranties, Hedging Obligations and Ancillary Obligations issued hereunder and any other information which may be necessary for the proper discharge of the Master Trustee's duties hereunder as trustee, registrar, paying agent and transfer agent in respect of such Obligations.

(b) Guaranties, Hedging Obligations and Ancillary Obligations may be transferred or exchanged as follows:

(i) Each Guaranty is to be issued in the name of the holder or holders of the indebtedness being guaranteed or the trustee or other agent acting on behalf of such holder or holders and is to be transferable for the purpose of reflecting a change in the identity of the holder or holders of the indebtedness being guaranteed or the identity of the trustee or other agent acting on behalf of such holder or holders.

(ii) Each Hedging Obligation is to be issued in the name of the counterparty to the Qualified Derivative or the trustee or other agent acting on behalf of such counterparty and is to be transferable for the purpose of reflecting a change in the identity of the counterparty to the Qualified Derivative or the identity of the trustee or other agent acting on behalf of such counterparty.

(iii) Each Ancillary Obligation is to be issued in the name of the counterparty to the reimbursement agreement, liquidity agreement, standby bond purchase agreement or similar agreement entered into in order to evidence or secure financial obligations of a Member in an agreement that is ancillary to any direct Indebtedness, or the trustee or other agent acting on behalf of such counterparty and is to be transferable for the purpose of reflecting a change in the identity of the counterparty or the identity of the trustee or other agent acting on behalf of such counterparty.

(iv) Guaranties, Hedging Obligations and Ancillary Obligations may be issued as either (A) a single instrument in favor of a single Holder in a principal amount equal to the entire indebtedness (or portion thereof) being guaranteed or notional amount of the Qualified Derivative, as applicable, or (B) two or more instruments in favor of an equivalent number of Holders, each in a principal amount equal to the participation of the Holder in the indebtedness (or portion thereof) being guaranteed or participation in the notional amount of the Qualified Derivative, as applicable. If portions of the indebtedness being guaranteed are transferred, any one or more Guaranties covering the affected portions of the indebtedness may be exchanged for one or more replacement Guaranties in an equal aggregate principal amount, if necessary to appropriately reflect the participations of the Holders in the indebtedness (or portion thereof being guaranteed). Similarly, if a Qualified Derivative is assigned in whole or in part to another counterparty, any one or more Hedging

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Ancillary Obligations may be issued pursuant to this Master Indenture to any Person in order to evidence or secure financial obligations of a Member in an agreement that is ancillary to any direct Indebtedness.

Any Hedging Obligation or Ancillary Obligation which is authenticated as an Obligation hereunder will be equally and ratably secured hereunder with all other Obligations issued hereunder, except as otherwise expressly provided herein or therein; provided, however, that any such Hedging Obligation or Ancillary Obligation will be deemed to be Outstanding hereunder solely for the purpose of receiving payment hereunder and shall not be entitled to exercise any rights hereunder, including but not limited to any rights to direct the exercise of remedies, to vote or to grant consents. Except as otherwise expressly provided herein or in the Supplemental Indenture under which an Obligation is issued, all Obligations will be equally and ratably secured hereunder.

ARTICLE IV

**SERIES 2024 NOTE AND ADDITIONAL INDEBTEDNESS AND QUALIFIED DERIVATIVES**

Section 4.1 **Series 2024 Note.** The Obligated Group is hereby authorized to issue a Note hereunder in such principal amount, bearing interest at such rate or rates and containing such other terms as are set forth in a Supplemental Indenture relating to such Note (such Note being referred to hereinafter as the "2024 Note"). The 2024 Note, as an Obligation issued under this Master Indenture, is to be secured by a first lien in the collateral pledged to secure Obligations under Section 6.1 hereof. The Master Trustee will authenticate and deliver such Note at the written direction of the Obligated Group Representative.

Section 4.2 **Additional Indebtedness - General Provisions.** Except for the 2024 Note issued pursuant to Section 4.1 hereof, additional Indebtedness (whether in the form of new indebtedness or the assumption of existing indebtedness or the guaranteeing of any new or existing indebtedness) may not be incurred by the Obligated Group except as follows:

(a) Additional Indebtedness may be incurred by a Member, so long as no Event of Default then exists hereunder, as (i) Indebtedness that is secured on a parity basis with the 2024 Note in the collateral pledged under Section 6.1 hereof, or (ii) Short Term Indebtedness, in each case so long as Charter School has agreed to make additional payments of Base Rents (as such term is defined in the Lease) under the Lease sufficient to pay the debt service on all Indebtedness to be Outstanding after the incurrence of such additional Indebtedness. .

(b) . A Member may incur Non-Recourse Indebtedness or Subordinated Indebtedness without limitation as to principal amount.

(c) Additional Indebtedness may be incurred by a Member, so long as no Event of Default then exists hereunder, as Indebtedness that is secured on a parity basis by the Tenant Revenues.

Section 4.3 **Issuance as Notes and Guaranties.** Any Indebtedness which is properly incurred pursuant to Section 4.2 hereof may, at the option of the Obligated Group Representative,

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Obligations in an equal aggregate principal amount, if necessary to appropriately reflect the participations of the Holders in the Qualified Derivative (or portion thereof).

Each such transfer or exchange of a Guaranty or Hedging Obligation shall be made in the manner set forth in the Supplemental Indenture relating thereto and no transfer or exchange made in any other manner shall be valid for any purpose hereunder. Unless otherwise specified in the Supplemental Indenture providing for the issuance of the Guaranty or Hedging Obligation being transferred or exchanged, the Obligated Group Representative shall pay all costs relating to such transfer or exchange, except for taxes or governmental charges related thereto, which shall be paid by the Holder requesting the transfer or exchange.

Section 3.4 **Payments Under Guaranties, Hedging Obligations and Ancillary Obligations.** Unless otherwise provided in the Supplemental Indenture relating thereto, all payments under each Guaranty, Hedging Obligation or Ancillary Obligation are to be paid by check or draft mailed to the Holder thereof. In the case of a Guaranty, such payments will be due upon written notification to the Master Trustee of any nonpayment of the indebtedness being guaranteed; provided that successive notices shall not be required in the case of a Guaranty of any indebtedness of any Person which has merged or consolidated with or transferred substantially all of its assets to a Member or has otherwise terminated its existence if the Master Trustee shall have received written notice of such occurrence. In the case of a Hedging Obligation or Ancillary Obligation, such payment will be due in accordance with the terms of the Hedging Obligation or Ancillary Obligation.

Section 3.5 **Acts of Holders of Guaranties, Hedging Obligations and Ancillary Obligations.** Any action to be taken by the Holders of any Guaranties, Hedging Obligations and Ancillary Obligations may be evidenced by one or more concurrent written instruments of similar tenor signed or executed by such Holders in person or by agent appointed in writing. The fact and date of the execution by any person of any such instrument may be proved by acknowledgment before a notary public or other person empowered to take acknowledgements or by an affidavit of a witness to such execution. Any action by the Holder of any Guaranty, Hedging Obligation or Ancillary Obligation will bind all future Holders of the same Guaranty, Hedging Obligation or Ancillary Obligation in respect of anything done or suffered by the Obligated Group or the Master Trustee in pursuance thereof.

Section 3.6 **Issuance of Hedging and Ancillary Obligations.** Anything in this Master Indenture to the contrary notwithstanding, the Obligated Group Representative may issue any Hedging Obligation or Ancillary Obligation in the form specified in a Supplemental Indenture.

Hedging Obligations may be issued pursuant to this Master Indenture to any Qualified Provider of one or more Qualified Derivatives in order to evidence and secure one or more of such Qualified Derivatives issued by or with the same Qualified Provider during a single Force or calendar year, as designated by a Member. The Supplemental Indenture pursuant to which such Hedging Obligation is issued shall designate the Qualified Derivative to which it relates and the notional or principal amount of the underlying Qualified Derivative.

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be evidenced by Notes or issued in the form of Guaranties; provided that such Notes or Guaranties and the Supplemental Indentures relating thereto shall be in such forms and contain such provisions as may be permitted or required hereunder and that the Master Trustee shall have received (as of the date of issue) the following:

(a) A certified resolution of the Board of the Obligated Group Representative approving the incurrence of the Indebtedness and the purpose thereof.

(b) An Officer's Certificate evidencing and demonstrating compliance with the requirements of Section 4.2(a) for the incurrence of additional parity Indebtedness.

(c) An Officer's Certificate stating that (i) no Event of Default has occurred and is continuing, and (ii) the applicable requirements for the incurrence of the Indebtedness under this Master Indenture and all Related Financing Documents then in effect have been satisfied.

(d) An executed counterpart or certified copy of a supplement or amendment to one or more leases providing for additional Base Rents, if required, sufficient to satisfy the requirements of Section 4.2(a) hereof.

(e) An executed counterpart or certified copy of all Related Financing Documents delivered in connection with the incurrence of the Indebtedness.

(f) An opinion of Counsel addressed to the Master Trustee to the effect that (i) the incurrence of the Indebtedness has been duly authorized by the Obligated Group Representative, (ii) all applicable requirements for the incurrence of the Indebtedness hereunder and under the terms of any Related Financing Documents then in effect have been satisfied; provided that in connection with any financial requirements, such Counsel may rely on the certificates or reports delivered pursuant to Section 4.2 hereof and (iii) to such Counsel's knowledge (which may be based on a certificate provided by the Obligated Group Representative), all necessary approvals of all Regulatory Bodies having jurisdiction have been obtained with respect to the incurrence of the Indebtedness.

(g) If any construction (including renovations) is to be financed with the proceeds of the Indebtedness in an amount in excess of 15% of Pledged Revenues for the Fiscal Year most recently completed for which Audited Financial Statements of the Obligated Group are available, an Architect's certificate or report or an Officer's Certificate to the effect that (i) the estimated costs of construction are reasonable, and (ii) all necessary approvals for the commencement of such construction either have been obtained from all Regulatory Bodies having jurisdiction or are reasonably expected to be obtained prior to the commencement of such construction.

Upon execution of any particular Supplemental Indenture by the Obligated Group and the Master Trustee, and the delivery of those items required by items (a) through (g) above, the Obligated Group Representative shall execute each Note or Guaranty to be issued thereunder and deliver the same to the Master Trustee for authentication and, at the direction of the Obligated Group Representative, the Master Trustee shall authenticate each such executed Note or Guaranty and deliver the same to the Holders.

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Section 4.4 **Qualified Derivatives.** Each Member may enter into any interest rate swap, cap, collar, floor, forward option, or other hedging agreement, arrangement or security, however denominated or identified if it constitutes a Qualified Derivative but only if the Charter School has agreed to pay base rent or additional rent under Section 6.02 of the Lease equal to payments due on such Qualified Derivative and the Charter School would be permitted to enter into the Qualified Derivative itself under the terms of Section 10.12 of the Lease.

For purposes of this Master Indenture, the following provisions will be applicable to any Qualified Derivative entered into by a Member.

(a) If a Member desires to secure the regularly scheduled periodic payments and/or termination payments due on a Qualified Derivative with a security interest in the Pledged Revenues of the Obligated Group on a parity basis with Obligations issued under this Master Indenture, the Obligated Group must authorize the issuance of a Hedging Obligation to secure such Qualified Derivative pursuant to a Supplemental Indenture.

(b) [Reserved].

(c) Any posting of collateral by a Member pursuant to the terms of any Qualified Derivative will be considered a "Permitted Encumbrance" for purposes of this Master Indenture. The posting of collateral as well as any payment of any termination or settlement amounts will be considered asset dispositions subject to the provisions of the Master Indenture.

(d) A Member's liability to make termination payments pursuant to a Qualified Derivative may be either (i) a general unsecured obligation of the Obligated Group, but to be payable solely out of the Pledged Revenues, or (ii) an obligation subordinate to or on parity with the Obligated Group's duty to make payments with respect to principal or redemption price of, regularly scheduled periodic payments on Hedging Obligations that have been issued as parity Obligations, and interest on Obligations issued pursuant to the Master Indenture; provided, however, that in the case of a subordinated termination payment, such termination payment may be payable only to the extent it does not result in the occurrence of an Event of Default under the Master Indenture. At such time as a Member's obligation to make a termination payment pursuant to a Qualified Derivative is no longer contingent, i.e., the condition giving rise to the payment of such termination payment has arisen and the amount of termination payment has been quantified, the amount of such termination payment, if the Member's duty to pay such termination payment is evidenced by a Hedging Obligation, will be deemed to be Indebtedness for purposes of the Master Indenture.

(e) [Reserved]

(f) Each Qualified Hedging Obligation and the Supplemental Indenture relating thereto shall be in such form and contain such provisions as may be permitted or required hereunder and that the Master Trustee shall have received (as of the date of issue) the following:

(i) A certified resolution of the Board of the Obligated Group Representative approving the execution of the Qualified Derivative and the issuance of the related Hedging Obligation and the purpose thereof.

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Except in the case of a scheduled mandatory redemption of Notes, the Obligated Group Representative shall notify the Master Trustee in writing of its intention to redeem such Notes, the proposed redemption date and the principal amount to be redeemed on such date. Any such notice shall be given to the Master Trustee at least 15 days prior to the last date on which the Master Trustee is permitted to give notice of the redemption to the Noteholders pursuant to the applicable Supplemental Indenture.

Section 5.2 **Redemption of Guaranteed Indebtedness.** Any indebtedness guaranteed by the Obligated Group pursuant to a Guaranty issued hereunder may be subject to optional, mandatory or extraordinary redemption. Subject to the limitations contained herein, any such redemption by the Obligated Group of the Guaranty shall be made upon such terms (and upon such notice) as may be specified in the Guaranty, the Related Financing Documents therefor and the applicable Supplemental Indenture.

## ARTICLE VI

### **OBLIGATIONS CREATED HEREUNDER; SECURITY THEREFOR**

Section 6.1 **Obligations Created Hereunder; Security For Obligations.** This Master Indenture and the Obligations created hereunder are the limited obligation of the Obligated Group payable solely from the Pledged Revenues. To secure the performance of such obligations, each Member, respectively, hereby sells, assigns, transfers, sets over and pledges unto the Master Trustee and grants a security interest in all of the right, title and interest of each respective Member in and to all of the Pledged Revenues, any rights to receive such Pledged Revenues, and in the Revenue Fund established hereunder, all moneys and investments therein and all income derived from the investment thereof, to have and to hold in trust for the benefit of the Holders from time to time of all Obligations issued and Outstanding hereunder, without preference or priority of any one Obligation over any other Obligation except as otherwise expressly provided herein.

As additional security for the payment of Obligations issued hereunder, the Charter School has agreed in the Lease to send a written notice, on or before the date of execution of the Lease, to direct certain School District to pay the School District Payments directly to the Master Trustee for deposit into the Charter School Account of the Revenue Fund.

Such Obligations may also be secured by the Mortgage and any and all real or personal property of every name and nature from time to time conveyed, mortgaged, pledged, assigned or transferred by delivery or by writing of any kind, by the Obligated Group Representative, or by anyone on its behalf or with its written consent, to the Master Trustee as and for additional security for all Obligations on a parity basis unless the Supplemental Indenture(s) executed in connection with the issuance of an Obligation otherwise limits the security for same.

Any one or more series of Obligations issued hereunder may be secured by security in addition to that pledged hereunder and such additional security need not extend to any other Obligation if the Supplemental Indenture pursuant to which such Obligation is issued so specifies.

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(ii) An Officer's Certificate stating that (A) no Event of Default has occurred and is continuing and (B) the applicable requirements for entering into the Qualified Derivative and the issuance of such Hedging Obligation under this Master Indenture and all Related Financing Documents then in effect have been satisfied.

(iii) An executed counterpart or certified copy of the related Qualified Derivative and all Related Financing Documents delivered in connection with the issuance of the Hedging Obligation.

(iv) An opinion of Counsel addressed to the Master Trustee to the effect that (i) entering into the Qualified Derivative and the issuance of the Hedging Obligation has been duly authorized by the Obligated Group Representative, (ii) all applicable requirements for entering into the Qualified Derivative and the issuance of the Hedging Obligation hereunder and under the terms of any Related Financing Documents then in effect have been satisfied; and (iii) to the best of such Counsel's knowledge that may be based on a certificate of the Obligated Group Representative, all necessary approvals of all Regulatory Bodies having jurisdiction have been obtained with respect to the entering into the Qualified Derivative and the issuance of the Hedging Obligation.

## ARTICLE V

### **REDEMPTION OF OBLIGATIONS**

#### Section 5.1 **Redemption of Notes.**

(a) Notes of each series shall be subject to optional, mandatory or extraordinary redemption in whole or in part as provided in this Master Indenture, the Notes and the applicable Supplemental Indenture.

(b) The Master Trustee shall give notice of any redemption of Notes as follows:

(i) Each notice of redemption shall be given in such manner and at such time as may be specified in the Supplemental Indenture providing for the issuance of the Notes to be redeemed.

(ii) Each notice of redemption shall specify the date fixed for redemption, the Notes (or portions thereof) to be redeemed on such date and the redemption price at which such Notes or portions thereof are to be redeemed, and shall state that payment of the redemption price of such Notes or portions thereof to be redeemed will be made in the manner provided in the applicable Supplemental Indenture upon presentation and surrender of such Notes with all coupons, if any, appertaining thereto maturing after the date fixed for redemption, that interest accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue; provided that, if funds for the payment of the redemption price of the Notes to be redeemed are not on deposit with the Master Trustee on the date any such notice is given, the notice shall state that it is conditioned upon the timely making of such deposit of funds and will be of no effect if the deposit is not made.

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#### Section 6.2 **Revenue Fund.**

(a) The Master Trustee is to establish and maintain a Revenue Fund and within the Charter School Account hereunder and is to make deposits therein as follows:

(i) On or before the date specified in the Supplemental Indenture under which an Obligation is issued, the Members, on a joint and several basis, will deposit in immediately available funds in the Revenue Fund an amount equal to the payments due on the next succeeding payment date with respect to the principal (including mandatory redemptions) and interest payable under the terms of each Note, the regularly scheduled periodic payment on a Hedging Obligation and each Guaranty as to which notification of nonpayment of the guaranteed indebtedness has been given as required under Section 3.4 hereof.

(ii) On or before the date of any optional or extraordinary redemption of Obligations, including any parity termination payments under a Hedging Obligation, the Members, on a joint and several basis, will deposit in the Revenue Fund the amount necessary to provide for the payment of the redemption or prepayment price then becoming due or deliver to the Master Trustee evidence satisfactory to the Master Trustee that the same has been paid.

(iii) Upon receipt, all payments of Base Rent and any School District Payments paid directly to the Master Trustee pursuant to written notice given to the School District in accordance with Section 6.02(c) of the Lease, shall be deposited to the Charter School Account of the Revenue Fund.

(iv) The deposit requirements in the foregoing sections (i) and (ii) are to be subject to credit as provided in the Supplemental Indenture under which the Obligations are issued, Section 6.5 hereof and, if appropriate with respect to any Note or any Guaranty described above, for interest funded from the proceeds of such Note or the indebtedness guaranteed pursuant to such Guaranty, or as otherwise allowed by any Related Financing Document.

For the purposes of the foregoing, the Master Trustee shall provide the Obligated Group Representative with such periodic reports as are reasonably necessary to keep the Obligated Group advised of the deposit requirements of the Revenue Fund, taking into account all available credits and required payments from the Fund.

(b) No later than one(1) Business day after receipt of any deposit into the Charter School Account of the Revenue Fund, such deposit shall be applied by the Master Trustee in the following order: first any amount in excess of the unpaid Base Rent due in the month such deposit is received is to be returned promptly to the Charter School; second applied or made available to the alternate paying agent appointed pursuant to any Supplemental Indenture, ratably, for application to the payment of the principal (or redemption) of and interest on an Related Bonds from time to time Outstanding and upon any other financial obligations evidenced or secured by an Obligation (excluding Obligations incurred pursuant to Section 4.2 (c), and further subject to credit for other available funds then on deposit in any Related Bond Indenture, if such Obligations

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evidence Related Bonds) plus amounts required for any other funds created under Related Financing Documents and third only after application of all payments due under (second) in the month of receipt of such deposit, any remainder of such deposit shall be applied to the Revenue Fund. .

(c) No later than two (2) Business Days after receipt thereof, all amounts deposited into the Revenue Fund are to be applied by the Master Trustee or made available to any alternate paying agent appointed pursuant to any Supplemental Indenture, ratably, for application to the payment of the principal (or redemption or prepayment notice) of and interest on any Related Bonds from time to time Outstanding and upon any other financial obligations evidenced or secured by an Obligation (subject to credit for other available funds then on deposit in any Related Bond Indenture, if such Obligations evidence Related Bonds), plus amounts required for any other funds created under the Related Financing Documents. Such amounts will be applied at the earlier of (i) the date on which all such amounts are available in the Revenue Fund and (ii) at the times and in the amounts required by the Related Financing Documents. Pending such application, all moneys and investments in the Revenue Fund is to be held for the equal and ratable benefit of the Holders of all Obligations issued and Outstanding hereunder; provided that, on and after the due date for any payment in respect of any such Obligation the amount held in the Revenue Fund for the making of such payment will be reserved and set aside solely for the purpose of making such payment.

(d) Following the date on which the Master Trustee has applied amounts in the Revenue Fund to amounts due on an Obligation and so long as no Event of Default has occurred or is continuing, any amounts remaining in the Revenue Fund and not needed for the payment on an Obligation are to be paid in accordance with the written direction of the Obligated Group Representative.

Section 6.3 **Reserved.**

Section 6.4 **Reserved.**

Section 6.5 **Investment of Funds.**

(a) Moneys held in the Revenue Fund are to be invested and reinvested in Investment Securities which mature or are redeemable at the option of the holder not later than such times as shall be required to provide moneys needed to make payments or transfers therefrom. Subject to the foregoing, such investments shall be made in accordance with written instructions received by the Master Trustee from the Obligated Group Representative. Unless otherwise provided in this Master Indenture, the Master Trustee shall sell, or present for redemption, any Investment Securities so acquired whenever it is requested so to do in a certificate of the Obligated Group Representative or whenever it is necessary to provide moneys to make any payment or transfer from the Revenue Fund, as applicable. The Master Trustee will not be liable or responsible for making any such investment in the manner provided above or for any loss resulting from any such investment and may conclusively presume that any investment directed by the Obligated Group Representative is a permitted investment under this Master Indenture. All investment income and any gain from the sale or other disposition of any Investment Securities in the Revenue Fund is to be retained in the respective fund and the amount so retained as of each June 15 and December 15

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of funds in the event that it does not receive good funds with respect thereto, and (ii) nothing in this Master Indenture shall constitute a waiver of any of Master Trustee's rights as a securities intermediary under Uniform Commercial Code §9-206.

Section 6.6 **Financing Statements.** The Members will execute, file or record any initial financing statements (excluding continuation statements as described below), and other documents under the Pennsylvania Uniform Commercial Code or such other applicable law and will pay the costs of filing the same in such public offices as appropriate for the purpose of perfecting or continuing the perfection of the security interests granted hereunder.

The Obligated Group shall be responsible for, and Master Trustee shall not be responsible for and makes no representation as to, the legality, effectiveness or sufficiency of any security document or for the creation, perfection, priority or protection of any lien securing the Obligations. The Master Trustee shall not be responsible for recording any documents or instruments in any public office at any time or otherwise for perfecting or maintaining the perfection of any lien or security interest in the trust estate it being understood that the Obligated Group shall be obligated to make such filings on behalf of the Master Trustee. The Master Trustee shall not be responsible for filing or for the sufficiency or accuracy of any financing statements initially filed to perfect security interests granted under this Master Indenture. The Master Trustee shall file continuation statements with respect to each U.C.C. financing statement relating to the trust estate filed by the Obligated Group at the time of the issuance of an Obligation; provided that a copy of the filed initial financing statement is timely delivered to the Master Trustee. In addition, unless the Master Trustee shall have been notified in writing by the Obligated Group Representative that any such initial filing or description of collateral was or has become defective, the Master Trustee shall be fully protected in (a) relying on such initial filing and descriptions in filing any financing or continuation statements or modifications thereto pursuant to this Section and (b) filing any continuation statements in the same filing offices as the initial filings were made. The Obligated Group shall be responsible for the customary fees charged by the Master Trustee for the preparation and filing of continuation statements and for the reasonable costs incurred by the Master Trustee in the preparation and filing of all continuation statements hereunder, including attorneys' fees and expenses. These fees shall be considered "extraordinary services" fees. Prior to the filing of any such continuation statements the Master Trustee may retain counsel and rely upon its opinion in all respects as to any such filing.

## ARTICLE VII

### **ADDITIONAL COVENANTS**

Section 7.1 **Payment of Principal, Premium, Interest and Other Amounts.** Each Member will, on a joint and several basis, be liable for the payment of, and will duly and punctually pay the principal of, premium, if any, regularly scheduled periodic payments and parity termination payments on a Hedging Obligation, and interest on all Obligations issued under this Master Indenture, and any other payments required by the terms of such Obligations, on the dates, at the times and at the place and in the manner provided in such Obligations, the applicable Supplemental Indenture and this Master Indenture when and as the same become payable, whether at maturity, upon call for redemption, by acceleration of maturity or otherwise, according to the true intent and meaning hereof. Notwithstanding anything else herein to the contrary, the

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will be applied as credits against the next deposits to be made pursuant to Section 6.2(a)(i). All losses realized upon the sale or other disposition of such Investment Securities will be charged to the applicable fund to which such loss relates and added, on a pro rata basis, to the deposit next becoming due in respect of each Outstanding Obligation hereunder, in the case of the Revenue Fund.

(b) The following two additional requirements will be applicable to Investment Securities in the form of certificates of deposit, repurchase agreements or investment agreements, unless issued by or entered into with a Qualified Financial Institution:

(i) Except in the case of certificates of deposit (but only to the extent such certificates of deposit are not insured by the Federal Deposit Insurance Corporation), such Investment Securities must be secured by Government Obligations having an aggregate market value which meets the requirements set forth in Exhibit A hereto. If the value of such collateral for any certificate of deposit, investment agreement or repurchase agreement is less than the amount specified in Exhibit A and the deficiency is not cured as therein described, the Master Trustee shall withdraw the amount on deposit under the certificate of deposit or investment agreement or accelerate the seller's repurchase obligations under the repurchase agreement and, to the extent necessary to realize such amount, the Master Trustee shall liquidate the collateral.

(ii) The Master Trustee must have a perfected security interest in all collateral for such Investment Securities, free and clear of the claims of third parties. Such security interests shall be perfected in such manner as may be permitted or required by applicable law, provided that if possession of the collateral is required for such perfection, the collateral shall be deposited with the Master Trustee, with a Federal Reserve Bank for the account of the Master Trustee or with a bank or trust company (other than the obligor) which is acting solely as agent for the Master Trustee and has a combined net capital and surplus of at least \$100,000,000.

(c) The Obligated Group acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Obligated Group the right or option to receive individual confirmation of security transactions at no additional cost, as they occur, the Obligated Group Representative specifically waives the option to receive such confirmation to the extent permitted by law. The Master Trustee will furnish the Obligated Group Representative with periodic cash transaction statements that include details for all investment transactions made by the Master Trustee hereunder.

(d) The Master Trustee may elect, but shall not be obligated, to credit the funds and accounts held by it with the moneys representing income or principal payments due on, or sales proceed due in respect of, Investment Securities in such funds and accounts, or to credit to Investment Securities intended to be purchased with such moneys, in each case before actually receiving the requisite moneys from the payment source, or to otherwise advance funds for account transactions. The Obligated Group acknowledges that the legal obligation to pay the purchase price of Investment Securities arises immediately at the time of the purchase. Notwithstanding anything else in this Master Indenture, (i) any such crediting of funds or assets shall be provisional in nature, and the Master Trustee shall be authorized to reverse any such transactions or advances

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payments described in this Section 7.1 shall be payable in each case solely from the Pledged Revenues and the other funds or property pledged pursuant to Section 6.1.

Section 7.2 **Due Authorization of Indenture and Notes.** Each Member hereby represents and warrants that: (a) it is duly authorized under the laws of the jurisdiction under which it is organized and under all other applicable provisions of law to execute and deliver this Master Indenture and to provide for the creation and issuance of Obligations hereunder as permitted by this Master Indenture; and (b) all corporate action on the part of the Member required by its Articles of Incorporation and by-laws or code of regulations and by the laws of the jurisdiction under which it is organized for the execution, delivery and performance of this Master Indenture has been taken and, prior to the creation and issuance of each Obligation hereunder, all similar corporate action required for the creation and issuance of each Obligation will have been duly and effectively taken by the Member.

Section 7.3 **Covenants as to Corporate Existence, Maintenance of the Mortgaged Property, Etc.** Each Member will:

(a) subject to Section 7.10 hereof, preserve its corporate existence and all its rights and licenses to the extent necessary or desirable in the operation of its business affairs and be qualified to do business in each jurisdiction where its ownership of its respective Mortgaged Property or the conduct of its business requires such qualification; provided, however, that nothing herein contained shall be construed to obligate it to retain or preserve any of its rights or licenses no longer used or, in the judgment of its Board, useful in the conduct of its business;

(b) at all times cause its business to be carried on and conducted in an efficient manner and its properties to be maintained, preserved and kept in good repair, working order and condition and all needful and proper repairs, renewals and replacements thereof to be made; provided, however, that nothing herein contained shall be construed (i) to prevent it from ceasing to operate any portion of its respective Mortgaged Property, if in the judgment of its Board it is advisable not to operate the same for the time being, or if it intends to sell or otherwise dispose of the same as permitted hereunder and within a reasonable time endeavors to effect such sale or other disposition, or (ii) to obligate it to retain, preserve, repair, renew or replace its respective Mortgaged Property, or any related leases, rights, privileges or licenses no longer used or, in the judgment of its Board, useful in the conduct of its business;

(c) conduct its affairs and carry on its business and operations in such manner as to comply with any and all applicable laws of the United States and the several states thereof to the extent applicable and duly observe and conform to all valid orders, regulations or requirements of any governmental authority relative to the conduct of its business and the ownership of its respective Mortgaged Property; provided, nevertheless, that nothing herein contained shall require it to comply with, observe and conform to any such law, order, regulation or requirement of any governmental authority so long as the validity thereof shall be contested in good faith;

(d) promptly pay all lawful taxes, governmental charges and assessments at any time levied or assessed upon or against it, the Pledged Revenues or its respective Mortgaged Property; provided, however, that it shall have the right to contest in good faith by appropriate proceedings any such taxes, charges or assessments or the collection of any such sums and pending the result

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of such contest may delay or defer payment thereof, provided that, if by continued non-payment of any such sums, the pledge and security interest of this Master Indenture will be materially impaired or the Pledged Revenues or title to its respective Mortgaged Property will be subject to imminent loss or forfeiture, then such sums shall be paid immediately;

(e) promptly pay or otherwise satisfy and discharge all of its obligations and indebtedness and all demands and claims against it as and when the same become due and payable, other than any thereof (exclusive of the Obligations issued and Outstanding hereunder) whose validity, amount or collectability is being contested in good faith by appropriate proceedings, provided that, if by continued non-payment of any such sums, the pledge and security interest of this Master Indenture will be materially impaired or the Pledged Revenues or title to its respective Mortgaged Property will be subject to imminent loss or forfeiture, then such sums shall be paid immediately;

(f) at all times comply with all terms, covenants and provisions contained in any lien or security interest at such time existing upon its respective Mortgaged Property or any part thereof or securing any of its indebtedness and pay or cause to be paid, or to be renewed, refunded or extended, or to be taken up, by it, all of its indebtedness secured by a lien or security interest, as and when the same shall become due and payable;

(g) procure and maintain, or require that the Charter School procure and maintain, all licenses, permits, approvals, certifications and accreditations issued by any Regulatory Bodies which are necessary or desirable for the maintenance of its respective Mortgaged Property and any other properties related to production of the Pledged Revenues, conduct of its operations and performance of its obligations hereunder; provided, however, that it need not comply with this Section 7.3(g) if and to the extent that its Board shall have determined in good faith, evidenced by a resolution of the Board, that such compliance is not in the best interests of the Obligated Group and that lack of such compliance would not materially impair the ability of the Member to pay its indebtedness when due; and

(h) take no action or suffer any action to be taken by others which will adversely affect any applicable exemption from federal income taxation of the interest on any Related Bonds issued pursuant to and secured by the Related Financing Documents for any Obligations or other indebtedness incurred or permitted to be incurred hereunder.

**Section 7.4 Employment of Architect, Consultant, Counsel, Independent Public Accountant or Insurance Consultant.**

(a) The Members must employ an Architect, a Consultant, Counsel, an Independent Public Accountant and an Insurance Consultant to the extent necessary to perform the services required hereunder and under any Related Financing Documents. Each such person (i) shall be licensed, certified or otherwise qualified to do business and to perform the required services in the Commonwealth (provided that Counsel need only be licensed to practice before the highest court in any state or the District of Columbia); and (ii) shall have a favorable reputation for skill and experience in the performance of such services.

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Property, any insurance proceeds, condemnation awards (or other similar amounts) received in respect of an occurrence at the Mortgaged Property will be applied as follows:

(i) such amounts shall be applied to the reconstruction, replacement or repair of the Mortgaged Property if such action is both practicable and financially feasible; provided that (A) if such proceeds exceed the amount necessary for such reconstruction, replacement or repair, the excess will be applied to the extraordinary redemption or optional redemption of the Obligations (allocated to each such Obligation on a proportionate basis), (B) if such proceeds are insufficient to reconstruct, replace or repair the Mortgaged Property to its revenue-producing capability prior to such event, then, if such action is both practicable and financially feasible, the Member will provide the balance necessary to reconstruct, replace or repair its respective Mortgaged Property, and (C) no such reconstruction, replacement or repair shall be required if it is unnecessary;

(ii) any amounts not permitted or required to be applied to the reconstruction, replacement or repair of the applicable Mortgaged Property are to be applied to the extraordinary redemption without premium or penalty of Obligations subject to such redemption (allocated to each such Obligation on a proportionate basis), provided that no such extraordinary redemption will be required if it is unnecessary;

(iii) any amounts not permitted or required to be applied pursuant to subparagraphs (i) and (ii) above may be used for such lawful purposes as the Member determines; and

(iv) all proceeds of insurance shall be held by the Master Trustee in the Insurance Proceeds Fund, which account is hereby created, whereupon the Master Trustee, upon receipt of a completed requisition signed by an Obligated Group Representative that such payment is required for such purpose, will apply so much as may be necessary of the proceeds of such insurance to payment of the costs of such repair, rebuilding or restoration as the work progresses. The Obligated Group shall not by reason of the payment of such excess costs be entitled to any reimbursement from the Master Trustee.

(b) For the purpose of determining whether any particular application of funds described in subsection (a) above will be permitted or required hereunder:

(i) any reconstruction, replacement or repair will be deemed practicable if it can be completed in accordance with applicable laws and regulations and if the moneys available therefor (including insurance proceeds, condemnation awards and other similar amounts) are adequate for the purpose, taking into account the nature of the affected Property and the nature and cost of the reconstruction, replacement or repair;

(ii) any reconstruction, replacement or repair will be deemed financially feasible, if, as of the date of determination, no Event of Default has occurred and is continuing, and no Event of Default is projected or forecasted to occur within the next two Fiscal Years; and

(iii) any reconstruction, replacement or repair or any extraordinary redemption, as the case may be, will be deemed unnecessary if the Mortgaged Property is comprised of

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(b) **Selection of Consultants Following Breach of Financial Covenants Under Lease.** In the event that the Charter School is required under Section 10.08 of the Lease to engage a Consultant for the purposes specified therein, the Obligated Group agrees that it will cause such Consultant to be selected promptly and will cause a notice of the selection of such Consultant, including the name of such Consultant and a brief description of the Consultant, to be (A) sent to the holder of each Obligation then Outstanding under the Master Indenture or (B) filed with EMMA (such EMMA filing being required only if a Member has, as of such date, agreed to provide continuing disclosure of financial and operating data pursuant to any Related Financing Documents). Each such Holder may approve or reject such Consultant within 15 days of such notice being sent or filed as required by the preceding sentence; provided, however, that failure to approve or reject such Consultant within 15 days will be deemed approval by such Obligation Holder. If the Holders of at least a majority of the aggregate principal amount of the Obligations Outstanding do not approve or are not deemed to have approved the Consultant selected, the Obligated Group Representative must cause another Consultant to be selected and must provide notices of the selection of the new Consultant as provided above.

**Section 7.5 Insurance.**

(a) Each Member must keep its respective property, plant and equipment and all of its operations adequately insured at all times in amounts which are customarily carried, subject to customary deductibles and against such risks are customarily insured against, by other organizations in connection with the ownership and operation of facilities of similar character and size.

(b) In furtherance of the foregoing, each Member must purchase and maintain, or cause to be purchased and maintained, continuously in effect insurance against such risks, both generally and specifically with respect to its respective Mortgaged Property, as are customarily insured against by institutions of similar size and character, paying as the same become due all premiums in respect thereto, but including at least coverage of the types and in the amounts specified in Section 8.04 of the Lease.

The Members must employ, or cause the Charter School to employ, an independent Insurance Consultant to review the insurance requirements of the Obligated Group from time to time (but not less frequently than once every five years). If such Insurance Consultant makes recommendations for the change of any of the coverage required by Section 8.04 of the Lease, the Obligated Group must change, or cause the Charter School to change, such coverage in accordance with such recommendations, subject to a good faith determination of the governing body of the Obligated Group Representative that such recommendations, in whole or in part, are not in the best interests of the Obligated Group.

**Section 7.6 Application of Insurance Proceeds and Condemnation Awards.**

(a) Each Member shall notify the Master Trustee in writing of any damage to or any destruction or condemnation (or other similar taking or conveyance in lieu thereof) of its respective Mortgaged Property in excess of 10% of the net book value of such Mortgaged Property immediately before the occurrence in question. Except as otherwise required in the Related Financing Documents for any Indebtedness (other than Obligations) secured by such Mortgaged

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land upon which no buildings or other permanent improvements are situated, provided that all easements and rights-of-way necessary for the proper operation of the Mortgaged Property not so affected are appropriately provided.

The foregoing determinations will be made by the Obligated Group Representative; provided that, if the estimated cost of any reconstruction, replacement or repair (excluding land acquisition and equipment costs) exceeds 20% of the net book value of the property, plant and equipment of the Obligated Group for the Fiscal Year immediately preceding the occurrence of the damage, destruction or condemnation (or other similar taking or conveyance in lieu thereof), exclusive of properties securing Non-Recourse Indebtedness, any determination as to the practicability thereof will be made by an Architect and any determination as to the financial feasibility thereof will be made by a Consultant. The Master Trustee shall have no duty or obligation to review or investigate any determination made by the Obligated Group Representative, Architect or Consultant pursuant to this Section and shall be fully protected in relying upon the requisitions of the Obligated Group Representative without investigation or inquiry.

**Section 7.7 Reserved.**

**Section 7.8 Permitted Encumbrances.** Except for Permitted Encumbrances, the Members shall not create or suffer to be created or to exist any lien, encumbrance or charge upon the Mortgaged Property or the Pledged Revenues, and the Members shall satisfy or cause to be discharged, or make adequate provision to satisfy and discharge, within sixty days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other items which, if not satisfied, might by law become a lien upon any such property or asset. Nothing in this Section 7.8 shall require the Members to satisfy or discharge any such lien, encumbrance, charge, claim or demand so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings. The Obligated Group Representative shall, upon request of the Master Trustee (provided, the Master Trustee shall have no duty or obligation to make such a request), deliver to the Master Trustee an Officer's Certificate to the effect that any lien, encumbrance or charge upon the Mortgaged Property or Pledged Revenues is a Permitted Encumbrance.

**Section 7.9 Lease or Other Disposition of the Mortgaged Property.** In addition to the Lease, and all existing leases as of the date of this Master Indenture, the Members shall have the right to lease all or any part of its respective Mortgaged Property; provided, however, that the terms and provisions of any future leases will allow the Member to comply with the provisions of this Master Indenture and any Related Financing Documents, and, with respect to any lease there shall have been delivered to the Master Trustee an opinion of nationally recognized bond counsel to the effect that the execution of such proposed lease will not adversely affect any applicable exemption from federal income taxation of the interest payable on any outstanding bonds which were previously issued pursuant to and are secured by the Related Financing Documents for any Obligations. Other than leases permitted by this Section and as permitted in Section 7.3(b) of this Master Indenture, the Members agree that it will not sell or otherwise dispose of the Mortgaged Property. Notwithstanding the foregoing, the Members shall be permitted to sell or otherwise dispose of a portion of the Mortgaged Property designated as 413 Union Boulevard, Allentown PA, 18109 (the "413 Union Parcel") more fully described in the Mortgage. Any such sale or disposition shall be conditioned on providing a mandatory redemption notice to the Registered Owners not less than thirty (30) days nor more than sixty (60) days specifying the Bonds (or any

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portion thereof) related to the 413 Parcel being redeemed on an allocable share basis to be calculated by the Underwriter (as such term is defined in the Bond Indenture related to the 2024 Note) **Section 7.10 Consolidation, Merger, Sale or Conveyance.** No Member will merge or consolidate with or sell or convey all or substantially all of its assets to any Person unless:

(i) the successor corporation (if other than a Member) (A) is a corporation organized and existing under the laws of the United States of America or a state thereof, (B) expressly assumes the due and punctual payment of the principal of, premium, if any, interest on and all other amounts payable in respect of all outstanding Obligations and other Indebtedness incurred or permitted to be incurred hereunder, according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of this Master Indenture to be performed or observed by a Member and (C) will succeed to the Member's status as mortgagor of its respective Mortgaged Property under the applicable Mortgage and lessor under the applicable Lease immediately after such merger, consolidation, division, sale or conveyance;

(ii) the Master Trustee will have received an opinion of Counsel stating whether the merger, consolidation, division, sale or conveyance will adversely affect the tax exemption status, if any, of the Member or successor corporation under the income tax laws of the United States of America or any jurisdiction or jurisdictions within which it is organized or conducts business;

(iii) no Event of Default has occurred and is then continuing;

(iv) no default or event of default under the Mortgage or the Lease has occurred and is then continuing; and

(v) a Consultant's or Independent Accountant's report, or an Officer's Certificate, as appropriate, is delivered to the Master Trustee which demonstrates that the Members would meet the test for the incurrence of one dollar (\$1) of additional Long Term Indebtedness after giving effect to such merger, consolidation, division, sale or conveyance; and

(vi) there will have been delivered to the Master Trustee an opinion of nationally recognized bond counsel to the effect that the consummation of such merger, consolidation, division, sale or conveyance will not adversely affect any applicable exemption from federal income taxation of the interest payable on any outstanding bonds which were previously issued pursuant to and are secured by the Related Financing Documents for any Obligations or other Indebtedness incurred or permitted to be incurred hereunder or any similar indebtedness of any successor corporation.

(b) Any corporation which succeeds to and assumes the obligations of a Member pursuant to subsection (a) above will be required to execute and deliver to the Master Trustee such documents and instruments as are, in the opinion of Counsel, necessary or appropriate for the purpose of effectuating such succession and assumption. Thereafter, the successor corporation will be deemed a Member for all purposes hereunder.

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(b) **Previous Use of Mortgaged Property.** Neither the Member nor any previous owner, tenant, occupant or user of the Mortgaged Property, nor any other Person, to the best of such Member's knowledge and after due inquiry, has engaged in or permitted any operations or activities upon, or any use or occupancy of the Mortgaged Property, or any portion thereof, whether legal or illegal, accidental or intentional, for the purpose of or in any way involving the handling, manufacture, treatment, storage, use, generation, release, discharge, refining, dumping or disposal of any Regulated Chemical in violation of Environmental Requirements, on, under, in or about its respective Mortgaged Property, nor has any such party transported any Regulated Chemical to, from or across such Mortgaged Property.

(c) **Property Adjoining Mortgaged Property.** To the best of its knowledge, any adjoining property has not been used as a manufacturing, storage or disposal site for Regulated Chemicals nor is any other property adjoining the Mortgaged Property affected by a violation of Environmental Requirements.

(d) **Compliance with Environmental Requirements.** To the best of its knowledge, the Mortgaged Property owned by the Member is in compliance with all applicable Environmental Requirements and the Member has all permits and licenses required to be issued under the Environmental Requirements and is in full compliance with the terms and conditions of such permits and licenses; such permits and licenses are in full force and effect; and no changes exist in the facts or circumstances reported or assumed in the application for or granting of such permits or licenses.

(e) **No Notice of Violations of Environmental Requirements.** The Member has not received any notice, whether written or oral, concerning its respective Mortgaged Property owned by the Member, for any alleged violation or requiring compliance of Environmental Requirements, whether or not corrected to the satisfaction of the appropriate authority, or notice or other communication concerning alleged liability for Environmental Damages in connection with its respective Mortgaged Property owned by the Member, and the Member has received no notice that there exists any investigation, administrative order, consent order and agreement, litigation, settlement or judgment, whether proposed, threatened, anticipated or in existence with respect to the Mortgaged Property owned by the Member.

(f) **No Knowledge.** The Member does hereby and specifically represent and warrant that it has no affirmative knowledge or reason to believe that any condition, previous use, compliance or violation of Environmental Requirements are contrary to the description in this Section.

(g) **Survival of Representations and Warranties.** The representations and warranties set forth in this Section shall survive the expiration or termination of this Master Indenture, the payment of the Obligations, and the discharge of any obligations owed by the parties to each other and will survive any transfer of title to the Mortgaged Property, whether by foreclosure, or otherwise and shall not be affected by any investigation by or on behalf of the Master Trustee or any information which the Master Trustee may have or obtain with respect thereto.

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**Section 7.11 Filing of Financial Statements, Certificate of No Default Other Information.** Each Member will:

(a) as soon as practicable but in no event later than December 31 of each year, commencing December 31, 2024, file with the Master Trustee Audited Financial Statements of such Member as of the end of the previous Fiscal Year. With respect to the Audited Financial statements, the Master Trustee sole responsibility is to receive and have the Audited Financial Statements on file. The Master Trustee shall have no responsibility with regards to reviewing the Audited Financial Statements;

(b) as soon as practicable but in no event later than December 31 of each year, commencing December 31, 2024, file with the Master Trustee an Officer's Certificate stating whether to the best knowledge of the signers the Member is in default in the performance of any covenant contained in this Master Indenture and, if so, specifying each such default of which the signers may have knowledge;

(c) if an Event of Default has occurred and is continuing, (i) file with the Master Trustee such other financial statements and information concerning the operations and financial affairs of the Member (or of any consolidated group of companies of which the Member is a member) as the Master Trustee may from time to time reasonably request, and (ii) provide access to the facilities of the Member for the purpose of inspection by the Master Trustee during regular business hours or at such other times as the Master Trustee may reasonably request; and

(d) maintain such books and records and provide such reports and certificates as are required pursuant to the terms of any Related Financing Documents.

The Members will be deemed to be in compliance with may filing requirements of this Section 7.11 by timely filing the required materials with EMMA.

**Section 7.12 Compliance with Related Financing Documents.** Nothing herein contained is to be construed as relieving the Members of any of their respective obligations under the terms of any Related Financing Documents. Without limiting the generality of the foregoing, the Members will not take or cause to be taken any action permitted pursuant to the terms hereof except upon compliance with such additional requirements as may be applicable thereto under the terms of such Related Financing Documents.

**Section 7.13 Environmental Representations.** Except as set forth in the any environmental reports delivered to the Master Trustee, each Member and its respective successors and assigns hereby represents and warrants:

(a) **Condition of Mortgaged Property.** To the best of its knowledge, after due inquiry, its respective Mortgaged Property, including all personal property, is free from contamination by Regulated Chemicals, including, but not limited to, friable asbestos, and there has not been thereon a release, discharge or emission, or a threat of release, discharge or emission, of any Regulated Chemical on, under, in, or about such Mortgaged Property, nor has any such Regulated Chemical migrated or threatened to migrate from other properties upon, about or beneath its respective Mortgaged Property.

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**Section 7.14 Environmental Covenants.**

(a) **Use of Mortgaged Property.** No Member will intentionally or unintentionally conduct, or allow to be conducted, any business, operation, or activity on, under, or in its respective Mortgaged Property, or employ or use its respective Mortgaged Property or allow for it to be employed or used, to manufacture, transport, treat, store, or dispose any Regulated Chemical which would violate or potentially violate Environmental Requirements, including, but not limited to, any action which would: (1) bring the Member, or its respective Mortgaged Property, within the ambit of, or otherwise violate, the Resource Conservation and Recovery Act of 1976, as amended by the Solid and Hazardous Waste Amendments of 1984, 42 U.S.C. §§ 6901, et seq.; (2) cause, or allow to be caused, a release or threat of release, of hazardous substances on, under, in, or about its respective Mortgaged Property as defined by, and within the ambit of, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601, et seq.; (3) violate the Clean Air Act of 1970, as amended, 42 U.S.C. §§ 7401, et seq., or other similar state, regional or local statute, law, regulation, rule or ordinance, including without limitation, the laws of the Commonwealth, or any other statute providing for the financial responsibility for cleanup for the release or threatened release of substances provided for thereunder. Each Member will do and will make reasonable efforts to not permit any act or thing, business, or operation, that materially increases the dangers, or poses an unreasonable risk of harm, or impairs, or may impair, the value of its respective Mortgaged Property, or any part thereof.

(b) **Maintenance of Mortgaged Property.** Each Member shall maintain its respective Mortgaged Property free from contamination by Regulated Chemicals and shall not intentionally or unintentionally allow a release, discharge or emission, or threat of release, discharge or emission, of any Regulated Chemical on, under, in or about its respective Mortgaged Property, and shall not permit the migration or threatened migration from other properties upon, about or beneath its respective Mortgaged Property.

(c) **Notice of Environmental Problem.** Each Member shall promptly provide a copy to the Master Trustee, and in no event later than fifteen (15) days from such Member's receipt or submission, of any notice, letter, citation, order, warning, complaint, inquiry, claim or demand (provided that such Member shall only forward to the Master Trustee those notices, letters, citations, orders, warnings, complaints, inquiries, claims or demands actually received by such Member) that: (i) the Member and/or any tenants have violated, or are about to violate, any federal, state, regional, parish or local environmental, health, or safety statute, law, rule, regulation, ordinance, judgment or order; (ii) there has been a release, or there is a threat of release, of any Regulated Chemical from its respective Mortgaged Property; (iii) the Member and/or any tenants may be or are liable, in whole or in part, for the costs of cleaning up, remediating, removing or responding to a release of any Regulated Chemical; or (iv) any portion of its respective Mortgaged Property is subject to a Lien in favor of any governmental entity for any liability, costs or damages, under Environmental Requirements arising from, or costs incurred by such governmental entity in response to, a release of any Regulated Chemical. Each Member shall cause the Charter School to comply with this subsection (c).

(d) **Response Action.** Each Member shall take all appropriate responsive action, including any removal and remedial action ("Response Action"), in the event of a release,

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emission, discharge or disposal of any Regulated Chemical in, on, under or about its respective Mortgaged Property, so as to remain in compliance with the above, and to keep its respective Mortgaged Property free from, and unaffected by, Regulated Chemicals. Each Member shall (i) provide the Master Trustee, within ten (10) days after providing the notice required under subsection (c) above, with a bond, letter of credit or similar financial assurance which is equal to the cost of the Response Action and which may be drawn upon by the Master Trustee for the purpose of completing the Response Action if an Event of Default occurs or if the Response Action is not completed within six months of the issuance of the financial assurance and (ii) discharge any assessment, Lien or encumbrance which may be established on its respective Mortgaged Property as a result thereof.

(e) No Liens or Encumbrances. Each Member shall prevent the imposition of any Liens or encumbrances against its respective Mortgaged Property for the costs of any response, removal, or remedial action or cleanup of any Regulated Chemicals. Should such a lien or encumbrance be levied on such Mortgaged Property, the applicable Member shall follow the procedure set forth in subsection (d) above.

(f) Compliance with Environmental Requirements. Each Member shall carry on the business and operations at its respective Mortgaged Property to comply in all respects and will continue to remain in compliance with all applicable Environmental Requirements and maintain all permits and licenses required thereunder and shall deliver to the Master Trustee an annual certificate of an authorized officer as to such Member's compliance with this paragraph.

(g) Additional Environmental Reports. As long as there are any Obligations Outstanding, each Member shall provide the Master Trustee with a copy of any environmental report performed during that time.

(h) Right of Inspection.

(i) The Master Trustee at any time and from time to time, with reasonable cause and notice, either prior to or after the occurrence of any Event of Default hereunder, may require, and at the written request of 25% of the Noteholders, shall require, the Obligated Group Representative, at its expense, to submit to the Master Trustee within ninety (90) days of the written request from the Master Trustee, a written report of a site assessment and environmental audit ("Environmental Assessment"), in scope, form and substance, and prepared by an independent, competent and qualified engineer, not unsatisfactory to the Master Trustee, stating to the effect that the engineer made all appropriate inquiry consistent with good commercial and customary practice, such that consistent with generally accepted engineering practice and procedure, no evidence or indication came to light which would suggest there was a release of substances on, under, in, or about any Mortgaged Property which could necessitate an environmental response action, and which demonstrates that the Mortgaged Property complies with, and does not deviate from, all applicable environmental statutes, laws, ordinances, rules and regulations, including any licenses, permits or certificates required thereunder, and that each Member is in compliance with, and has not deviated from, the representations and warranties set forth in this Article.

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referred to in this Section as "Indemnified Parties"), for, from and against any and all Environmental Damages that the Indemnified Parties may incur as well as any and all loss, costs, damages, exemplary damages, natural resources damages, liens, and expenses, (including, but not limited to, reasonable attorneys' and paralegals' fees and expenses and any and all other costs incurred in the investigation, defense and settlement of claims) that Indemnified Parties may incur as a result of or in connection with the assertion against Indemnified Parties, or against all or a portion of the Mortgaged Property, of any claim, civil, criminal or administrative, which: (a) arises out of the actual, alleged or threatened discharge, dispersal, release, storage, treatment, generation, disposal or escape of any Regulated Chemical, including, but not limited to, any solid, liquid, gaseous or thermal irritant or contaminant, including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals, medical waste and waste (including materials to be recycled, reconditioned or reclaimed); (b) actually or allegedly arises out of the use of any Regulated Chemical, the existence or failure to detect the existence or proportion of any Regulated Chemical in the soil, air, surface water or groundwater, or the performance or failure to perform the abatement or removal of any Regulated Chemical or of any soil, water, surface water or groundwater containing any Regulated Chemical; (c) arises out of the actual or alleged existence of any Regulated Chemical on, in, under, or affecting all or a portion of the Mortgaged Property; (d) arises out of any misrepresentations of a Member concerning any matter involving Regulated Chemicals or Environmental Requirements; (e) arises out of a Member's failure to provide all information, make all submissions and filings, and take all steps required by appropriate government authority under any applicable environmental law, regulation, statute or program, whether federal, state or local, whether currently existing or hereinafter enacted; or (f) arises out of a Member's violation of any Environmental Requirement.

(b) Without prejudice to the survival of any other agreements of the Members hereunder, this indemnification shall survive any termination, payment, or satisfaction of the Obligations and the termination of this Master Indenture, any foreclosure or any other transfer of any kind of the Mortgaged Property, and the resignation or removal of the Master Trustee under this Master Indenture for any reason and shall continue and survive ad infinitum.

(c) The Members' indemnification contained herein shall be effective not only with any existing Environmental Requirements affecting the Members, Indemnified Parties and/or the Mortgaged Property, but also for any hereinafter enacted environmental law, regulation, statute or program, whether federal, state or local affecting the Members, Indemnified Parties and/or the Mortgaged Property.

(d) The Members' indemnification contained herein shall also extend to any and all like claims which arise from the acts or omissions of the Charter School and any user, tenant, lessee, agent or invitee of a Member.

(e) The obligations under this Section shall not be affected by any investigation by or on behalf of Indemnified Parties, or by any information which Indemnified Parties may have or obtain with respect thereto.

(f) The Members indemnification shall include the duty to defend any and all claims, and Indemnified Parties may participate in the defense of any claim without relieving a Member of any obligation hereunder. This duty to defend shall apply and constitute an obligation of the

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(ii) Each Member hereby grants, and will cause any tenants or users of its respective Mortgaged Property to grant, to Master Trustee, its agents, attorneys, employees, consultants and contractors, upon reasonable notice, and under reasonable conditions established by such Member, which do not impede the performance of the Environmental Assessment, an irrevocable license and authorization to enter upon and inspect the Mortgaged Property, and perform such sampling, tests, and analysis ("Tests") including without limitation, subsurface testing, soils and groundwater testing, and other tests which may physically invade the Mortgaged Property, as the Master Trustee or its agent determines is necessary.

(iii) Each Member will cooperate with the consultants and supply to the consultants such historical and operational information as may be reasonably requested by the consultants, together with any notices, permits or other written communications pertaining to violations of Environmental Requirements and any and all necessary information and make available personnel having knowledge of such matters as may be required by the Master Trustee, Trustee's agents, consultants and engineers to complete an Environmental Assessment or Tests.

(iv) Should either Member fail to perform an Environmental Assessment within the time period set forth in this Section, Master Trustee shall have the right but not the obligation to retain an environmental consultant to perform said Environmental Assessment at such Member's expense.

(v) The cost of performing any Environmental Assessment shall be paid by the applicable Member upon demand of Master Trustee and any such obligations shall be included in the Indebtedness.

(vi) If an Environmental Assessment reveals any violations of Environmental Requirements or a Member receives a notice of a violation of Environmental Requirements, and such Member fails to cure the violation in the time period and the manner specified in Section 8.1(a)(ii) hereof, such action will constitute an Event of Default.

(i) No Assumption of Risk. The Master Trustee's rights under this Section shall be exercised by it in its sole discretion and not for the benefit of the Obligated Group. The Master Trustee shall have no obligation (unless directed and indemnified as provided in this Master Indenture) to enter into the Mortgaged Property thereon or to take any other action which is authorized by this Article for the protection of its security interest. The Obligated Group specifically agrees and acknowledges that any action permitted under this Section shall not be construed to be the management or control of the Mortgaged Property by the Master Trustee.

#### Section 7.15 Environmental Indemnity.

(a) In addition to and not in lieu of the indemnification set forth elsewhere in this Master Indenture, each Member and its respective successors, heirs and assigns, shall do hereby indemnify and hold harmless the Master Trustee, its successors, assigns, trustees, directors, officers, employees, agents, contractors, subcontractors, licensees, and invitees (collectively

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Obligated Group regardless of any challenge by a Member to this provision, the indemnification contained herein, or any other provision of this Master Indenture. This duty to defend shall apply regardless of the validity of Obligated Group's indemnification, as may ultimately be determined by a court of competent jurisdiction.

(g) Notwithstanding anything to the contrary contained in this Section, no indemnification shall be required for any Environmental Damage incurred solely as the result of the gross negligence or willful misconduct of the party seeking indemnification.

Section 7.16 Membership in Obligated Group. Additional Members may be added to the Obligated Group from time to time provided that prior to such addition the Master Trustee receives:

(a) a copy of a resolution of the governing body of the proposed new Member which authorizes the execution and delivery of a Supplemental Indenture and compliance with the terms of this Master Indenture;

(b) a Supplemental Indenture executed by the Obligated Group Representative, the new Member and the Master Trustee pursuant to which the proposed new Member (i) agrees to become a Member, (ii) agrees to be bound by the terms and restrictions imposed by this Master Indenture and the Obligations, and (iii) irrevocably appoints the Obligated Group Representative as its agent and attorney-in-fact and grants to the Obligated Group Representative full power to execute Supplemental Indentures authorizing the issuance of Obligations and to execute and deliver Obligations;

(c) an opinion of Counsel addressed to the Master Trustee to the effect that (i) the proposed new Member has taken all necessary action to become a Member, and upon execution of the Supplemental Indenture, such proposed new Member will be bound by the terms of this Master Indenture;

(d) a Consultant's or Independent Accountant's report, or an Officer's Certificate, as appropriate, to the effect that the Members would meet the test for the incurrence of one dollar (\$1) of additional Long Term Indebtedness immediately following the addition of such new Member;

(e) an opinion of nationally recognized bond counsel to the effect that the addition of such Member will not result in the inclusion of interest on any tax-exempt Related Bonds in gross income for purposes of federal income taxation, nor cause this Master Indenture or the Obligations issued under this Master Indenture to be subject to registration under the Securities Act of 1933, as amended or the Trust Indenture Act of 1939, as amended (or unless such registration, if required, has occurred); and

(f) an Officer's Certificate to the effect that no Member, immediately after the addition of such new Member, would be in default in the performance or observance of any covenant or condition of this Master Indenture.

Section 7.17 Withdrawal from Obligated Group. Any Member (other than the Obligated Group Representative) may withdraw from the Obligated Group, and be released from

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further liability or obligation under the provisions of this Master Indenture, provided that prior to such withdrawal the Master Trustee receives:

(a) an Officer's Certificate to the effect that, immediately following withdrawal of such Member, no Member would be in default in the performance or observance of any covenant or condition of this Master Indenture;

(b) an opinion of nationally recognized bond counsel to the effect that the withdrawal of such Member is in compliance with the conditions contained in this Section, and such withdrawal will not result in the inclusion of interest on any tax-exempt Related Bond from gross income for purposes of federal income taxation, nor cause this Master Indenture or the Obligations issued under this Master Indenture to be subject to registration under the Securities Act of 1933, as amended, or the Trust Indenture Act of 1939, as amended (or unless such registration, if required, has occurred); and

(c) the written consent of the Holders of not less than 51% in aggregate principal amount of Obligations then Outstanding.

Any certification or calculation made in accordance with this Section may take into account the effect of the addition of another Member or Members to the Obligated Group in connection with the withdrawal of a Member from the Obligated Group contemplated herein.

Upon compliance with the conditions contained in this Section, the Master Trustee shall execute any documents reasonably requested by the withdrawing Member to evidence the termination of such Member's obligations hereunder (including without limitation termination of the pledge of such Member's Pledged Revenues) under any Supplemental Indenture and under all Obligations (including without limitation release and reconveyance of the Mortgage encumbering such Member's respective Mortgaged Property for the benefit of the Master Trustee).

## ARTICLE VIII

### REMEDIES OF THE MASTER TRUSTEE AND NOTEHOLDERS IN EVENT OF DEFAULT

#### Section 8.1 Events of Default.

(a) "Event of Default", as used herein, means any of the following events (including the expiration of any specified time), whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

(i) if the Obligated Group shall fail to make any deposit into the Revenue Fund prior to the date on which any payment from the Revenue Fund is required in respect of any Obligation; or

(ii) if any Member shall fail to observe or perform any covenant or agreement contained in this Master Indenture or any Related Financing Documents (including the

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(b) Upon the occurrence of an Event of Default, then and in each and every such case, the Master Trustee may and, if requested in writing by the Holders of not less than 25% in aggregate principal amount of all Obligations then Outstanding, the Master Trustee shall, by notice in writing to the Obligated Group Representative declare the principal of all (but not less than all) Outstanding Obligations to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Master Indenture or in such Outstanding Obligations contained to the contrary notwithstanding. This provision, however, is subject to the condition that if, at any time after the principal of all Outstanding Obligations shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided: (i) the Obligated Group shall deposit with the Master Trustee a sum sufficient to pay (A) all matured installments of interest upon all Notes and the principal and premium, if any, of all such Notes that shall have become due otherwise than by acceleration (with interest on overdue installments of interest at the rates specified in the Related Financing Documents, or otherwise to the extent permitted by law and on such principal and premium, if any, at the respective rates borne by such Notes to the date of such deposit) and any other amounts required to be paid pursuant to such Notes, (B) all amounts due on any such Guaranty, Hedging Obligation or Ancillary Obligation other than by reason of acceleration and (C) the expenses and fees of the Master Trustee; and (ii) any and all Events of Default under this Master Indenture, other than the nonpayment of principal of and accrued interest on Outstanding Obligations that shall have become due by acceleration, shall have been remedied, then and in every such case, the Master Trustee may and, if requested by the Holders of a majority in aggregate principal amount of all Obligations then Outstanding, shall waive all Events of Default and rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment shall extend to or affect any subsequent Event of Default.

Section 8.2 Payment of Obligations on Default. Upon the occurrence of an Event of Default as described in Section 8.1 hereof and upon demand of the Master Trustee, the Obligated Group will pay to the Master Trustee, for the benefit of the Holders of all Obligations then Outstanding, (a) the whole amount that then shall have become due and payable on all such Obligations for principal or interest, or both, and such other amounts as may be required to be paid on all such Obligations, with interest upon the overdue principal and installments of interest (to the extent permitted by law) at the respective rates of interest borne by such Obligations or as provided in the applicable Supplemental Indenture, and (b) such further amount as shall be sufficient to cover the costs and expenses of collection, including a reasonable compensation to the Master Trustee, its agents, attorneys and counsel, and any expenses incurred by the Master Trustee other than as a result of its negligence or bad faith.

Section 8.3 Suit for Moneys Due. In case the Obligated Group shall fail forthwith to pay the amounts due under Section 8.2 hereof upon such demand, the Master Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against a Member, and collect in the manner provided by law out of the Pledged Revenues and the Mortgaged Property the moneys adjudged or decreed to be payable. The Master Trustee, upon the bringing of any action or proceeding at law or in equity under this Section 8.3, as a matter of right, without notice and without giving bond to the Obligated Group, may, to the

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expiration of any specified time) for any Obligations for a period of 30 days after written notice of such failure, requiring the same to be remedied, shall have been given by the Master Trustee to the Obligated Group Representative, the giving of which notice shall be at the discretion of the Master Trustee unless the Master Trustee is requested in writing to do so by the Holders of at least 25% in aggregate principal amount of all Outstanding Obligations, in which event such notice shall be given; provided, however, that if such observance or performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied within such 30-day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as, the Member shall commence such observance or performance within such 30-day period and shall diligently and continuously prosecute the same to completion, as set forth in an Officer's Certificate; or

(iii) if any Member defaults in the payment of any Indebtedness (other than Obligations issued and Outstanding hereunder), whether such Indebtedness now exists or shall hereafter be created, and any period of grace with respect thereto shall have expired, or an event of default as defined in any Related Financing Documents under which any such Indebtedness may be issued, secured or evidenced shall occur (including the expiration of any specified time), which default in payment or event of default shall result in such indebtedness becoming or being declared due and payable prior to the date on which it would otherwise become due and payable; provided, however, that such default shall not constitute an Event of Default if within the time allowed for service of a responsive pleading in any proceeding to enforce payment of the indebtedness under the laws governing such proceeding (A) the Member in good faith commence proceedings to contest the existence or payment of such indebtedness, and (B) sufficient moneys are escrowed with a bank or trust company for the payment of such Indebtedness; or

(iv) if a decree or order by a court having jurisdiction is entered adjudging any Member as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization or arrangement of the Member under the United States Bankruptcy Code or any other similar applicable federal or state law, and such decree or order of a court having jurisdiction in the premises for the appointment of a receiver or trustee or assignee in bankruptcy or insolvency of the Member or of its respective Mortgaged Property, or for the winding-up or liquidation of its affairs, is entered, and such decree or order remains in force undischarged and unstayed for a period of 90 days; or

(v) if any Member institutes proceedings to be adjudicated a voluntary bankrupt, or consents to the institution of a bankruptcy proceeding against it, or files a petition or answer or consent seeking reorganization or arrangement under the United States Bankruptcy Code or any other similar applicable federal or state law, or consents to the filing of any such petition, or consents to the appointment of a receiver or trustee or assignee in bankruptcy or insolvency of it or of its respective Mortgaged Property, or makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due, or corporate action is taken by the Member in furtherance of any of the aforesaid purposes.

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extent permitted by law, have a receiver appointed of all of the Mortgaged Property pending such action or proceeding, with such powers as the court making such appointment shall confer.

Section 8.4 Proceedings in Bankruptcy. In case there shall be pending proceedings for the bankruptcy or for the reorganization or arrangement of a Member under the United States Bankruptcy Code or any other applicable law relative to the Members, their creditors, the Pledged Revenues or the Mortgaged Property, or in case a receiver or trustee shall have been appointed for the Pledged Revenues or the Mortgaged Property, the Master Trustee, irrespective of whether the principal of Notes of any series shall then be due and payable as therein expressed or any amount in respect of any Guaranty, Hedging Obligation or Ancillary Obligation is then payable or by declaration or otherwise and irrespective of whether the Master Trustee shall have made any demand pursuant to the provisions of Section 8.2 hereof, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of principal, premium, if any, interest and any other amounts owing and unpaid in respect of Obligations of all series, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Master Trustee and of the Holders of the Obligations allowed in such judicial proceedings relative to the Members, their creditors, the Pledged Revenues or the Mortgaged Property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same after the deduction of its charges and expenses; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by each of such Holders to make such payments to the Master Trustee, and, in the event that the Master Trustee shall consent to the making of such payments directly to such Holders, to pay to the Master Trustee any amount due it for compensation and expenses, including counsel fees incurred by it up to the date of such distribution. To the extent that such payment of reasonable compensation, expenses and counsel fees out of the estate in any such proceedings shall be denied for any reason, payment of the same shall be secured by a lien on, and shall be paid out of, any and all distributions, dividends, moneys, securities and other property that the Holders of the Obligations may be entitled to receive in such proceedings, whether in liquidation or under any plan of reorganization or arrangement or otherwise.

Section 8.5 Suit by Master Trustee. All rights of action and rights to assert claims under any Obligation may be enforced by the Master Trustee without the possession of such Obligation in any trial or other proceedings instituted by the Master Trustee. In any proceedings brought by the Master Trustee (and also any proceedings involving the interpretation of any provision of this Master Indenture to which the Master Trustee shall be a party) the Master Trustee shall be held to represent all the Holders of Obligations, and it shall not be necessary to make any Holders of Obligations parties to such proceedings.

Section 8.6 Application of Moneys Collected. Any amounts collected by the Master Trustee pursuant to Sections 8.2, 8.3 and 8.4 hereof and all moneys on deposit in the Revenue Fund shall be applied, for the equal and ratable benefit of the Holders of Obligations in the order following, at the date or dates fixed by the Master Trustee for the distribution of such moneys, upon presentation of such Obligations, and stamping thereon the payment, if only partially paid, and upon surrender thereof if fully paid:

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(a) to the payment of costs and expenses of collection, including fees of Counsel, reasonable compensation to the Master Trustee and any outstanding fees; and

(b) if the principal of all Outstanding Notes and amounts under all Guaranties shall not have become or have not been declared due and payable:

**FIRST:** To the payment to the Persons entitled thereto of all installments of interest then due on any Obligations or regularly scheduled periodic payments on Hedging Obligations ratably, according to the amounts due, without any discrimination or preference;

**SECOND:** To the payment to the persons entitled thereto of the unpaid principal installments and any termination payments with respect to a Hedging Obligation or Qualified Derivative secured on a parity basis which shall have become due, whether at maturity or by call for redemption, and on any Obligations ratably, according to the amounts of principal installments due, without any discrimination or preference; and

**THIRD:** To the payment to the Persons entitled thereto of any additional amounts due and unpaid in respect of Obligations ratably (except to the extent that a Hedging Obligation secures termination payments on a subordinated basis), according to the amounts due thereon, without any discrimination or preference; and

**FOURTH:** To the payment then due with respect to any Subordinated Indebtedness, including any termination payments due under any Hedging Obligation or Qualified Derivative which are secured on a subordinated basis;

(c) if the principal of all Outstanding Notes and amounts under all other Obligations shall have become or have been declared due and payable, to the payment to the Persons entitled to interest, principal, regularly scheduled periodic payments and termination payments due under any Hedging Obligation (if not secured on a subordinated basis) which shall have become due and unpaid ratably, according to the amounts due thereon, without any discrimination or preference; provided that for the purpose of determining the amount of unpaid principal in respect of any such Obligation, there is to be deducted the amount, if any, which has been realized by the Holder by exercise of its rights as a secured party with respect to any liens granted with respect thereto or is on deposit in any fund established pursuant to any Related Financing Documents for such Obligation (other than amounts consisting of payments of principal, regularly scheduled periodic payments, termination payments and interest previously made and credited against the payments due under such Obligation) as of the date of payment by the Master Trustee pursuant to this subsection (b), all as certified to the Master Trustee by the Holder;

(d) to the payment of any Subordinated Indebtedness, including any termination payments due under any Hedging Obligation or Qualified Derivative which are secured on a subordinated basis; and

(e) to the payment of the remainder, if any, to the Members, their successors or assigns, or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

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Section 8.9 **Delay or Omission of Master Trustee.** No delay or omission of the Master Trustee, or of any Holder of an Obligation, to exercise any right or power accruing upon an Event of Default, occurring and continuing as aforesaid, shall impair any such right or power, or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, nor shall the action of the Master Trustee or of the Holders of Obligations in case of any Event of Default, or in case of any Event of Default and subsequent waiver of such Event of Default, affect or impair the rights of the Master Trustee or of such Holders in respect of any subsequent Event of Default or impair any right resulting therefrom; and every power and remedy given by this Master Indenture to the Master Trustee or to such Holders may be exercised from time to time and as often as may be deemed expedient by it or by them.

Section 8.10 **Remedies Cumulative.** No remedy herein conferred upon or reserved to the Master Trustee or the Holders of Obligations entitled to the benefits hereof is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute; and the employment of any remedy hereunder, or otherwise, shall not prevent the concurrent employment of any other appropriate remedy or remedies. In the pursuit of any such remedies the Master Trustee shall have and be vested with the rights of a secured creditor under the Pennsylvania Uniform Commercial Code (or similar laws of other jurisdictions as applicable) with respect to the Pledged Revenues and to the Revenue Fund and shall have the power to foreclose any lien which may be granted to it as Master Trustee pursuant to Article IV hereof, all to the extent permitted by law.

Section 8.11 **Notice of Default.** The Master Trustee shall, within 10 days after the occurrence of an Event of Default, mail to all Holders of Obligations, as the names and addresses of such Holders appear upon the books maintained pursuant to Articles II and III hereof, notice of such Event of Default of which the Master Trustee has actual knowledge, unless such Event of Default shall have been cured before the giving of such notice; provided that, except in the case of default in the payment of the principal or of premium, if any, or interest on or other amounts payable under any of the Notes or Guaranties and the Events of Default specified in subsections (a)(iv) and (a)(v) of Section 8.1 hereof, the Master Trustee shall be protected in withholding such notice if and so long as the Master Trustee in good faith determines that the withholding of such notice is in the interest of the Holders of the Obligations. The Master Trustee shall not be deemed to have notice or knowledge of any Event of Default unless it has actual knowledge of such Event of Default, or it has been notified in writing of such Event of Default by the Holders of Obligations equal in the aggregate to at least 25% in principal amount of all Obligations.

## ARTICLE IX

### CONCERNING THE MASTER TRUSTEE

#### Section 9.1 **Duties and Liabilities of Master Trustee.**

(a) The Master Trustee, prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Master Indenture. In case such an Event of Default has occurred (which has not been cured or waived) the Master Trustee shall

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#### Section 8.7 **Actions by Holders.**

(a) No Holder of an Obligation shall have any right by virtue of or by availing of any provision of this Master Indenture to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Master Indenture or for the appointment of a receiver or trustee, or any other remedy hereunder, unless the Holders of not less than 25% in aggregate principal amount of Obligations then Outstanding shall have made written request upon the Master Trustee to institute such action, suit or proceeding in its own name as Master Trustee hereunder and shall have offered to the Master Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and the Master Trustee, for 30 days after its request of such notice, request and offer of indemnity, shall have neglected or refused to institute any such action, suit or proceeding and no direction inconsistent with such written request shall have been given to the Master Trustee pursuant to Section 8.8 hereof; it being understood and intended, and being expressly covenanted by the Holder of an Obligation and the Master Trustee, that no one or more Holders of Obligations shall have any right in any manner whatever by virtue of or by availing of any provision of this Master Indenture to affect, disturb or prejudice the rights of any other Holder of an Obligation or to obtain or seek to obtain priority over or preference to any other such Holder, or to enforce any right under this Master Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all Holders of Obligations. For the protection and enforcement of the provisions of this Section 8.7, each and every Holder of an Obligation and the Master Trustee shall be entitled to such relief as can be given either at law or in equity.

(b) The Holder of an Obligation instituting a suit, action or proceeding in compliance with the provisions of this Section 8.7 shall be entitled in such suit, action or proceeding to such amounts as shall be sufficient to cover the costs and expenses of collection, including to the extent permitted by applicable law, a reasonable compensation to its attorneys.

(c) Notwithstanding any other provision of this Master Indenture the right of a Holder of an Obligation to receive payment of the principal of and interest on any Note or Guaranty and any other amounts payable thereunder, on or after the respective due dates expressed in such Note or Guaranty, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

Section 8.8 **Direction of Proceedings by Holders.** The Holders of a majority in aggregate principal amount of Obligations then Outstanding shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Master Trustee, or exercising any trust or power conferred on the Master Trustee; provided, however, that, subject to Section 9.2 hereof, the Master Trustee shall have the right to decline to follow any such direction if the Master Trustee, being advised by Counsel, determines that the action so directed may not lawfully be taken, or if the Master Trustee in good faith shall, by a responsible officer or officers of the Master Trustee, determine that the proceedings so directed would be illegal or involve it in personal liability, and provided further that nothing in this Master Indenture shall impair the right of the Master Trustee in its discretion to take any action deemed proper by the Master Trustee and which is not inconsistent with such direction by the Holders.

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exercise such of the rights and powers vested in it by this Master Indenture using same degree of care and skill as a prudent person would exercise in the conduct of his or her own affairs.

(b) No provision of this Master Indenture shall be construed to relieve the Master Trustee from liability for its own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct; provided, however, that:

(i) the Master Trustee shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Master Trustee, unless it shall be proved that the Master Trustee was grossly negligent in ascertaining the pertinent facts; and

(ii) the Master Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in aggregate principal amount of Obligations then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Master Trustee, or exercising any trust or power conferred upon the Master Trustee, under this Master Indenture.

(c) None of the provisions contained in this Master Indenture shall require the Master Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured of it.

Section 9.2 **Reliance on Documents, Indemnification, Etc.** Except as otherwise provided in Section 9.1 hereof:

(a) The Master Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate (including any Architect's Certificate or report), statement, instrument, opinion (including an opinion of a Consultant or Counsel), record, notice, request, consent, order, approval, note, bond, debenture or other paper or document (including any statement by or on behalf of any Holder relating to the amount of principal outstanding or interest due on any Obligation) believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Any request, direction, order or demand of the Obligated Group Representative mentioned herein shall be sufficiently evidenced by an Officer's Certificate (unless other evidence in respect thereof be herein specifically prescribed); and any resolution of the Board of the Obligated Group Representative may be evidenced to the Master Trustee by a copy thereof certified by the Secretary or an Assistant Secretary of the Obligated Group Representative.

(c) The Master Trustee may consult with Counsel and the advice of such Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with such advice.

(d) Prior to the occurrence of an Event of Default hereunder and after the curing of all Events of Default, the Master Trustee shall not be bound to make any investigation into the facts

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or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, note, bond, debenture, or other paper or document, unless requested in writing to do so by the Holders of a majority in aggregate principal amount of Obligations then Outstanding; provided, however, that if the payment within a reasonable time to the Master Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Master Trustee, not reasonably assured to the Master Trustee by the security afforded to it by the terms of this Master Indenture, the Master Trustee may require indemnity, satisfactory to the Master Trustee, with respect to such additional compensation as the Master Trustee may require for complying with such request and against such costs, expenses (including, without limitation, fees of Counsel) or liabilities as a condition to so proceeding. The reasonable expense of every such examination shall be paid by the Obligated Group or, if paid by the Master Trustee, shall be repaid by the Obligated Group upon demand.

(e) The Master Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys.

(f) The Master Trustee shall be under no responsibility to select or approve any Architect, Consultant, Counsel, Independent Public Accountant, Insurance Consultant or other expert or skilled person selected by the Obligated Group Representative, any Member or the Charter School for any of the purposes expressed in this Master Indenture, the Lease or any Related Financing Documents.

(g) The Master Trustee shall have no duty to review or analyze any financial statements or other information filed with the Master Trustee by any party. The Master Trustee shall not be deemed to have notice of any information contained therein or event of default which may be disclosed in any manner therein. The Master Trustee shall have no duty or obligation to review any reports or recommendations of any Consultant delivered to the Master Trustee by any party or to determine compliance with any such recommendations, and the Master Trustee shall hold any such reports or recommendations for safe-keeping purposes only.

(h) The Master Trustee shall have the right to accept and act upon instructions or directions pursuant to this Master Indenture and any other Related Financing Documents sent in the form of a manually signed document by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Members shall provide to the Master Trustee an incumbency certificate listing designated persons with the authority to provide such instructions and containing specimen signatures of such designated persons, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. The Master Trustee may accept documents signed by way of a digital signature from a provider of digital signature services specified in writing by the Obligated Group Representative to the Master Trustee, including initially, DocuSign. If the Members elect to give the Master Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Master Trustee in its discretion elects to act upon such instructions, the Master Trustee's understanding of such instructions shall be deemed controlling. The Master Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Master Trustee's reliance upon and compliance with such instructions notwithstanding that such instructions conflict or are inconsistent with a subsequent written instruction. The Members agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to

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Section 9.6 **Officer's Certificate as Evidence.** Except as otherwise provided in Section 9.1 hereof, whenever in the administration of the provisions of this Master Indenture the Master Trustee shall deem it necessary or desirable (or if this Master Indenture shall require) that a matter be proved or established prior to taking, suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of gross negligence or bad faith on the part of the Master Trustee, be deemed to be conclusively proved and established by an Officer's Certificate delivered to the Master Trustee, and such Certificate, in the absence of gross negligence or bad faith on the part of the Master Trustee, shall be full warrant to the Master Trustee for any action taken, suffered or omitted by it under the provisions of this Master Indenture upon the faith thereof.

Section 9.7 **Resignation, Removal and Successor Master Trustee.** The Master Trustee may resign at any time without cause by giving at least 30 days' prior written notice to the Obligated Group Representative and by publishing notice of such resignation in such newspapers as may be specified in any Supplemental Indentures and by mailing notice of such resignation to each Holder of an Obligation then Outstanding, as the names and addresses of such Holders appear on the register maintained pursuant to Articles II and IV hereof, such resignation to be effective upon the acceptance of such Master Trusteeship by a successor. The Master Trustee may be removed without cause by the Obligated Group, provided that at the time of such removal, no Event of Default has occurred and is continuing hereunder. In addition, the Master Trustee may be removed without cause at the direction of the Holders of not less than 50% in aggregate principal amount of Obligations then Outstanding, delivered to the Obligated Group Representative and the Master Trustee. The Master Trustee shall promptly give notice of any such removal in writing to each Holder of an Obligation then Outstanding as provided above. In the case of the resignation of the Master Trustee or removal by the Obligated Group, a successor Master Trustee shall be appointed by the Obligated Group Representative. In the case of the removal of the Master Trustee at the direction of the Holders of not less than 50% in aggregate principal amount of Obligations then Outstanding, such successor may be appointed at the direction of the Holders of not less than 50% in aggregate principal amount of Obligations then Outstanding. If a successor Master Trustee shall not have been appointed within 30 days after such notice of resignation or removal, the Master Trustee, the Obligated Group or any Holder of an Obligation then Outstanding may apply to any court of competent jurisdiction to appoint a successor to act until such time, if any, as a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided.

Section 9.8 **Acceptance by Successor Master Trustee.** Any successor Master Trustee, however appointed, shall execute and deliver to its predecessor and to the Obligated Group Representative an instrument accepting such appointment, and thereupon such successor, without further act, shall become vested with all the estates, properties, rights, powers and duties of its predecessor hereunder in the trusts under this Master Indenture applicable to it with like effect as if originally named the Master Trustee; but, nevertheless, upon the written request of such successor Master Trustee, its predecessor shall execute and deliver an instrument transferring to such successor Master Trustee, upon the trusts herein expressed applicable to it, the Pledged Revenues, the Mortgaged Property, all the estates, rights and powers of such predecessor under this Master Indenture, and such predecessor shall duly assign, transfer, deliver and pay over to

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the Master Trustee, including, without limitation, the risk of the Master Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(i) The Master Trustee shall be under no obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Members or the Charter School, or to report, make or file claims or proof of loss for any loss or damage insured against or that may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. The Master Trustee shall have no duty to review the reports and recommendations of any Insurance Consultant or to determine compliance with any such recommendations, and the Master Trustee shall hold any such reports and recommendations for safe-keeping purposes only.

Section 9.3 **Responsibility for Recitals, Validity of Indenture; Proceeds of Notes.**

The recitals contained in this Master Indenture and in the Notes and Guaranties (other than the certificate of authentication on such Notes and Guaranties) are to be taken as the statements of the Members and the Master Trustee assumes no responsibility for the correctness of the same. The Master Trustee makes no representations as to the validity or sufficiency of this Master Indenture or the liens or security created hereby or of the Notes and Guaranties. The Master Trustee shall not be accountable for the use or application by the Members of any of the Notes or Guaranties or of the proceeds of such Notes or Guaranties, or for the use or application of any moneys paid over by the Master Trustee in accordance with any provision of this Master Indenture, or for use or application of any moneys received by any paying agent other than the Master Trustee.

Section 9.4 **Master Trustee May Own Notes.** The Master Trustee, in its individual or any other capacity, may become the owner or pledgee of Notes with the same rights it would have if it were not Master Trustee hereunder. Any provision to the contrary herein notwithstanding, no provision of this Master Indenture shall prohibit the Master Trustee from serving as trustee under any Related Financing Documents or from maintaining a banking relationship with the Members.

Section 9.5 **Compensation and Expenses of Master Trustee.** The Obligated Group shall pay to the Master Trustee from time to time, and the Master Trustee shall be entitled to, such reasonable compensation as has been agreed to by both parties, and the Obligated Group shall pay or reimburse the Master Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Master Trustee in connection with the acceptance or administration of its trusts under this Master Indenture (including the reasonable compensation and the expenses and disbursement of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or bad faith. The Members shall indemnify the Master Trustee for, and shall hold it harmless against, any loss, liability or expense incurred without gross negligence or bad faith on the part of the Master Trustee and arising out of or in connection with the acceptance or administration of such trusts, including the costs and expenses (including, without limitation, a reasonable compensation to its attorneys) of defending itself against any claim of liability in the premises. The respective obligations of the Members under this Section 9.5 to compensate the Master Trustee, to pay or reimburse the Master Trustee for expenses, disbursements and advances and to indemnify and hold harmless the Master Trustee shall survive the satisfaction and discharge of this Master Indenture. The obligations of the Members under this Section shall be a senior claim and lien to that of the holders of the Obligations upon all property held or collected by the Master Trustee, as such.

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such successor Master Trustee all moneys, Pledged Revenues, the Mortgaged Property or other property then held by such predecessor under this Master Indenture.

Section 9.9 **Qualifications of Successor Master Trustee.** Any successor Master Trustee, however appointed, shall be a commercial bank or trust company having a combined net capital and surplus of, or shall be an affiliate of such institutions having combined capital and surplus of, at least \$25,000,000, if there be such an institution willing, able and legally qualified to perform the duties of the Master Trustee hereunder upon reasonable or customary terms.

Section 9.10 **Successor by Merger.** Any corporation or other entity into which the Master Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Master Trustee shall be a party, or any corporation to which substantially all the trust business of the Master Trustee may be transferred, shall, subject to the terms of Section 9.9 hereof, be the Master Trustee under this Master Indenture without further act.

Section 9.11 **Co-Master Trustees.** At any time, for the purpose of meeting the legal requirements of any applicable jurisdiction, the Master Trustee shall have power to appoint one or more Persons not unsatisfactory to the Obligated Group Representative to act as Co-Master Trustee under this Master Indenture, with such powers as may be provided in the instrument of appointment, and to vest in such person or persons any property, title, right or power deemed necessary or desirable, subject to the provisions of this Section 9.11.

(a) Each Co-Master Trustee shall, to the extent permitted by applicable law, be appointed subject to the following terms:

(i) The rights, powers, duties and obligations conferred or imposed upon any such Co-Master Trustee shall not be greater than those conferred or imposed upon the Master Trustee, and such rights and powers shall be exercisable only jointly with the Master Trustee, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Master Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights and powers shall be exercised by such Co-Master Trustee subject to the provisions of subsection (a)(iv) of this Section 9.11.

(ii) The Master Trustee may at any time, by an instrument in writing executed by it, accept the resignation of or remove any Co-Master Trustee appointed under this Section 9.11.

(iii) No Co-Master Trustee under this Master Indenture shall be liable by reason of any act or omission of the Master Trustee or any other Co-Master Trustee appointed under this Master Indenture.

(iv) No power given to such Co-Master Trustee shall be separately exercised hereunder by such Co-Master Trustee except with the consent in writing of the Master Trustee, anything herein contained to the contrary notwithstanding.

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**SUPPLEMENTS AND AMENDMENTS**Section 10.1 **Supplemental Indentures without Consent of Noteholders.**

(a) The Obligated Group Representative, acting for itself and as agent for each Member, when authorized by a resolution of its Board, and the Master Trustee may from time to time and at any time enter into an indenture or indentures supplemental or amendatory hereto for one or more of the following purposes:

(i) to provide for the issuance of any Obligations hereunder;

(ii) to evidence the succession of another corporation to a Member, or successive successions, and the assumption by the successor corporation of the covenants, agreements and obligations of such Member pursuant to this Master Indenture;

(iii) to add to the covenants of the Obligated Group such further covenants, restrictions or conditions as its Board and the Master Trustee shall consider to be for the protection of the Holders of Obligations issued hereunder, and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants, restrictions or conditions an Event of Default permitting the enforcement of all or any of the several remedies provided in this Master Indenture as herein set forth; provided, however, that in respect of any such additional covenant, restriction or condition such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Master Trustee upon such default;

(iv) to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indenture which may be defective or inconsistent with any other provision contained herein or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under this Master Indenture or any supplemental indenture as shall not impair the security of this Master Indenture or adversely affect the interests of the Holders of any particular Notes or series of Notes or of any Guaranty issued hereunder;

(v) to modify or supplement this Master Indenture in such manner as may be necessary or appropriate to qualify this Master Indenture under the Trust Indenture Act of 1939, as then amended, or under any similar federal statute hereafter enacted, including provisions whereby the Master Trustee accepts such powers, duties, conditions and restrictions hereunder and the Obligated Group, undertakes such covenants, conditions or restrictions additional to those contained in this Master Indenture as would be necessary or appropriate so to qualify this Master Indenture;

(vi) to provide for the establishment of additional funds and accounts hereunder and for the proper administration of and transfers of moneys between any such funds and accounts, provided that, except as otherwise provided in Section 6.2 and Article XI hereof,

(c) It shall not be necessary for the consent of the Holders under this Section 10.2 to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Section 10.3 **Effect of Supplemental Indenture.**

(a) Upon the execution of any Supplemental Indenture pursuant to the provisions of this Article X, this Master Indenture shall, with respect to each series of Notes and each Guaranty issued hereunder, be and be deemed to be modified and amended in accordance therewith and the respective rights, limitation of rights, obligations, duties and immunities under this Master Indenture of the Master Trustee, the Obligated Group and the Holders of Obligations issued hereunder shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Master Indenture.

(b) The Master Trustee, subject to the provisions of Sections 10.1 and 10.2 hereof, may receive and rely on an opinion of Counsel as conclusive evidence that any such supplemental indenture complies with the provisions of this Article X.

Section 10.4 **Obligations May Bear Notation of Changes.** Obligations authenticated and delivered after the execution of any Supplemental Indenture pursuant to the provisions of this Article X may bear a notation in form approved by the Master Trustee as to any matter provided for in such Supplemental Indenture. If the Obligated Group Representative or the Master Trustee shall so determine, new Obligations so modified as to conform, in the opinion of the Master Trustee and the Board of the Obligated Group Representative, to any modification of this Master Indenture contained in any such Supplemental Indenture may be executed by the Obligated Group Representative, authenticated by the Master Trustee and delivered in exchange for Obligations of the same series then Outstanding.

## ARTICLE XI

**SATISFACTION AND DISCHARGE OF INDENTURE; UNCLAIMED MONEYS**

Section 11.1 **Satisfaction and Discharge of Indenture.** If the Master Trustee receives: (a) an amount which is (i) in the form of (A) cash, (B) Government Obligations, or (C) obligations described in subparagraph (b) of the definition of Investment Securities, and (ii) in a principal amount sufficient, together with the interest thereon and any funds on deposit hereunder and available for such purpose, to provide for the payment of the principal of and premium, if any, and interest on all Outstanding Obligations to and including the maturity date or prior redemption or prepayment date thereof; (b) irrevocable instructions to redeem all Obligations to be redeemed prior to maturity and to notify the Holders of each such redemption; and (c) an amount sufficient to pay or provide for the payment of all other sums payable hereunder by the Obligated Group or any thereof, then this Master Indenture shall cease to be of further effect, and the Master Trustee, on demand of the Obligated Group or any thereof, and at the cost and expense of the Obligated Group or any thereof, shall execute all such instruments acknowledging satisfaction of and discharging this Master Indenture as may be requested by the Obligated Group Representative. The Obligated Group hereby agrees to reimburse the Master Trustee for any costs or expenses

Section 9.12 **Force Majeure.** In no event shall the Master Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder or under any other documents relating to the Obligations arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Master Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 9.13 **Consequential Damages.** Anything in this Master Indenture or the other documents relating to the Obligations notwithstanding, in no event shall the Master Trustee be liable for special, indirect, exemplary, incidental, punitive or consequential or other similar loss or damage of any kind whatsoever (including but not limited to loss of profit), even if the Master Trustee has been advised as to the likelihood or possibility of such loss or damage and regardless of the form of action.

Section 9.14 **Indemnity of Master Trustee.** The Obligated Group agrees to pay and protect, indemnify and save the Master Trustee and its officers, employees and agents harmless from and against any and all liabilities, losses, damages, costs, expenses (including reasonable attorneys' fees and expenses), causes of action, settlements, judgments or other obligations of any nature arising through any suits, claims, demands, actions or proceedings of any nature arising from, in connection with or as a result of its duties as Master Trustee. If any suit, claim, demand, action or proceeding is brought against the Master Trustee with respect to which indemnity may be sought under this Section, the Master Trustee agrees to promptly notify the Obligated Group Representative in writing, and the Obligated Group agrees to assume the defense of the suit, claim, demand, action or proceeding including the employment of legal counsel and the payment of all other reasonable expenses. The Master Trustee may, however, retain its own counsel and still be indemnified against the cost of employing counsel and all other reasonable expenses despite an assumption of the defense by the Obligated Group if the Master Trustee believes in good faith that there are defenses available to it which are adverse to or in conflict with those available to the Obligated Group and which the Master Trustee believes in good faith cannot be effectively asserted by common counsel. The Master Trustee always has the right to employ separate legal counsel but, subject to the preceding sentence, the fees and expenses of its separate legal counsel must be paid by the Master Trustee unless the Obligated Group and the Master Trustee have mutually agreed to the employment of the Master Trustee's separate legal counsel. The Obligated Group is not liable for any settlement of a suit, claim, demand, action or proceeding effected without its written consent and the Obligated Group agrees that it will not settle any claim or action without the consent of the Master Trustee, as applicable. This indemnification survives the payment in full of the Obligations.

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all such funds and accounts shall be established for the equal and ratable benefit of the Holders of all Outstanding Obligations; or

(vii) To obligate a successor to any Member as provided in Section 7.10 hereof.

(b) The Master Trustee is hereby authorized to join with the Obligated Group Representative in the execution of any such Supplemental Indenture, to make any further appropriate agreements and stipulations which may be therein contained and to accept the conveyance, transfer, mortgage, pledge or assignment of any Property thereunder, but the Master Trustee shall not be obligated to enter into any such Supplemental Indenture that affects the Master Trustee's rights, duties or immunities under this Master Indenture or otherwise.

(c) Any Supplemental Indenture authorized by the provisions of this Section 10.1 may, without the consent of the Holders of then Outstanding Obligations issued hereunder, be executed by the Obligated Group Representative and the Master Trustee.

Section 10.2 **Modification of Indenture with Consent of Holders.**

(a) With the consent of the Holders of not less than 51% in aggregate principal amount of Obligations then Outstanding, the Obligated Group Representative, acting for itself and as agent for each Member, when authorized by resolution of its Board, and the Master Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Master Indenture or of any Supplemental Indenture or of modifying in any manner the rights of the Holders of Obligations; provided, however, that without the consent of the Holders of not less than 75% in aggregate principal amount of all affected Obligations then Outstanding, no such Supplemental Indenture may effect a change in the times, amounts or currency of payment of the principal of, premium, if any, or interest on any Note or any Guaranty or a reduction in the principal amount or redemption price of any Note or the rate of interest thereon; and provided, further, that without the consent of the Holders of all Obligations then Outstanding, no such Supplemental Indenture may (i) reduce the aforesaid percentage of Obligations, the Holders of which are required to consent to any such supplemental indenture, or (ii) except as otherwise permitted by this Master Indenture, permit the preference or priority of any Obligation or Obligations over any other Obligation or Obligations.

(b) Upon the request of the Obligated Group Representative, accompanied by a copy of a resolution of its Board certified by the Secretary or an Assistant Secretary of the Obligated Group Representative authorizing the execution of any such supplemental indenture, and upon the filing with the Master Trustee of evidence satisfactory to the Master Trustee of the consent of Holders as aforesaid, the Master Trustee shall join with the Obligated Group Representative in the execution of such Supplemental Indenture unless such Supplemental Indenture affects the Master Trustee's own rights, duties or immunities under this Master Indenture or otherwise, in which case the Master Trustee may in its discretion, but shall not be obligated, to enter into such Supplemental Indenture.

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theretofore and thereafter reasonably and properly incurred by the Master Trustee in connection with this Master Indenture.

In like manner, the Members may provide for the payment thereof (or of a portion thereof) at or prior to maturity and the Obligation (or portion thereof) so provided for shall thereupon cease to be Outstanding hereunder. Funds provided for such payment shall be held for the sole benefit of the Holder of the Obligation to be paid and applied solely to the payment of such Obligation. No Obligation securing any Related Bond, Note or other indebtedness shall be deemed defeased until the Related Bond, Note or other indebtedness is deemed defeased in accordance with the appropriate Related Financing Document.

In lieu of the foregoing, the Members may deliver to the Holder thereof the amount required under the Related Financing Documents to provide for the payment of the principal, premium, if any, and interest due or to become due in respect of such Obligation and such Obligation shall, upon surrender to the Master Trustee for cancellation, no longer be deemed Outstanding hereunder.

Section 11.2 **Application of Funds Deposited for Payment of Obligations.** All moneys deposited with the Master Trustee pursuant to Section 11.1 hereof shall be held in trust and applied by it to the payment to the Holders of the Notes and Guaranties for the payment or redemption of which such moneys have been deposited with the Master Trustee, of all sums due and to become due thereon for principal and interest and any other amounts.

Section 11.3 **Repayment of Moneys Held by Master Trustee.** Any moneys deposited with the Master Trustee for the payment of the principal of or interest on Notes or Guaranties and not applied but remaining unclaimed by the Holders of such Obligations for four (4) years after the date upon which such payment shall have become due, shall, to the extent permitted by applicable law, be repaid to the Obligated Group by the Master Trustee on demand; and, upon such repayment, the Holder of any of such Obligations entitled to receive such payment shall look only to the Obligated Group for the payment thereof; provided that, before being required to make any such repayment, the Master Trustee may notify the Holders of such unpaid Obligations that said moneys have not been so applied and that after a date named therein any unclaimed balance of said moneys then remaining will be returned to the Obligated Group or any successor thereof. Any such notice shall be given in such manner as may be specified in the applicable Supplemental Indenture and the cost thereof shall be paid by the Obligated Group.

ARTICLE XII

**IMMUNITY OF INCORPORATORS, MEMBERS, OFFICERS AND MEMBERS OF BOARD**

Section 12.1 **Incorporators, Members, Officers and Members of the Board Exempt from Individual Liability.** No recourse under or upon any obligation, covenant or agreement of this Master Indenture, or of any Notes or Guaranties issued hereunder, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, member, officer or member of the Board, as such, past, present or future, of any Member or of any successor corporation, either directly or through a Member, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly

signature provider acceptable to the Master Trustee). Electronic signatures believed by the Master Trustee to comply with the E-SIGN ACT of 2000 or other applicable law shall be deemed original signatures for all purposes. If the Authority, the Obligated Group Representative or the Charter School chooses to use electronic signatures to sign documents delivered to the Master Trustee, such party agrees to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Master Trustee acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Master Trustee may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Master Trustee in lieu of, or in addition to, any document signed via electronic signature.

Section 13.4 **Governing Law.** This Master Indenture, any Supplemental Indenture and the Obligations issued hereunder will be deemed to be contracts made under the laws of the Commonwealth of Pennsylvania and for all purposes shall be construed in accordance with the laws of such state.

Section 13.5 **Legal Holidays.** Except to the extent any Supplemental Indenture or Obligation provides otherwise, in any case where the date on which any principal, premium, interest or other payment is required to be paid shall be on a day on which banking institutions at the place of payment are authorized by law to remain closed, then payment of such amounts need not be made on such date but may be made on the next succeeding day which is not a day on which banking institutions at such place of payment are authorized by law to remain closed, with the same force and effect as if made on the date otherwise due and, in the case of such payment, no interest shall accrue for the period from and after such date.

Section 13.6 **Benefits of Provisions of Indenture and Obligations.** Nothing in this Master Indenture or in the Obligations issued hereunder, expressed or implied, shall give or be construed to give any person, firm or corporation, other than the Members, the Master Trustee, any indemnified parties and the Holders of Obligations, any legal or equitable right, remedy or claim under or in respect of this Master Indenture, or under any covenant, condition and provision herein contained; all its covenants, conditions and provisions being for the sole benefit of the Obligated Group, the Master Trustee and of the Holders of such Obligations.

Section 13.7 **Execution in Counterparts.** This Master Indenture may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

Section 13.8 **Effective Date.** This Master Indenture shall become effective as of the day and year first written above upon execution hereof by the Members and the Master Trustee.

Section 13.9 **Force Majeure.** If the Members shall be delayed, hindered in or prevented from the performance of any act required hereunder by reason of Force Majeure (excluding specifically the payments due on any Obligations issued hereunder), then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a reasonable period, in no event to exceed a period equivalent to the period of such delay.

understood that this Master Indenture and the Obligations issued hereunder are solely corporate obligations, and that no personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, members, officers or members of the Board, as such, of a Member or any successor corporation, or any of them, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Master Indenture or in any Obligations issued hereunder or implied therefrom; and that any and all such personal liability of every name and nature, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, member, officer or trustee, as such, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Master Indenture or in any Obligations issued hereunder or implied therefrom are hereby expressly waived and released as a condition of, and as consideration for, the execution of this Master Indenture and the issuance of such Obligations.

ARTICLE XIII

**MISCELLANEOUS PROVISIONS**

Section 13.1 **Successors and Assigns of Members Bound by Indenture.** All the covenants, stipulations, promises and agreements in this Master Indenture contained by or on behalf of the Obligated Group or the Master Trustee will inure to the benefit of and will bind their respective successors and assigns, whether so expressed or not.

Section 13.2 **Official Acts by Successor Corporation.** Any act or proceeding by any provision of this Master Indenture authorized or required to be done or performed by any board, committee or officer of a Member shall and may be done and performed with like force and effect by the like board, committee or officer of any corporation that shall at the time be the lawful sole successor of such Member.

Section 13.3 **Notice or Demand Served by Mail.** All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given upon receipt when (a) mailed by certified or registered mail, postage prepaid, (b) deposited with any nationally recognized overnight delivery service that routinely issues receipts, or (c) personally delivered by any courier service that routinely issues receipts, (i) if to the Authority, 905 Harrison Street, Allentown, PA 18103, Attention: Executive Director; (ii) if to the Obligated Group Representative, addressed to it at 1414 E. Cedar Street, Allentown, Pennsylvania, 18109, Attn: Board President, (iii) if to the Master Trustee, addressed to it at Zions Bancorporation, National Association, 444 Liberty Ave., Suite 825, Pittsburgh, Pennsylvania 15222, and (iv) if to any Holder of any Obligation identified in the registration books kept pursuant to Articles II and III hereof, addressed to such Holder at the address set forth in such registration books; or to such other address as the Authority or the Obligated Group Representative or the Master Trustee shall from time to time designate by in writing.

All notices, approvals, consents, requests and any communications to the Master Trustee hereunder must be in writing in English and must be in the form of a document that is signed manually or by way of an electronic signature (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other electronic

IN WITNESS WHEREOF, the parties hereto have caused this Master Trust Indenture to be duly executed by persons thereunto duly authorized, as of the day and year first written above.

EXECUTIVE EDUCATION ACADEMY  
CHARTER SCHOOL FOUNDATION

By: \_\_\_\_\_

President of the Board of Trustees

ZIONS BANCORPORATION,  
NATIONAL ASSOCIATION, as Master  
Trustee

By: \_\_\_\_\_

Vice President

(Signature page to Master Trust Indenture)

**EXHIBIT A**

The following requirements shall apply to all certificates of deposit issued by parties other than a Qualified Financial Institution and all investment agreements and repurchase agreements entered into with parties other than a Qualified Financial Institution.

The aggregate market value of the collateral for a certificate of deposit, investment agreement or repurchase agreement, as of each valuation date shall be at least equal to the applicable amount set forth in Table I below. However, the required collateral levels for Table I may be increased or decreased in accordance with rating guidelines promulgated by S&P or Moody's.

The "Maximum Cure Period" shown in the table below is the period of time following each valuation date within which deficiencies in the market value of the collateral must be cured.

TABLE I  
Required Collateral Values (1)

Frequency of Valuation	Maximum Cure Period	Term of Maturity of Collateral	
		1 year or less	More than one year
Monthly	2 Business Days	105%	110%
Weekly	2 Business Days	103%	105%
Daily	1 Business Day	100%	100%

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- (1) Market value of the collateral expressed as a percentage of principal and accrued and unpaid interest based on the amount invested pursuant to a certificate of deposit or investment agreement or the repurchase price under each repurchase agreement, as the case may be, determined as of each valuation date.

SUPPLEMENTAL MASTER TRUST INDENTURE NO. 1

SUPPLEMENTAL MASTER TRUST INDENTURE NO. 1 dated as of November 1, 2024 (this "Supplemental Master Indenture No. 1"), between EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL FOUNDATION (the "Corporation" or "Obligated Group Representative"), a nonprofit corporation duly organized and validly existing under the laws of the Commonwealth of Pennsylvania, on behalf of itself as the sole Member of the Obligated Group and as Obligated Group Representative for any future Members from time to time of the Obligate Group described in the Master Indenture defined below, and ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as master trustee (the "Master Trustee") under the Master Trust Indenture dated as of November 1, 2024 (the "Original Master Indenture" and, together with this Supplemental Master Indenture No. 1, the "Master Indenture"), each between the Corporation and the Master Trustee.

SUPPLEMENTAL MASTER TRUST INDENTURE NO. 1

Between

EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL FOUNDATION

and

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as Master Trustee

Dated as of November 1, 2024

WHEREAS, the Corporation desires to issue a Note (as defined in the Master Indenture) under the provisions of the Master Indenture to evidence certain obligations of the Obligated Group arising in connection with the Loan Agreement dated as of November 1, 2024 (the "Loan Agreement"), between the Corporation, as borrower, and the Allentown Commercial and Industrial Development Authority (the "Authority"), pursuant to which the Authority loaned to the Corporation the proceeds of the Authority's Education Facility Lease Revenue Bonds Executive Education Academy Charter School Project) Tax Exempt Series of 2024 (the "Tax Exempt 2024 Bonds") and its Education Facility Lease Revenue Bonds Executive Education Academy Charter School Project) Taxable Series of 2024 (the "Taxable 2024 Bonds"). The Tax Exempt Bonds and the Taxable Bonds collectively referred to as the 2024 Bonds. The 2024 Bonds were issued pursuant to an Indenture of Trust dated as of November 1, 2024 (the "Bond Indenture"), between the Authority and Zions Bancorporation, National Association, as trustee (the "2024 Bond Trustee").

NOW, THEREFORE, intending to be legally bound, the Corporation covenants and agrees with the Master Trustee as follows:

SECTION 1. Purpose. This Supplemental Master Indenture No. 1 is executed and delivered for the purpose of authorizing the 2024 Note as defined in Section 3 hereof, in accordance with the Master Indenture.

SECTION 2. Definitions. All terms which are used and not otherwise defined herein shall have the meanings set forth in the Master Indenture.

SECTION 3. Terms and Conditions of the 2024 Note. There is hereby authorized for issuance, one Note (the "2024 Note") pursuant to the Master Indenture.

(a) The 2024 Note is authorized by the Master Indenture, including this Supplemental Master Indenture No. 1. The 2024 Note will (i) be issued to the Authority to evidence and secure the Corporation's payment obligations under the Loan Agreement wherein the Corporation agrees to pay, among other things, debt service on the 2024 Bonds; (ii) be issued in the combined original aggregate principal amount of \$ \_\_\_\_\_; (iii) be dated as of the date of issuance and delivery of

the 2024 Bonds, and (iv) contain such terms and provisions and will be in substantially the form attached as Exhibit A hereto.

The 2024 Note is being issued, executed and authenticated in accordance with and will be governed by the provisions of the Master Indenture.

SECTION 4. Payments with Respect to the 2024 Note.

(a) The Obligated Group will deposit or cause to be deposited into the Revenue Fund established under the Master Indenture an amount equal to the payments due on the next succeeding payment date with respect to the 2024 Note, plus any other amounts required to be deposited in the funds created under the Bond Indenture and held by the 2024 Bond Trustee, on or before the date(s) payments are required under Section 5.02 of the Loan Agreement.

(b) No later than two (2) Business Days after receipt thereof, the Master Trustee is hereby directed to transfer moneys held in the Revenue Fund required for payments due on the 2024 Bonds, plus any other amounts required to be deposited in the funds created under the Bond Indenture and held by the 2024 Bond Trustee, to the 2024 Bond Trustee on or before the date of such required payments. The regularly scheduled payment dates and amounts due on such payment dates with respect to principal and interest due on the 2024 Bonds are as set forth in the attached Schedule A. The Obligated Group agrees to provide written notice to the Master Trustee of the dates and amounts of any extraordinary payments due on the 2024 Bonds.

(c) Following the payment to the 2024 Bond Trustee of amounts due on the 2024 Bonds and so long as no Event of Default has occurred or is continuing, any amounts remaining in the Revenue Fund and not needed for the payment on the 2024 Note or any other Outstanding Obligations are to be returned to Lincoln Leadership Academy Charter School, Inc.

SECTION 5. Electronic Communication. The Master Trustee will have the right to accept and act upon electronic communications as provided in Section 9.2(h) of the Original Master Indenture.

SECTION 6. Term of Supplemental Master Indenture No. 1. This Supplemental Master Indenture No. 1 shall remain in full force and effect for so long as the 2024 Note remains Outstanding under the terms of the Master Indenture.

SECTION 7. Counterparts. This Supplemental Master Indenture No. 1 may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Master Indenture No. 1 to be duly executed by persons thereunto duly authorized, as of the day and year first written above.

EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL FOUNDATION, on behalf of itself as Member of the Obligated Group and as Obligated Group Representative

By: \_\_\_\_\_ President of the Board of Trustees

ZIONS BANCORPORATION, NATIONAL ASSOCIATION as Master Trustee

By: \_\_\_\_\_ Vice President

(Signature page to Supplemental Master Indenture No. 1 re Executive Education Academy Charter School Project)

Schedule A

BOND DEBT SERVICE  
Executive Education Academy  
Series 2024

Exhibit A

Form of Note

<u>Period Ending</u> <u>(June 15)</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Debt Service</u>
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
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2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
2050				
2051				
2052				
2053				

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933

No. 2024-1 \_\_\_\_\_ \$ \_\_\_\_\_

November 1, 2024

**2024 NOTE**

**EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL FOUNDATION** (the "Corporation"), a nonprofit corporation organized under the laws of the Commonwealth of Pennsylvania, as the sole Member of the Obligated Group, and all other organizations as may hereafter join the Obligated Group and become Members of the Obligated Group (collectively, the "Obligated Group"), for value received, hereby promises to pay to **ALLENTOWN COMMERCIAL AND INDUSTRIAL DEVELOPMENT AUTHORITY** (the "Authority") the original principal sum of **MILLION, HUNDRED \_\_\_\_\_ DOLLARS AND NO/100 (\$ \_\_\_\_\_)** in installments on the dates, in the amounts and in the manner hereinafter described, subject to the provisions for redemption set forth herein, and to pay to the Authority interest thereon and certain other amounts payable hereunder, in installments on the dates, in the amounts and in the manner hereinafter described.

This Note is the duly authorized Obligation of the Obligated Group, limited to \$ \_\_\_\_\_ in principal amount, designated as its "2024 Note" (hereinafter the "2024 Note"), issued pursuant to the Master Trust Indenture dated as of November 1, 2024 (the "Original Master Indenture"), as supplemented by the Supplemental Master Trust Indenture No. 1 dated as of November 1, 2024 (the "Supplemental Master Indenture No. 1" and, together with the Original Master Indenture, the "Master Indenture"), each between the Corporation (and any future members of the Obligated Group referred to therein) and Zions Bancorporation, National Association, as master trustee (the "Master Trustee"). Certain capitalized words and terms used in this 2024 Note and not defined herein shall have the respective meanings given such words and terms in the Master Indenture and the Bond Indenture hereinafter described.

This 2024 Note has been issued for the purpose of evidencing and securing the Corporation's payment obligations under a certain Loan Agreement dated as of November 1, 2024 (the "Agreement"), among the Authority and the Corporation. The Agreement and the Authority's rights thereunder to receive installment payments from the Corporation, as evidenced and secured hereby, have been assigned by the Authority to the Bond Trustee (defined below) as security for the Authority's payment obligations in respect of its \$ \_\_\_\_\_ original aggregate principal amount of Education Facility Lease Revenue Bonds Executive Education Academy Charter School Project Tax Exempt Series of 2024 (the "Tax Exempt 2024 Bonds") and its \$ \_\_\_\_\_ original aggregate principal amount of Education Facility Lease Revenue Bonds Executive Education Academy Charter School Project Taxable Series of 2024 (the "Taxable 2024 Bonds") issued under an Indenture of Trust dated as of November 1, 2024 (the "Bond Indenture"), between the Authority and Zions Bancorporation, National Association, as trustee (the "Bond Trustee"). The Tax Exempt 2024 Bonds and the Taxable 2024, collectively referred to as the "2024 Bonds").

The Obligated Group covenants and agrees to make payments hereunder at the times, in the amounts and for the purposes detailed in Section 5.02 of the Agreement. Notwithstanding the

foregoing, the Obligated Group will be entitled to receive as a credit against all amounts due under this 2024 Note, amounts paid directly to the Bond Trustee pursuant to Section 5.02 of the Agreement and amounts paid directly to the Authority and the Master Trustee pursuant to Section 5.02 of the Agreement, which payments correspond to amounts due under this 2024 Note.

The Master Indenture permits the issuance of additional series of Obligations under the Master Indenture, subject to the covenants made therein, all of which, regardless of the times of issue or maturity, are to be of equal rank without preference, priority or distinction of any Obligation issued under the Master Indenture over any other such Obligation except as expressly provided or permitted in the Master Indenture.

To the extent permitted by and as provided in the Master Indenture, modifications or changes of the Master Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Members and of the holders of the Obligations in any particular may be made by the execution and delivery of an indenture or indentures supplemental to the Master Indenture or any supplemental indenture. As specified in Section 10.2 of the Master Indenture, certain amendments may only be made with the consent of specified percentages of the holders of Obligations then Outstanding under the Master Indenture. Any such consent given by the holder of this 2024 Note will be conclusive and binding upon such holder and all future holders and owners hereof irrespective of whether or not any notation of such consent is made upon this 2024 Note.

This 2024 Note shall be subject to redemption prior to maturity in accordance with and subject to the same terms and conditions as is the case for the 2024 Bonds as described in the Bond Indenture.

The principal or redemption price of and interest on this 2024 Note, and other amounts required to be paid hereunder, are payable in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts. The principal or redemption price hereof and interest hereon and other amounts required to be paid hereunder shall be paid by the Master Trustee on each payment date to the Authority.

Upon payment by the Obligated Group of a sum, in cash or Government Obligations, or both, sufficient, together with any other cash and obligations held by the Bond Trustee and available for such purpose, to cause all outstanding 2024 Bonds to be deemed to have been paid within the meaning of the Bond Indenture and to pay all payments due to the Bond Trustee under the Bond Indenture, accrued and to be accrued to the date of discharge of the Bond Indenture, this 2024 Note shall be deemed to have been paid and to be no longer outstanding under the Master Indenture.

If (i) the Obligated Group shall have elected to apply a 2024 Bond or 2024 Bonds that have been redeemed (other than as a part of a redemption fund redemption) or otherwise acquired by the Obligated Group (and delivered to the Bond Trustee for cancellation by the Bond Trustee) in payment of all or a part of any installment of principal required to be paid on the 2024 Bonds or of a mandatory redemption requirement under the Bond Indenture, (ii) the Obligated Group shall have delivered written notice of such election to the Bond Trustee and a copy thereof to the Master

Trustee, and (iii) the Authority shall have received a credit against such installment of principal or redemption fund requirement in the amount sufficient to effect cancellation of 100% of the principal amount of the 2024 Bonds thus applied, then the Bond Trustee shall immediately notify the Master Trustee, whereupon the Obligated Group shall receive a credit, equal to the credit received by the Authority, in respect of the principal due on this 2024 Note on the same date as such installment of principal or redemption fund payment is due under the Bond Indenture, and the principal amount of this 2024 Note due on such date will be reduced accordingly.

Any redemption, either in whole or in part, shall be made upon notice thereof in the manner and upon the terms and conditions provided in the Master Indenture. If this 2024 Note will have been duly called for redemption and payment of the redemption price, together with interest accrued thereon to the date fixed for redemption, will have been made or provided for, as more fully set forth in the Master Indenture, interest on this 2024 Note will cease to accrue from the date fixed for redemption, and from and after such date this 2024 Note will be deemed not to be Outstanding, as defined in the Master Indenture, and will no longer be entitled to the benefits of the Master Indenture, and the holder hereof will have no rights in respect of this 2024 Note other than to receive payment of the redemption price, together with accrued interest to the date fixed for redemption.

Upon the occurrence of certain "Events of Default" (as defined in the Master Indenture), the principal of all Obligations then Outstanding may be declared, and thereupon will become, due and payable as provided in the Master Indenture.

The holder of this 2024 Note has no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture.

This 2024 Note is issuable only as a fully registered note or notes without coupons. At the Principal Office of the Master Trustee and subject to the limitations and conditions provided in the Master Indenture, this 2024 Note may be exchanged for an equal aggregate principal amount of registered notes without coupons.

This 2024 Note shall be registered on the register to be maintained by the Master Trustee for that purpose at the Principal Office of the Master Trustee and this 2024 Note shall be transferable only upon said register at said office by the registered owner or by his or her duly authorized attorney and subject to the limitations set forth in the Master Indenture to the effect that this 2024 Note may only be transferred to a successor trustee under the Bond Indenture or upon the acceleration of all Notes under the Master Indenture. Such transfer shall be without charge to the holder hereof, but any taxes or other governmental charges required to be paid with respect to the same, except by a Bond Trustee, shall be paid by the holder requesting such transfer as a condition precedent to the exercise of such privilege. Upon any such transfer, the Obligated Group shall execute and the Master Trustee shall authenticate and deliver in exchange for this 2024 Note a new registered 2024 Note or 2024 Notes without coupons, registered in the name of the transferee.

Exhibit A-3

IN WITNESS WHEREOF, the Obligated Group Representative, on behalf of the Members of the Obligated Group, has caused this 2024 Note to be executed in its name and on its behalf and attested, all as of the date first written above.

ATTEST:  
  
By: \_\_\_\_\_  
Secretary  
  
By: \_\_\_\_\_  
President of the Board of Trustees

Exhibit A-5

Prior to due presentment hereof for registration or transfer, the Obligated Group, the Master Trustee, any paying agent and any Note registrar may deem and treat the person in whose name this 2024 Note is registered as the absolute owner hereof for all purposes; and neither the Members, any paying agent, the Master Trustee nor any Note registrar shall be affected by any notice to the contrary. All payments made to the registered owner hereof shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable on this 2024 Note.

No covenant or agreement contained in this 2024 Note or the Master Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of the Obligated Group or of the Master Trustee in his or her individual capacity, and no incorporator, member, officer or member of the Board of Trustees of a Member shall be liable personally on this 2024 Note or be subject to any personal liability or accountability by reason of the issuance of this 2024 Note.

Copies of the Master Indenture, the Bond Indenture and the Agreement are on file at the Principal Office of the Master Trustee and reference is hereby made to the Master Indenture for the provisions, among others, relating to the nature and extent of the rights of the Holders of Obligations issued under the Master Indenture, the terms and conditions on which and the purposes for which Obligations may be issued and the rights, duties and obligations of the Obligated Group and the Master Trustee under the Master Indenture, to all of which the Authority, by acceptance of this 2024 Note, assents.

This 2024 Note will not be entitled to any benefit under the Master Indenture, or be valid or become obligatory for any purpose, until this 2024 Note has been authenticated by execution by the Master Trustee of the Certificate of Authentication inscribed hereon.

Exhibit A-4

**CERTIFICATE OF AUTHENTICATION**

This 2024 Note is one of the Obligations described and issued in accordance with the terms and conditions specified in the within mentioned Master Indenture.

**ZIONS BANCORPORATION, NATIONAL ASSOCIATION**, as Master Trustee

By: \_\_\_\_\_  
Authorized Officer

Exhibit A-6

**Prepared By and Return to:**  
Fitzpatrick Lentz & Bubba, P.C.  
Two City Center  
645 W. Hamilton Street, Suite 800  
Allentown, PA 18101  
610.797.9000

**Parcel #:** 640757990536-1, 640757990536-2, 640757990536-3, 640757990536-4,  
640757990536-5, 640757990536-6, 640757990536-7  
555 Union Boulevard, City of Allentown  
640756693463-1  
413 Union Boulevard, City of Allentown  
640757495995-1  
921 N. Bradford Street, City of Allentown

**THIS IS AN OPEN-END MORTGAGE  
SECURING FUTURE ADVANCES UP TO  
A MAXIMUM PRINCIPAL AMOUNT OF  
[ ] DOLLARS  
PLUS ACCRUED INTEREST AND OTHER INDEBTEDNESS  
AS DESCRIBED IN 42 PA.C.S.A §8143**

**OPEN-END MORTGAGE, ASSIGNMENT OF LEASES, SECURITY  
AGREEMENT AND FIXTURE FILING**

THIS OPEN-END MORTGAGE, ASSIGNMENT OF LEASES, SECURITY AGREEMENT AND FIXTURE FILING (this "Mortgage") dated as of October 1, 2024, to be effective October \_\_, 2024, is made by EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL FOUNDATION, a Pennsylvania non-profit corporation, with an address c/o Executive Charter Academy Charter School, 555 Union Boulevard, Allentown, PA 18109 ("Mortgagor"), in favor of Zions Bancorporation, National Association, as Master Trustee under the Master Trust Indenture (as hereinafter defined), with an address of 401 Liberty Avenue, Suite 1729, Pittsburgh, Pennsylvania 15222 ("Mortgagee").

**ARTICLE I  
OBLIGATIONS: SECURITY**

1.01 Obligations: Operative Documents. This Mortgage is executed, acknowledged and delivered by Mortgagor to secure and enforce the following obligations and liabilities (collectively, the "Obligations");

(a) All amounts (including principal, interest, as the same may vary, fees and other charges) now or hereafter owing by Mortgagor under that certain Master Trust

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(b) All of Mortgagor's right, title and interest in and to all buildings and improvements now or hereafter erected on the Real Estate (the "Improvements") (which improvements together with the Real Estate are herein separately and collectively referred to as the "Premises").

(c) TOGETHER WITH all of Mortgagor's right, title and interest now owned or hereafter acquired in:

(i) all present and future leases, and other occupancy agreements covering all or any portion of the Premises and/or the Improvements (which together with Mortgagor's interest as landlord hereunder are herein collectively referred to herein as the "Leases"), including without limitation, the Lease Agreement dated as of August 1, 2017 and the Supplemental Lease Agreement dated October 1, 2022, as supplemented by that certain Supplemental Lease Agreement dated October 1, 2024, between Mortgagor and Executive Education Academy Charter School, as hereafter amended and supplemented (the "School Lease");

(ii) all rents, issues and profits payable under the Leases and under any future renewals, extensions, amendments or modifications thereof (collectively, the "Income");

(iii) any and all tenements, hereditaments and appurtenances belonging to the Real Estate or any part thereof, or in any way appertaining thereto, and all streets, alleys, passages, ways, water courses, and all estates, easements and covenants now existing or hereafter created for the benefit of Mortgagor or any subsequent owner of the Real Estate over ground adjoining the Real Estate and all rights to enforce the maintenance thereof, and all other rights, liberties and privileges of whatsoever kind or character, and all the estate, right, title, interest, property, possession, claim and demand whatsoever, at law or in equity, and all rights of Mortgagor as declarant or special declarant or unit owner under the Condominium Declaration for those certain six (6) units located on the Real Estate known, named and identified as Allentown Works Condominium, located in Allentown, Lehigh County, Commonwealth of Pennsylvania, which has heretofore been submitted to the provisions of the Uniform Condominium Act, 68 PA.C.S. 3103 et seq. by the recording in the Lehigh County Recorder of Deeds of a Declaration dated July 31, 2014 and recorded August 4, 2014 as instrument #2014020037 and the Condominium Plan attached thereto, which Condominium Plan was recorded in the aforesaid Office on August 1, 2014 as Instrument #2014019955 (the "Declaration"); being and designated as Unit 1 through Unit 6, together with their proportionate undivided interest in the Common Elements (as defined in such Declaration); of Mortgagor in and to the Real Estate or any part thereof;

(iv) All management agreements, service contracts, license agreements, concession agreements, written or oral, relating to the use and occupancy of the Real Estate and Improvements now or hereafter existing and the reversions and remainders, income, rents, issues and profits arising therefrom and all deposits

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Indenture among Mortgagor and Mortgagee dated the date hereof (the "Indenture"), with respect to the obligations of Mortgagor and/or the Allentown Commercial and Industrial Development Authority (the "Authority") under the following: (i) the Indenture, together with all Obligations now or hereafter issued thereunder; (ii) those certain Education Facility Lease Revenue Bonds (Executive Charter Academy Charter School Project) Tax Exempt Series of 2024 in the principal amount of [ ] Dollars (\$ [ ]) and Education Facility Lease Revenue Bonds (Executive Charter Academy Charter School Project) Taxable Series of 2024 in the principal amount of [ ] Dollars (\$ [ ]) collectively, the "2024 Bonds" issued by the Authority pursuant to the Indenture; (iii) this Mortgage and any other agreement, document or instrument now or hereafter executed or delivered in connection with the transactions described in the Indenture or entered into hereafter pursuant to, and in accordance with, a Supplemental Agreement issued thereunder; and (iv) all modifications, amendments, supplements, renewals, replacements or extensions of any of the foregoing;

(b) Any and all advances made by Mortgagee to protect or preserve the Mortgaged Property (as hereinafter defined) or the lien of this Mortgage, including advances for Impositions (as hereinafter defined) and insurance premiums or costs incurred for the protection of the Mortgaged Property or the lien of this Mortgage, expenses incurred by Mortgagee by reason of default by the Mortgagor under this Mortgage or advances made under a construction loan to enable completion of the improvements for which the construction loan was originally made; and

(c) The performance of all of the terms, covenants, conditions, agreements, obligations and liabilities of Mortgagor or any other obligor or guarantor under (i) the Indenture, this Mortgage, and any other document now or hereafter given to evidence, secure or facilitate the payment and performance of any of the Obligations; and (ii) all extensions, renewals, replacements or modifications of, or amendments or additions to any of the foregoing (all of the foregoing being collectively referred to in this Mortgage as the "Operative Documents"). Mortgagor shall pay and perform the Obligations required of Mortgagor in accordance with the provisions of the Operative Documents.

1.02 Grant of Mortgage; Mortgaged Property. For the purpose of securing payment and performance of all Obligations, Mortgagor has granted, conveyed, bargained, sold, aliened, enfeoffed, released, confirmed, assigned to, granted a security interest in and mortgaged, and by these presents does hereby grant, convey, bargain, sell, alien, enfeoff, release, confirm, assign to, grant a security interest in and mortgage unto Mortgagee all of the following whether presently in existence or to come into existence at some future time (collectively, the "Mortgaged Property"):

(a) All of Mortgagor's right, title and interest in and to certain parcels of land situated in the City of Allentown, Pennsylvania as described in Exhibit A attached hereto and hereby made a part hereof (collectively referred to as the "Real Estate"); and

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(including tenant security deposits) thereunder, and all rights and benefits now or hereafter accruing to Mortgagor under any and all guarantees of the obligations of any tenant, licensee, concessionaire or other occupant thereunder, as any of the foregoing may be amended, extended, renewed or modified from time to time;

(v) All reciprocal easement agreements, operating agreements, and similar agreements however labeled or denominated affecting the Real Estate and Improvements;

(vi) All other documentation now or hereafter existing in connection with the use or operation of the Real Estate and the Improvements including any plans and specifications pertaining to the Improvements, all construction contracts pertaining to the Improvements, all appraisals, engineering, environmental, soils, marketing and other reports and studies relating to the Real Estate and the Improvements, all permits, licenses and contract rights, warranties, guarantees, tenant lists, correspondence with present or prospective tenants or suppliers, advertising materials, and telephone exchange numbers as identified in such advertising materials; and

(a) All Goods, including without limitation, Fixtures, Equipment and Accessions, delivered on site to the Real Estate during the course of, or in connection with, the construction of, or reconstruction of, or remodeling of, any of the Real Estate from time to time during the term hereof;

(b) All Accounts and General Intangibles relating to the use, construction upon, occupancy, leasing, sale or operation of the Real Estate;

(c) All As-Extracted Collateral arising from the Real Estate;

(d) All books and records evidencing or relating to the foregoing, including, without limitation, billing records of every kind and description, tenant lists, data storage and processing media, Software and related material, including computer programs, computer tapes, cards, disks and printouts, and including any of the foregoing which are in the possession of any affiliate or property manager; and

(e) All Proceeds of any of the above-described property.

Capitalized terms contained in this Section without definition shall have the meanings ascribed to them in revised Article 9 of the Uniform Commercial Code as enacted by the Commonwealth and as amended from time to time (the "UCC").

TO HAVE AND TO HOLD the Mortgaged Property unto the Mortgagee to and for the use of the Mortgagee forever.

PROVIDED ALWAYS THAT, if Mortgagor fully pays, performs and discharges all Obligations now or hereafter secured or to be secured by this Mortgage

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at the times and in the manner specified without deduction, fraud or delay, and Mortgagor delivers written notice to Mortgagee requesting termination of this Mortgage of record, then Mortgagee shall release this Mortgage of record and the estate hereby granted shall cease and become void.

1.03 Security Agreement and Fixture Filing. This Mortgage is also a security agreement under the UCC. Mortgagor grants and Mortgagee shall have and may enforce a security interest in all those property interests included in the Mortgaged Property which may be "personal property" to secure payment and performance of all Obligations. The recordation of this Mortgage shall also constitute a fixture filing in accordance with the provisions of the UCC. Mortgagor agrees to cooperate and join, at its expense, with Mortgagee in taking steps as are necessary, in Mortgagee's judgment, to perfect or continue the perfected status of the security interest granted hereunder, including, without limitation, the execution and delivery of financing statements, amendments thereto, and continuation statements. Mortgagee may, at any time and from time to time, file financing statements, continuation statements and amendments thereto that describe the Mortgaged Property and which contain any other information required by the UCC for the sufficiency or filing office acceptance of any financing statement, continuation statement or amendment, including whether Mortgagor is an organization, the type of organization and any organization identification number issued to Mortgagor. Any such financing statements, continuation statements or amendments may be signed by Mortgagee on behalf of Mortgagor. Mortgagor irrevocably appoints Mortgagee attorney-in-fact for Mortgagor to execute, deliver and file such financing statements, continuation statements and amendments. Inasmuch as the parties intend that this Mortgage shall, among other things, constitute a fixture filing. Mortgagor sets for the following:

(a) The Debtor is Executive Education Academy Charter School Foundation, with an address c/o Executive Education Academy Charter School, 555 Union Boulevard, Allentown, PA 18109;

(b) The Secured Party is Zions Bancorporation, National Association, with an address of 401 Liberty Avenue, Suite 1729, Pittsburgh, PA 15222; and

(c) The collateral includes Fixtures which are or shall be affixed to the Real Estate.

1.04 Assignment of Leases and Income.

(a) This Mortgage is also an absolute and unconditional assignment to Mortgagee of all Leases and Income, whether now in existence or hereafter arising, for the purpose of vesting in Mortgagee a first priority, perfected security interest in the Leases and the Income. Mortgagor hereby assigns, transfers and sets over to Mortgagee all Leases, all income and all rights of Mortgagor to enforce the Leases and collect the Income. This assignment includes any award received or receivable by Mortgagor in any legal proceeding involving any tenant under a Lease whether under the Bankruptcy Code or otherwise.

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1.05 Open-End Mortgage. This is an Open-End Mortgage and shall be entitled to all benefits as such under 42 Pa.C.S.A. § 8143 (the "Open-End Mortgage Statute").

(a) If Mortgagee receives written notice pursuant to Section 8143(b) of the Open-End Mortgage Statute from a holder of a mechanic's lien for labor performed or to be performed or materials furnished or to be furnished for the erection, construction, alteration or repair of any part of the Mortgaged Property, then and notwithstanding any provision to the contrary contained in the Indenture, Mortgagor agrees that Mortgagee shall have the right to suspend (until such time as the lien is fully released) any further advances to Mortgagor (and Mortgagee is released from all liability for failure to make such advances) except advances with Mortgagee determines in its sole discretion are for the purpose of paying toward all or part of the cost of completing any erection, construction, alteration or repair of any part of the Mortgaged Property the financing of which, in whole or in part, this Mortgage was given to secure.

(b) If Mortgagor should at any time elect to limit the Obligations secured by this Mortgage pursuant to Section 8143(c) of the Open-End Mortgage Statute, Mortgagor agrees that notice of such election shall: (i) not be effective unless and until it is served upon Mortgagee in accordance with the requirements of Section 8143(d) of the Open-End Mortgage Statute and fully complies with the requirements for the giving of notices under any of the Indenture; (ii) release Mortgagee from all obligation to make any further advances under the Loan and Agreement notwithstanding anything to the contrary contained in such notice or the Indenture; (iii) constitute, at the election of Mortgagee, an Event of Default; and (iv) not be effective to limit Mortgagor's liability for payment and performance of all Obligations for which Mortgagor is responsible under this Mortgage or the other Operative Documents (including all reimbursement and indemnification agreements) whether such Obligations arise prior or subsequent to the date of such notice.

(c) By delivery of this Mortgage, Mortgagee and Mortgagor agree that the provisions of 42 Pa.C.S.A. §8144 are not waived but rather all benefits of such statute shall be applicable hereto.

(d) All notices required by Section §8143(d) of the Open End Mortgage Statute must be addressed as described in Section 7.04 hereof.

1.06. Purchase Money Mortgage. If all or any part of the Obligations secured by this Mortgage were used in whole or in part to fund the acquisition of all or any part of the Mortgaged Property, this Mortgage shall constitute a purchase money mortgage and shall be entitled to all benefits as such under applicable laws of the state in which the Real Estate is located.

**ARTICLE 2  
TITLE MATTERS**

2.01 Warranty of Title. Until the Obligations are fully satisfied, Mortgagor represents, warrants and covenants that:

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(b) Mortgagor irrevocably appoints Mortgagee the attorney-in-fact of Mortgagor to enforce the Leases and demand, receive and collect the Income and the sole and exclusive agent of Mortgagor to agree to any modifications of the Leases. This power is coupled with an interest and its therefore irrevocable. Mortgagor shall notify any person which Mortgagee from time to time specifies that the Income should be paid directly to Mortgagee and that any modification of the Leases must be approved by Mortgagee.

(c) So long as no Event of Default (as hereinafter defined) is then existing, Mortgagor shall have a license to enforce the Leases and collect the Income, which license Mortgagee may revoke upon the occurrence of an Event of Default. Upon request of Mortgagee, Mortgagor shall execute and deliver to Mortgagee (i) a specific assignment, in recordable form, of any Lease now or hereafter affecting the Mortgaged Property or any portion thereof to further evidence the assignment hereby made; and (ii) such other instruments as Mortgagee may reasonably deem necessary, convenient or appropriate in connection with the payment and delivery directly to Mortgagee of all of the Income.

(d) Mortgagor shall not accept or permit the payment of rent in any medium other than lawful money of the United States of America, or anticipate, discount, compromise, forgive, encumber or further assign the Leases or the Income or any part thereof or any interest therein except as permitted by the Indenture.

(e) Mortgagor hereby authorizes and directs that all other parties now or hereafter owing or paying Income under any Lease or now or hereafter having in their possession or control any Income from or allocated to the Mortgaged Property, or any part thereof, or the Proceeds therefrom, shall, upon the request of Mortgagee following the occurrence of an Event of Default and until Mortgagee directs otherwise, pay and deliver such Income directly to Mortgagee at Mortgagee's address set forth in the introduction to this Mortgage, or in such other manner as Mortgagee may direct such parties in writing and this authorization shall continue until this Mortgage is released of record. No payor making payments to Mortgagee at its request under the assignment contained in this Mortgage shall have any responsibility to see to the application of any of such funds, and any party paying or delivering Income to Mortgagee under such assignment shall be released thereby from any and all liability to Mortgagor to the full extent and amount of all such Income so delivered. Mortgagor agrees to indemnify and hold harmless any and all parties making payments to Mortgagee, at Mortgagee's request under the assignment contained in this Mortgage, against any and all liabilities, actions, claims, judgments, costs, charges and attorneys' fees resulting from the delivery of such payments to Mortgagee.

(f) Notwithstanding any legal presumption to the contrary, Mortgagee shall not be obligated by reason of its acceptance of this assignment to perform any obligation of Mortgagor as lessor under any Lease. Neither the acceptance of this assignment nor the collection of Income under the Leases shall constitute a waiver of any rights of Mortgagee under this Mortgage and constitute a cure of any default by Mortgagor thereunder.

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(a) Mortgagor has good and marketable simple absolute title to the Mortgaged Property subject only to those exceptions to title more particularly described in the marked up File No. N150-1868 issued by Commonwealth Land Title Insurance Company and accepted by Mortgagee in connection with this transaction (the "Permitted Encumbrances") and Mortgagor shall defend the validity, priority and enforceability of the lien of this Mortgage against the claims of all persons excepting only those claiming under Permitted Encumbrances;

(b) Mortgagor has full power and lawful authority to subject the Mortgaged Property to the lien of this Mortgage;

(c) The execution, delivery and performance of this Mortgage will not contravene any Legal Requirements (hereinafter defined) or any agreement, document or instrument to which Mortgagor is a party or by which Mortgagor or the Mortgaged Property is bound;

(d) Mortgagor shall make, execute, acknowledge and deliver all such further or other deeds, documents, instruments or assurances and cause to be done all such further acts and things as may at any time be required by Mortgagee to confirm and fully protect the lien and priority of this Mortgage; and

(e) Mortgagor shall make such payments, all before the same shall become delinquent, and perform all obligations as are required under any Permitted Encumbrances affecting the Mortgaged Property.

2.02 No Transfer. Mortgagor shall not transfer any of the Mortgaged Property except in accordance with the terms of the Indenture.

(a) A "transfer" of the Mortgaged Property includes (i) the direct or indirect sale, agreement to sell, transfer or conveyance of the Mortgaged Property or any portion thereof or interest therein; and (ii) the execution of any installment land sale contract or similar instrument affecting all or a portion of the Mortgaged Property.

(b) Consent to any such transfer shall not be deemed to be a waiver of the right to require consent to future or successive transfers. If consent should be given to a transfer and if this Mortgage is not released to the extent of the transferred portion of the Mortgaged Property by a writing signed by Mortgagee and recorded in the appropriate office of public record, then any such transfer shall be subject to this Mortgage and any such transferee shall be deemed, by acceptance of the deed or other instrument or transfer, to have assumed all Obligations under this Mortgage and to have agreed to be bound by all provisions contained herein. Any such assumption shall not, however, release Mortgagor or any other obligor or guarantor of the Obligations from any liability under the Operative Documents.

2.03 No Other Financing or Liens. Except for the Permitted Encumbrances (as defined in the Indenture), Mortgagor shall not create or cause or permit to exist any lien on the Mortgaged Property whether superior to or subject to the lien of this Mortgage.

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2.04 Leases. Mortgagor represents and warrants that there are no leases affecting the Mortgaged Property other than the School Lease and those certain other Leases previously disclosed to Mortgagee. Mortgagor shall not enter into any further Leases except as permitted by the Indenture.

### ARTICLE 3 OBLIGATIONS REGARDING MORTGAGED PROPERTY

3.01 Legal Requirements Generally. Mortgagor represents and warrants to Mortgagee that the Mortgaged Property is in compliance with Legal Requirements (defined below). Mortgagor shall promptly comply with, and cause the Mortgaged Property to be kept in compliance with, all present and future laws, statutes, codes, ordinances, orders, judgments, decrees, injunctions, rules, regulations, restrictions and requirements (collectively "**Legal Requirements**") of the United States of America, the state in which the Real Estate is located and any political subdivision thereof or any town, city, county or municipality in which the Real Estate is located or any agency, department, bureau, board, commission or instrumentality of any of the foregoing now existing or hereafter created (individually, a "**Governmental Authority**" and, collectively, "**Governmental Authorities**") having jurisdiction over Mortgagor or the Mortgaged Property or the construction, use, occupancy, operation, maintenance, or improvement of the Mortgaged Property, whether foreseen or unforeseen, ordinary or extraordinary.

3.02 Land Use Approvals. Mortgagor represents and warrants to Mortgagee that the Real Estate is and shall remain one or more zoning lots separate and apart from all other premises. Mortgagor shall not, by any act or omission, impair the integrity of the Real Estate as such separate zoning lot or lots. Mortgagor shall not submit or cause to be submitted to any Governmental Authority an application for zoning, subdivision or development approval affecting the Real Estate if any of the following would result from such proposed zoning change, subdivision or development: (a) the separate transfer, use and ownership of the Real Estate is not permitted as a matter of right under applicable Legal Requirements; (b) the use of the Real Estate as of the date of this Mortgage is no longer permitted as a matter of right under applicable Legal Requirements; or (c) any portion of the Real Estate is used to fulfill a Legal Requirement of other property not subject to the lien of this Mortgage.

#### 3.03 Environmental Matters.

(a) Except as disclosed to Mortgagee in writing, Mortgagor represents and warrants that, to Mortgagor's knowledge, neither Mortgagor nor any other person has (A) used, installed or disposed of any Regulated Chemicals (as defined in the Indenture) on, from, or affecting the Mortgaged Property except in full compliance with Environmental Requirements (as defined in the Indenture); or (B) received any notice from any Governmental Authority with regard to Regulated Chemicals on, from or affecting the Mortgaged Property.

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(e) Make the books and accounts relating to the Mortgaged Property available for inspection by Mortgagee, or its representatives, upon request at any reasonable time.

3.05 General Restrictions. Until the Obligations are fully satisfied, Mortgagor shall not:

(a) Abandon the Mortgaged Property or any portion thereof or allow the same to become vacant;

(b) Commit or suffer waste with respect to the Mortgaged Property;

(c) Impair or diminish the value or integrity of the Mortgaged Property or the priority or security of the lien of this Mortgage;

(d) Except as permitted in the Indenture, remove, demolish or materially alter any of the Mortgaged Property;

(e) Make, install or permit to be made or installed, any additions or improvements to the Mortgaged Property except in a good and workmanlike manner, free of mechanics' or materialmen's liens, in compliance with Legal Requirements, and in accordance with plans and specifications approved by Mortgagee; or

(f) Make, suffer or permit any nuisance to exist on the Mortgaged Property or any portion thereof.

3.06 Required Notices. Mortgagor shall notify Mortgagee promptly of the occurrence of any of the following:

(a) A fire or other casualty causing damage to the Mortgaged Property;

(b) A pending or threatened condemnation of the Mortgaged Property;

(c) A violation of a Legal Requirement or other notice from or to a Governmental Authority relating to the Mortgaged Property;

(d) Receipt or giving of any notice of default or cancellation under any Lease of all or a material portion of the Mortgaged Property;

(e) Commencement of any litigation affecting the Mortgaged Property;

(f) Discovery, discharge or release of any Hazardous Material for which Mortgagor is or may be responsible under any Environmental Requirements;

(g) The existence of any event or condition which presents a risk of creating material liability of Mortgagor under ERISA (Public Law 93-406, as amended); or

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(b) Except for those conditions disclosed, and, as applicable, remediated as described, to Mortgagee, Mortgagor shall not use the Mortgaged Property, nor allow it to be used, to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Regulated Chemicals except in full compliance with Environmental Requirements. Mortgagor shall not cause or permit, as a result of any intentional or unintentional act or omission on the part of Mortgagor or any other person, a release of Regulated Chemicals onto, from or affecting the Mortgaged Property or any other use, installation, or disposition of Regulated Chemicals in violation of Environmental Requirements. Mortgagor shall comply, and enforce compliance by all tenants and subtenants, with all Environmental Requirements and shall keep the Mortgaged Property free and clear of any liens imposed pursuant to any Environmental Requirements.

(c) If Mortgagor receives any notice from any Governmental Authority with regard to Regulated Chemicals on, from or affecting the Mortgaged Property, or any notice of violation of Environmental Requirements, Mortgagor shall promptly notify Mortgagee. Mortgagor shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other actions necessary to clean up and remove all Regulated Chemicals on, from or affecting the Mortgaged Property in accordance with all Environmental Requirements and to the satisfaction of the Mortgagee.

3.04 General Obligations. Until the Obligations are fully satisfied, Mortgagor shall:

(a) Perform all maintenance, repair, restoration and rebuilding required to keep the Mortgaged Property in good repair, order and condition in full compliance with the requirements of the Indenture, any Leases affecting the Mortgaged Property and all Legal Requirements;

(b) Pay all charges for water, sewer, gas, electric and other utility services provided to the Mortgaged Property promptly as and when due;

(c) Complete any improvements to the Mortgaged Property required under the Indenture, any Leases affecting the Mortgaged Property, or required by any Governmental Authority or insurer insuring the Mortgaged Property, in a good and workmanlike manner and free of mechanics' liens;

(d) Permit, and cause any lessee or occupant of the Mortgaged Property to permit, Mortgagee and its agents and representatives, to enter upon the Mortgaged Property at any reasonable time to appraise and photograph the Mortgaged Property and to inspect for compliance with Legal Requirements (including subsurface investigations to determine compliance with Environmental Requirements), insurance requirements, and the Obligations of Mortgagor under this Mortgage; and

(h) The occurrence of a default under, or the receipt or giving of any notice under, any Permitted Encumbrance.

### ARTICLE 4 TAXES AND INSURANCE

#### 4.01 Real Estate Taxes and Assessments.

(a) Mortgagor shall pay when due and before interest or penalties commence to accrue thereon, all taxes, assessments, water and sewer rents, levies, encumbrances and all other charges or claims of any nature and kind, whether public or private, which may be assessed, levied, imposed, suffered, placed or filed at any time against the Mortgaged Property or any part thereof or which by any present or future law may have priority (either in lien or in distribution out of the proceeds of any sale) over the lien of this Mortgage (individually, an "**Imposition**" and, collectively, "**Impositions**").

Mortgagor shall produce to Mortgagee, at the request of the Mortgagee, official receipts evidencing payment of any Imposition. Mortgagor may contest the validity or amount of any Imposition as permitted by the Indenture.

4.02 Taxes on Mortgagee. If any Governmental Authority shall levy, assess or charge any tax, assessment or imposition upon this Mortgage (including any requirement to have affixed to this Mortgage any revenue, documentary or similar stamps) or upon the interest of Mortgagee in the Mortgaged Property by reason of this Mortgage, Mortgagor shall pay the same directly to such Governmental Authority as an Imposition. If Mortgagor is not legally permitted to pay such Imposition or to reimburse Mortgagee for amounts advanced on account of such payment, then Mortgagee may take such actions as prescribed by the Indenture.

4.03 Corporate Mortgagor. Mortgagor shall at all times until the Obligations are satisfied in full:

(a) Keep in effect and in good standing its existence and rights as a corporation under the laws of the state of its incorporation or constitution and its right to own property and transact business in the state in which the Real Estate is situated; and

(b) File returns for all federal, state and local taxes with the proper Governmental Authorities, and pay, when due and payable and before interest or penalties are due thereon, all taxes owing by Mortgagor to any Governmental Authorities.

4.04 Insurance Coverages. Until the Obligations are fully satisfied, Mortgagor shall maintain and keep in force, or shall cause to be maintained and kept in force, the insurance required under the Indenture.

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4.05 Installments for Insurance, Taxes and Other Charges. Without limiting the effect of the other provisions of this Article, Mortgagor, if required pursuant to the terms of the Indenture following the occurrence of an Event of Default, shall pay to Mortgagee monthly an amount equal to one-twelfth (1/12) of the annual amount of all Impositions and premiums for insurance policies required under this Article plus any additional sums necessary to pay, or establish adequate reserves for the payment of, such premiums and Impositions as and when due. The amounts so paid shall be security for the premiums and Impositions and shall be used in payment thereof if Mortgagor is not otherwise in default under this or any of the other Operative Documents. Upon the occurrence of an Event of Default, Mortgagee shall have the right, at its election, to apply any amount so held against the Obligations. At Mortgagee's option, Mortgagee from time to time may waive, and after any such waiver may reinstate, the provisions of this section requiring installment payments.

#### ARTICLE 5 CASUALTY; CONDEMNATION

5.01 Casualty. If the Mortgaged Property is damaged by fire or other casualty, the net proceeds of insurance, shall be applied in accordance with the terms of the Indenture. In the event that such proceeds are applied to repair and restore the Mortgaged Property, Mortgagor shall cause the work to be performed by a reputable general contractor satisfactory to Mortgagee under a fixed price or guaranteed maximum price contract satisfactory to Mortgagee, in accordance with plans and specifications satisfactory to Mortgagee and in compliance with all Legal Requirements, and shall not permit any work to be commenced until waivers of mechanics' liens have been filed by the general contractor and all those claiming by, through or under the general contractor.

5.02 Condemnation. In the event of any condemnation or taking of any part of the Mortgaged Property by eminent domain, alteration of the grade of any street, or other injury to or decrease in the value of the Mortgaged Property by any public or quasi-public authority or corporation, the net proceeds of any condemnation awards, shall be applied in accordance with the terms of the Indenture. In the event that such proceeds are applied to repair and restore the Mortgaged Property, Mortgagor shall cause the work to be performed by a reputable general contractor satisfactory to Mortgagee under a fixed price or guaranteed maximum price contract satisfactory to Mortgagee, in accordance with plans and specifications satisfactory to Mortgagee and in compliance with all Legal Requirements, and shall not permit any work to be commenced until waivers of mechanics' liens have been filed by the general contractor and all those claiming by, through or under the general contractor.

#### ARTICLE 6 DEFAULTS; REMEDIES

6.01 Right to Make Advances. If Mortgagor should fail to pay or perform any of its Obligations with respect to the Mortgaged Property as required under Article 3 and

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connection with any of the foregoing) together with interest on such judgment at the Default Rate until payment in full is received by Mortgagee and Mortgagee shall have the right to obtain execution upon the Mortgaged Property on account of such judgment.

(b) Mortgagee shall have the right to institute an action of mortgage foreclosure against the Mortgaged Property or take such other action for realization on the security intended to be provided under Article 1 of this Mortgage as applicable law or the provisions of the Operative Documents may allow.

6.04 Remedies: Collection of Income. Upon the occurrence and during the continuance of an Event of Default, Mortgagee may, at any time without notice, either in person, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the Obligations, enter upon the Mortgaged Property and, with or without taking possession of the Mortgaged Property, and with or without legal action, collect all Income (which term shall also include amounts determined by Mortgagee as fair rental value for use and occupation of the Mortgaged Property by any reason, including Mortgagor) and, after deducting all costs of collection and administration expense including reasonable attorneys' fees and reasonable reserves, apply the net Income to any of the Obligations in such order and amounts as provided in the Indenture, or any of the following in such order and amounts as Mortgagee in its sole discretion may elect: the payment of any sums due, or accumulation of necessary reserves for, payment of all costs and expenses arising from or incurred in connection with (a) the preservation and protection of the validity and priority of the lien of this Mortgage; (b) the preservation and protection of the Mortgaged Property; (c) compliance with Legal Requirements; and (d) fulfilling any obligations of Mortgagor or any other obligor or guarantor under the Permitted Encumbrances, the Leases, this Mortgage or the Indenture. Mortgagee shall not be accountable for more monies than it actually receives from the Mortgaged Property nor shall it be liable for failure to collect the Income. Mortgagee shall have the right to determine the method of collection and the extent to which enforcement of collection of Income shall be prosecuted and Mortgagee's judgment shall be deemed conclusive and reasonable.

6.05 Remedies: Possession. Upon the occurrence and during the continuance of an Event of Default, Mortgagee may, with or without legal action, take possession and control of the Mortgaged Property to the exclusion of Mortgagor and all others excepting only those claiming under Permitted Encumbrances. Mortgagee shall have the authority while so in possession to insure (at Mortgagor's expense) against all risks by reason of having taken such possession and Mortgagor will transfer and deliver to the Mortgagee all policies of insurance upon the Mortgaged Property not theretofore transferred and delivered to Mortgagee. **FOR THE PURPOSE OF OBTAINING POSSESSION OF THE MORTGAGED PROPERTY UPON THE OCCURRENCE AND DURING THE CONTINUANCE OF ANY EVENT OF DEFAULT, MORTGAGOR HEREBY AUTHORIZES AND EMPOWERS ANY ATTORNEY OF ANY COURT OF RECORD IN THE STATE IN WHICH THE REAL ESTATE IS LOCATED OR ELSEWHERE AS ATTORNEY FOR MORTGAGOR AND ALL PERSONS CLAIMING UNDER OR THROUGH MORTGAGOR, TO CONFESS JUDGMENT IN EJECTMENT**

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Article 4 of this Mortgage, or otherwise fails to pay or perform any of its other Obligations under this or any of the other Operative Documents, then Mortgagee, at its election, shall have the right, but not the obligation, to make any payment or expenditure and to take any action which Mortgagor should have made or taken or which Mortgagee deems advisable to protect the security of this Mortgage or the Mortgaged Property. Such action shall be without prejudice to any of Mortgagee's rights or remedies available under this Mortgage or any of the other Operative Documents or otherwise at law or in equity. All such sums, as well as costs and expenses, advanced by Mortgagee shall be due immediately from Mortgagor to Mortgagee, shall become part of the Obligations secured by this Mortgage and the other Operative Documents, and shall bear interest (including any judgment obtained on account of any of the Obligations) at a rate equal to the highest interest rate borne by any of the Series 2024 Bonds, plus two percent (2%) (the "**Default Rate**"), until repayment in full to Mortgagee.

6.02 Events of Default. The occurrence of any one or more of the following events shall constitute an Event of Default under this Mortgage:

- (a) Any Event of Default under the Indenture;
- (b) Any breach of warranty or other violation of any provision contained in Article 2 of this Mortgage; or
- (c) Nonperformance of, or noncompliance with, any of the agreements, covenants, conditions, warranties, representations or other provisions contained in this Mortgage (if and only to the extent not included in any of the occurrences listed above), which nonperformance or noncompliance is not cured and remedied within thirty (30) days after notice thereof is given to Mortgagor; provided if such nonperformance or noncompliance requires work to be done, actions to be taken or conditions to be remedied, which by their nature cannot be reasonably done, taken or remedied, as the case may be, within such thirty (30) day period, no Event of Default shall be deemed to have occurred or to exist if and so long as Mortgagor shall commence such performance or compliance within such thirty (30) day period and shall diligently and continuously prosecute the same to completion.

6.03 Remedies: Execution. Upon the occurrence and during the continuance of an Event of Default, Mortgagee shall have the right to enforce its rights under this Mortgage and the other Operative Documents by exercising such remedies as are available to Mortgagee under applicable law, either by suit in equity or action at law, or both, whether for specific performance of any provision contained in this Mortgage or any of the other Operative Documents or in aid of the exercise of any power granted in this Mortgage or the other Operative Documents.

(a) Mortgagee shall have the right to obtain judgment for the Obligations (including all amounts advance or to be advanced by Mortgagee under Section 6.01 above, all costs and expenses of collection and suit, including any bankruptcy or insolvency proceeding affecting Mortgagor, and reasonable attorneys' fees incurred in

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**AND CONFESS JUDGMENT FOR RECOVERY OF POSSESSION OF THE MORTGAGED PROPERTY AND TO APPEAR FOR AND CONFESS JUDGMENT AGAINST MORTGAGOR, AND ALL PERSONS CLAIMING UNDER OR THROUGH THE MORTGAGOR IN FAVOR OF MORTGAGOR FOR RECOVERY BY MORTGAGOR OF POSSESSION THEREOF, FOR WHICH THIS MORTGAGE, OR A COPY THEREOF VERIFIED BY AFFIDAVIT, SHALL BE SUFFICIENT WARRANT; AND THEREUPON A WRIT OF POSSESSION MAY IMMEDIATELY ISSUE FOR POSSESSION OF THE MORTGAGED PROPERTY, WITHOUT ANY PRIOR WRIT OR PROCEEDING WHATSOEVER AND WITHOUT ANY STAY OF EXECUTION. IF FOR ANY REASON AFTER SUCH ACTION HAS BEEN COMMENCED IT SHALL BE DISCONTINUED, OR POSSESSION OF THE MORTGAGED PROPERTY SHALL REMAIN IN OR BE RESTORED TO MORTGAGOR, MORTGAGOR SHALL HAVE THE RIGHT FOR THE SAME EVENT OF DEFAULT OR ANY SUBSEQUENT EVENT OF DEFAULT TO BRING ONE OR MORE FURTHER ACTIONS TO CONFESS JUDGMENT IN EJECTMENT AND CONFESS JUDGMENT FOR RECOVERY OF POSSESSION OF THE MORTGAGED PROPERTY, MORTGAGOR MAY BRING AN ACTION TO CONFESS JUDGMENT IN EJECTMENT AND TO CONFESS JUDGMENT FOR RECOVERY OF POSSESSION OF THE MORTGAGED PROPERTY BEFORE OR AFTER THE INSTITUTION OF PROCEEDINGS TO FORECLOSURE THIS MORTGAGE OR TO ENFORCE ANY OF THE OTHER OPERATIVE DOCUMENTS, OR AFTER ENTRY OF JUDGMENT THEREON OR ON ANY OF THE OTHER OPERATIVE DOCUMENTS, OR AFTER A SHERIFF'S SALE OF THE MORTGAGED PROPERTY IN WHICH MORTGAGOR IS THE SUCCESSFUL BIDDER, IT BEING THE UNDERSTANDING OF THE PARTIES THAT THE AUTHORIZATION TO PURSUE SUCH PROCEEDINGS FOR OBTAINING POSSESSION IS AN ESSENTIAL PART OF THE REMEDIES FOR ENFORCEMENT OF THIS MORTGAGE AND THE OTHER OPERATIVE DOCUMENTS, AND SHALL SURVIVE ANY EXECUTION SALE TO MORTGAGOR.**

**BY AGREEING THAT MORTGAGOR MAY CONFESS JUDGMENT HEREUNDER MORTGAGOR, FOR ITSELF AND ANY OTHER PERSONS OR ENTITIES NOW OR HEREAFTER IN POSSESSION OF ALL OR ANY PART OF THE MORTGAGED PROPERTY, WAIVES THE RIGHT TO NOTICE IN A PRIOR JUDICIAL PROCEEDING TO DETERMINE THEIR RIGHTS AND LIABILITIES AND THE OPPORTUNITY TO RAISE ANY DEFENSE, SET OFF, COUNTERCLAIM OR OTHER CLAIM AGAINST SUCH ACTION BY MORTGAGOR.**

6.06 Remedies: Repossession. Upon the occurrence and during the continuance of an Event of Default, Mortgagee shall have the right to take possession of any portion of the Mortgaged Property constituting fixtures or other personal property subject to the UCC, and any records pertaining thereto. Mortgagee shall have the right to use, operate, manage, lease or otherwise control such Mortgaged Property in any lawful manner, and in its sole discretion but without any obligation to do so, insure, maintain, repair, renovate, alter or remove such Mortgaged Property and to use, in connection with any assembly, use or disposition of such Mortgaged Property any trade mark, trade name, trade style, copyright, brand, patent right or technical process used or utilized by Mortgagor. In addition, upon ten (10) calendar days' prior written notice to

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Mortgagor (which Mortgagor hereby acknowledges to be sufficient and commercially reasonable) Mortgagee shall have the right to sell, lease or otherwise dispose of all or any of such Mortgaged Property at any time and from time to time at public or private sale, with our without advertisement thereof, with the right of Mortgagee or its nominee to become purchaser at any sale (unless prohibited by statute) free from any equity of redemption and from all other claims, and after deducting all legal and other expenses for maintaining or selling such Mortgaged Property, and all attorneys' fees, legal or other expenses for collection, sale and delivery, apply the remaining proceeds of any sale to pay (or hold as a reserve against) the Obligations and exercise all other rights and remedies of a secured party under the UCC or any other applicable law.

6.07 Remedies: Appointment of Receiver. Upon the occurrence and during the continuance of an Event of Default, Mortgagee may, without notice, obtain appointment of a receiver for the Mortgaged Property without regard to the adequacy of any security for the Obligations.

6.08 Remedies: Actions Prior to Acceleration. Mortgagee shall have the right from time to time, to bring an appropriate action or actions to recover any sums required to be paid by Mortgagor under the terms of this Mortgage, as they become due, without regard to whether or not the Obligations shall be due and payable in full, and without prejudice to the right of Mortgagee thereafter to bring an action of mortgage foreclosure, or any other action, for any default by Mortgagor existing at the time the earlier action was commenced.

6.09 No Marshalling. Any of the Mortgaged Property sold pursuant to any writ of execution issued on a judgment obtained on the Obligations or pursuant to any other judicial proceedings related to the Operative Documents or this Mortgage, may be sold in one parcel, as an entity, or in such parcels, and in such manner or order as Mortgagee, in its sole discretion, may elect.

6.10 Rights and Remedies Cumulative. (a) All rights and remedies of Mortgagee as provided in this Mortgage and the other Operative Documents shall be cumulative and concurrent, may be pursued separately, successively or together against Mortgagor or the Mortgaged Property, or both, at the sole discretion of Mortgagee and may be exercised as often as occasion therefor shall arise. The failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

(b) Any failure by Mortgagee to insist upon strict performance by Mortgagor of any of the terms and provisions of this Mortgage or the other Operative Documents shall not be deemed to be a waiver of any of the terms or provisions of this Mortgage or the other Operative Documents and Mortgagee shall have the right thereafter to insist upon strict performance by Mortgagor of any and all of them.

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the land and shall be binding upon Mortgagor and its successors and assigns as if each had personally made such agreement.

7.06 Amendment. Any amendment, modification, or waiver which may be hereafter requested by Mortgagor or otherwise required must be in writing and signed by both Mortgagor and Mortgagee, and shall be subject to the terms and conditions of the Indenture with respect to amendments thereof.

7.07 Applicable Law. This Mortgage shall be governed by and construed in accordance with the laws of the Commonwealth. Nothing contained in this Mortgage or in any of the other Operative Documents shall require Mortgagor to pay, or Mortgagee to accept, interest in an amount which would subject Mortgagee to penalty under applicable law.

7.08 Construction. Whenever used in this Mortgage, unless the context clearly indicates a contrary intent:

(a) The word "Mortgagor" shall mean the persons who execute this Mortgage and any subsequent fee owner of the Mortgaged Property and his respective heirs, executors, administrators, personal representatives, successors and assigns;

(b) The word "Mortgagee" shall mean, the entity listed as Mortgagee hereinabove or any subsequent holder of this Mortgage or participant in the loan secured hereby;

(c) The word "person" shall mean any individual, corporation, partnership, limited liability company or unincorporated association;

(d) The use of any gender shall include all genders;

(e) The singular number shall include the plural and the plural the singular as the context may require;

(f) The word "including" shall mean "including but not limited to" or "including without limitation" as the context may require.

7.09 Headings. The headings of sections have been included in this Mortgage for convenience of reference only and shall not be considered in interpreting this Mortgage.

7.10 Severability. If any provision of this Mortgage shall be held for any reason to be invalid, illegal or unenforceable, such impairment shall not affect any other provision of this Mortgage.

7.11 Receipt of Copy. Mortgagor acknowledges receipt of conformed copy of this Mortgage.

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## ARTICLE 7 MISCELLANEOUS

7.01 Costs and Expenses. If the Mortgagee becomes a party to any suit or proceedings affecting the Mortgaged Property, title thereto, the lien created by this Mortgage or Mortgagee's interest therein, or in the event of the commencement of any bankruptcy or insolvency proceedings involving Mortgagor, or if Mortgagee engages counsel to collect or to enforce performance of the Obligations, or if Mortgagee incurs any other costs and expenses in perfecting, protecting or enforcing its rights hereunder or in responding to any request of Mortgagor for any waiver, approval, modification or release in connection with this Mortgage or the Mortgaged Property, Mortgagee's reasonable counsel fees, and all other costs and expenses paid or incurred by Mortgagee, including reasonable fees of appraisers, accountants, consultants, and other professionals, title premiums, title report and work charges, filing fees, and mortgage, mortgage registration, transfer, stamp and other excise taxes, whether or not an Event of Default shall have occurred, shall be paid to Mortgagee, on demand, with interest at the Default Rate and until paid they shall be deemed to be part of the Obligations secured by this Mortgage.

7.02 Indemnity. Mortgagor shall indemnify, defend and hold Mortgagee harmless from and against any claims, expenses, demands, losses, costs, fines or liabilities of any kind (including those involving death, personal injury or property damage and including reasonable attorneys' fees and costs) arising from or in any way related to the failure of Mortgagor to comply with, or the failure of the Mortgaged Property to be kept in compliance with, the Legal Requirements, Applicable Environmental Laws, the Leases and the Permitted Encumbrances except to the extent caused by the gross negligence or intentional misconduct of Mortgagee. The indemnification of Mortgagor under this section shall survive the release or termination of this Mortgage and shall remain effective notwithstanding any foreclosure of this Mortgage or other execution against the Mortgaged Property or acceptance of a deed in lieu of foreclosure.

7.03 Declaration of Non-Set-Off. Within ten (10) days after requested to do so by Mortgagee, Mortgagor shall certify to Mortgagee or to any proposed assignee of this Mortgage or participant in the obligations in a writing duly acknowledged, the amount of principal, interest and other charges then owing on the Obligations secured by this Mortgage and whether there are set-offs or defenses against them.

7.04 Communications. All notices required under this Mortgage shall be in writing and shall be delivered in accordance with the applicable provisions contained in the Indenture. A party may change its address by giving written notice to the other party as specified therein.

7.05 Covenant Running with the Land. Any act or agreement specified herein to be done or performed by Mortgagor shall be construed as a covenant running with

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### 7.12 Non-foreign Entity.

(a) Mortgagor hereby certifies, under penalty of perjury, that: (1) Mortgagor is not a foreign person, foreign corporation, foreign partnership, foreign trust or foreign estate, as those terms are defined in the Internal Revenue Code of 1986, as amended and regulations promulgated thereunder; (ii) Mortgagor's U.S. employer identification number is 45-3621984; and (iii) Mortgagor's principal place of business is set forth in the introduction paragraph of this Mortgage.

(b) Mortgagor warrants that withholding of tax will not be required in the event of any disposition of the Mortgaged Property, or any portion thereof, pursuant to the terms of this Mortgage. Mortgagor covenants and agrees to execute such further certificates, which shall be signed under penalty of perjury, as Mortgagee shall require. The provisions of this section shall survive the foreclosure or other execution upon the lien of this Mortgage or acceptance of a deed in lieu of foreclosure.

7.13 Acknowledgment. THIS MORTGAGE CONTAINS A POWER OF ATTORNEY COUPLED WITH AN INTEREST AND IS FOR THE MORTGAGEE. THIS MORTGAGE IS BEING EXECUTED IN CONNECTION WITH A LOAN OR OTHER FINANCIAL TRANSACTION FOR BUSINESS PURPOSES AND NOT PRIMARILY FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES. MORTGAGEE, AS AGENT FOR MORTGAGOR UNDER THE POWER OF ATTORNEY, IS NOT A FIDUCIARY FOR THE MORTGAGOR. MORTGAGEE, IN EXERCISING ANY OF ITS RIGHTS OR POWERS PURSUANT TO THE POWER OF ATTORNEY, MAY DO SO FOR THE SOLE BENEFIT OF MORTGAGEE AND NOT FOR MORTGAGOR. THE PARTIES ACKNOWLEDGE AND AGREE THAT THE PROVISIONS OF TITLE 20, PENNSYLVANIA CONSOLIDATED STATUTES, SECTION 5601 ET SEQ. AS AMENDED SPECIFICALLY INCLUDING ACT 39 OF 1999) SHALL NOT BE APPLICABLE TO ANY POWER OF ATTORNEY CONTAINED IN THIS MORTGAGE.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK  
SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Mortgagor, intending to be legally bound hereby, has duly executed this Mortgage, under seal, as of the day and year first above written.

**EXECUTIVE EDUCATION ACADEMY  
CHARTER SCHOOL FOUNDATION**

By: \_\_\_\_\_  
Robert Lysek, President

By: \_\_\_\_\_  
Selma Abi-Daher, Secretary

I hereby certify that the address of Mortgagee is:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

On behalf of Mortgagee

COMMONWEALTH OF PENNSYLVANIA :  
COUNTY OF : SS.

On the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, before me, a Notary Public in and for the State and County aforesaid, personally appeared Selma Abi-Daher, who acknowledged herself to be the Secretary of EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL FOUNDATION, a Pennsylvania non-profit corporation, and that she as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by herself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires:

COMMONWEALTH OF PENNSYLVANIA :  
COUNTY OF : SS.

On the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, before me, a Notary Public in and for the State and County aforesaid, personally appeared Robert Lysek, who acknowledged himself to be the President of EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL FOUNDATION, a Pennsylvania non-profit corporation, and that he as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires:

[Signature Page for Mortgage]

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[Notary Page for Mortgage]

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**EXHIBIT A**

**Description of Premises**

**Parcel 1:**

**ALL THOSE CERTAIN SIX UNITS** in the property known, named and identified as Allentown Works, A Condominium, located in the City of Allentown, Lehigh County, Commonwealth of Pennsylvania, which has heretofore been submitted to the provisions of the Uniform Condominium Act, 68 PA C.S. 3103 et seq. by the recording in the Lehigh Recorder of Deeds Office of a Declaration of Condominium dated July 31, 2014 and recorded August 4, 2014 as Instrument No. 2014020037 and the Condominium Plan attached thereto, which Condominium Plan was recorded in the aforesaid Office on August 1, 2014 as Instrument No. 2014019955; being and designated as Unit 1 through Unit 6, together with their proportionate undivided interest in the Common Elements (as defined in such Declaration).

**Parcel 2:**

**ALL THOSE TWO CERTAIN** contiguous pieces or parcels of land, together with the improvements thereon, situate in the Fifteenth Ward of the City of Allentown, Lehigh County, Pennsylvania, bounded and described as follows:

**PARCEL "A":**

**BEGINNING** at a rail monument situate seventy-six and fifteen hundredths (76.15) feet West of the center line of the Allentown Branch of the Lehigh and New England Railroad opposite valuation situate 221 + 28.74 of said branch; thence (1) along land of the Lehigh and New England Railroad Company, South twenty-two degrees twenty-one minutes no seconds East (S. 22° 21' 00" E.) three hundred eighty-five (385) feet to an iron rail monument in the North building line of Union Boulevard; thence (2) along the North line of said Boulevard and forty (40) feet parallel with the center line thereof along the arc of a curve to the right with a radius of one thousand one hundred fifty-four and one-hundredths (1154.01) feet for a distance of one hundred forty-seven and ninety-one hundredths (147.91) feet to a point; thence (3) along other lands of the said Lehigh and New England Railroad Company North twenty degrees twenty-five minutes no seconds West (N. 20° 25' 00" W.) four hundred thirty-three and eighty-six hundredths (433.86) feet to a point; thence (4) by other land of the Lehigh Coal and Navigation Company and herein described as Parcel "B", North sixty-seven degrees thirty-nine minutes no seconds East (N. 67° 39' 00" E.) one hundred twenty-four and eighty-eight hundredths (124.88) feet to the iron rail, the place of beginning.

**CONTAINING** one and two hundred forty-four thousandths (1.244) acres, more or less.

**PARCEL "B":**

**BEGINNING** at the rail monument marking the Northeast corner of Parcel "A", which is also the beginning point in the description of said Parcel "A", as hereinabove described; thence (1) along the Northern boundary of said tract of land South sixty-seven degrees thirty-nine minutes no seconds West (S. 67° 39' 00" W.) one hundred twenty-four and eighty-eight hundredths (124.88) feet to a point; thence (2) along land now or late of The Lehigh and New England Railroad Company North twenty degrees twenty-five minutes no seconds West (N. 20° 25' 00" W.) fifty and eight-tenths (50.8) feet to a point; thence (3) by the same North sixty-six degrees sixteen minutes no seconds East (N. 66° 15' 00" E.) one hundred twenty-three and three-tenths (123.3) feet to a point; thence (4) by the same South twenty-two degrees twenty-

one minutes no seconds East (S. 22° 21' 00" E.) fifty-three and seventy-five hundredths (53.75) feet (incorrectly stated as 53.55 in the current vesting deed) to the rail monument, the place of beginning.

**CONTAINING** one hundred forty-eight thousandths (0.148) of an acre.

**LESS AND EXCEPTING THEREFROM** premises conveyed to Pennsylvania Department of Transportation by Deed recorded in Document ID 7465626.

**WHICH PROPERTY HAS BEEN RECENTLY SURVEYED, AND PURSUANT TO SUCH SURVEY IS NOW DESCRIBED AS FOLLOWS:**

**ALL THOSE TWO CERTAIN** CONTIGUOUS PIECES OR PARCELS OF LAND, TOGETHER WITH THE IMPROVEMENTS THEREON, SITUATE IN THE FIFTEENTH WARD OF THE CITY OF ALLENTOWN, LEHIGH COUNTY, PENNSYLVANIA, BOUNDED AND DESCRIBED AS FOLLOWS:

**PARCEL "A":**

**BEGINNING** AT A POINT ALONG THE WESTERLY RIGHT OF WAY LINE OF NEW ENGLAND AVENUE (AN UNOPENED STREET), SOUTH TWENTY-TWO DEGREES TWENTY-ONE MINUTES NO SECONDS EAST (S. 22° 21' 00" E.) THREE HUNDRED EIGHTY-FIVE (385.00) FEET TO AN IRON RAIL ALONG THE NORTHERLY RIGHT OF WAY LINE OF UNION BOULEVARD (S.R. 1002) AN 80.00 FEET RIGHT OF WAY WIDTH; THENCE (2) ALONG SAID NORTHERLY RIGHT OF WAY LINE OF UNION BOULEVARD AND ALONG A CURVE TO THE RIGHT WITH A RADIUS OF ONE THOUSAND ONE HUNDRED FIFTY-FOUR AND ONE-HUNDREDTHS (1154.01) FEET ONE HUNDRED NINETEEN AND NINETY-NINE ONE HUNDREDTHS (119.99) FEET AND A CORD BEARING AND DISTANCE OF SOUTH FOURTH-SEVEN DEGREES FORTY-FOUR MINUTES FOURTH-EIGHT SECONDS WEST (S. 47° 44' 48" W.) ONE HUNDRED NINETEEN AND NINETY FOUR ONE HUNDREDTHS (119.94) FEET TO A POINT; THENCE (3) ALONG A CURVE TO THE RIGHT WITH A RADIUS OF TWENTY (20.00) FEET FOR A DISTANCE OF THIRTY-SEVEN AND NINETY-NINE (37.99) FEET AND A CORD BEARING AND DISTANCE OF NORTH SEVENTY-FOUR DEGREES FIFTY MINUTES EIGHTEEN SECONDS WEST (N. 74° 50' 18" W.) THIRTY-TWO AND FIFTY-THREE ONE HUNDREDTHS (32.53) FEET TO A POINT; THENCE (4) ALONG EASTERLY RIGHT OF WAY LINE OF DAUPHIN STREET (S.R. 1007) A 60' RIGHT OF WAY WIDTH, NORTH TWENTY DEGREES TWENTY-FIVE MINUTES NO SECONDS WEST (N. 20° 25' 00" W.) A DISTANCE OF FOUR HUNDRED SIX AND TWENTY-SIX ONE HUNDREDTHS (406.26) FEET TO A POINT; THENCE (5) BY THE SOUTHERLY PROPERTY LINE OF LANDS NOW OR FORMERLY VINCENZO & ROSA LAMURAGLIA AND HEREIN DESCRIBED AS PARCEL "B", NORTH SIXTY-SEVEN DEGREES THIRTY-NINE MINUTES NINE SECONDS EAST (N. 67° 39' 09" E.) A DISTANCE OF ONE HUNDRED TWENTY-FOUR AND NINETY-FIVE ONE HUNDREDTHS (124.95) FEET TO A POINT, THE PLACE OF BEGINNING.

**CONTAINING** ONE AND TWENTY-FOUR HUNDREDTHS (1.24) ACRES, MORE OR LESS.

**PARCEL "B":**

**BEGINNING** AT THE POINT ON THE NORTHEAST CORNER OF THE NORTHERLY PROPERTY LINE OF LANDS NOW OR FORMERLY VINCENZO & ROSA LAMURAGLIA AND HEREIN DESCRIBED AS PARCEL "A", WHICH IS ALSO ALONG WESTERLY RIGHT OF WAY LINE OF NEW ENGLAND AVENUE (AN UNOPENED STREET); THENCE (1) SOUTH SIXTY-SEVEN DEGREES THIRTY-NINE MINUTES AND NINE SECONDS WEST (S. 67° 39' 09" W.) ONE HUNDRED TWENTY-FOUR AND NINETY-FIVE ONE HUNDREDTHS (124.95) FEET TO A POINT; THENCE (2) ALONG EASTERLY RIGHT OF WAY LINE OF DAUPHIN STREET (S.R. 1007) A 60.00 FEET RIGHT OF WAY WIDTH,

NORTH TWENTY DEGREES TWENTY-FIVE MINUTES NO SECONDS WEST (N. 20° 25' 00" W.) FIFTY AND EIGHT-TENTHS (50.80) FEET TO AN IRON PIPE FOUND; THENCE (3) ALONG THE SOUTHERLY RIGHT OF WAY LINE OF NEW ENGLAND AVENUE (AN UNOPENED STREET) NORTH SIXTY-SIX DEGREES FIFTEEN MINUTES FIFTY-FIVE SECONDS EAST (N. 66° 15' 55" E.) ONE HUNDRED TWENTY-THREE AND TWENTY-SEVEN ONE HUNDREDTHS (123.27) FEET TO A POINT; THENCE (4) BY THE SAME SOUTH TWENTY-TWO DEGREES TWENTY-ONE MINUTES NO SECONDS EAST (S. 22° 21' 00" E.) FIFTY-THREE AND SEVENTY-FIVE ONE HUNDREDTHS (53.75) FEET TO A POINT AT THE PLACE OF BEGINNING.

**CONTAINING** ONE HUNDRED FORTY-EIGHT THOUSANDTHS (0.15) OF AN ACRE MORE OR LESS.

**Parcel 3:**

**ALL THAT CERTAIN** tract of land, located to the south of North Bradford Street, in the City of Allentown, the County of Lehigh, and the Commonwealth of Pennsylvania, bounded and described in accordance with a survey prepared by Pany and Lentz Engineering dated May 23, 2022, as follows:

**BEGINNING** at a point on the southern right-of-way line of North Bradford Street, said point being 30.00 feet from the center of said road, thence extending along the southern right-of-way of North Bradford Street which leads from Dauphin Street (SR 1007) to American Parkway along a curve to the left with a radius of 430.00 feet, a central angle of 18 degrees 09 minutes 58 seconds, an arc length of 136.34 feet, and having a chord of North 42 degrees 55 minutes 19 seconds East 135.76 feet to a point, thence extending along the lands of now or formerly Executive Education Academy Charter School Foundation the following two courses and distances: (1) South 10 degrees 59 minutes 32 seconds West 115.24 feet to a rebar found, (2) North 78 degrees 59 minutes 51 seconds West 71.80 feet to a point of beginning.

**CONTAINING: 3,648 Square Feet, more or less**

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Prepared By and Return to:  
Fitzpatrick Lentz & Bubba, P.C.  
Two City Center  
645 W. Hamilton Street, Suite 800  
Allentown, PA 18101  
610.797.9000

Parcel #: 640757990536-1, 640757990536-2, 640757990536-3, 640757990536-4,  
640757990536-5, 640757990536-6, 640757990536-7  
555 Union Boulevard, City of Allentown  
640756693463-1  
413 Union Boulevard, City of Allentown  
640757495995-1  
921 N. Bradford Street, City of Allentown

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

This Subordination, Non-Disturbance and Attornment Agreement is made as of [October 1, 2024, but effective as of [Closing Date], 2024 (the "Subordination Agreement"), by and among EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL INC. (the "Lessee"), EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL FOUNDATION (the "Lessor"), and ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as master trustee (the "Master Trustee"). Capitalized terms used but not defined herein have the meanings ascribed to such terms in the Lease (as defined below).

RECITALS:

A. The Lessor holds title to certain real property (the "Premises") located in Lehigh County, Pennsylvania, together with all improvements located on it. The legal descriptions for the Premises are attached hereto as Exhibit A.

B. The Allentown Commercial and Industrial Development Authority (the "Authority") will issue its Education Facility Lease Revenue Bonds (Executive Education Academy Charter School Project), Tax Exempt Series of 2024 (the "Tax Exempt Series 2024 Bonds") in the original aggregate principal amount of \$\_\_\_\_\_ and its Education Facility Lease Revenue Bonds (Executive Education Academy Charter School Project), Taxable Series of 2024 ("Taxable Series 2024 Bonds") in the original aggregate principal amount of \$\_\_\_\_\_ under an Indenture of Trust dated as of October 1, 2024 (the "Indenture"), between the Authority and Zions Bancorporation, National Association, as bond trustee. Pursuant to a Loan Agreement dated as of October 1, 2024 (the "Agreement"), between the Authority and Executive Education Academy Charter School, Foundation, as borrower (the "Borrower" or the "Obligated Group"), the Authority has agreed to loan to the Borrower the sale proceeds of the Series 2024 Bonds to finance the project described therein and the Borrower has agreed to pay to the Authority loan payments sufficient to meet the obligations under the Series 2024 Bonds when the same become due and payable. As security for its obligation to make payments required under the Agreement, the Lessor as "Obligated Group Representative" of the Obligated Group, has issued a promissory note (the "2024 Note") under the terms of and pursuant to the Master Trust Indenture dated as of October 1, 2024 (the "Original Master Indenture"), between the Obligated Group Representative and the Master Trustee, as supplemented by a Supplemental Master Trust Indenture No. 1 dated as of October 1, 2024 (the "Supplemental Master Indenture" and, together with the Original Master Indenture, the "Master Indenture"), between the Obligated Group Representative and the Master Trustee. The obligation of the Lessor to make payments (the "Loan") evidenced by the 2024 Note is secured by, among other things, the lien of the Open-End Mortgage, Assignment of Leases and Income, Security Agreement and Fixture Filing executed October 1, 2024, but effective as of [Closing Date], 2024 (the "Mortgage"), executed by the Lessor for the benefit of the Master Trustee, that encumbers the Lessor's interest in the Premises. The 2024 Note, the Master Indenture, the Mortgage, this Subordination Agreement and all other documents evidencing, securing the repayment of, or relating to, the Loan are collectively referred to as the "Loan Documents."

C. The Premises are owned by the Lessor and leased from the Lessor to the Lessee pursuant to the Lease Agreement dated as of October 1, 2024 and effective [Closing Date], 2024 (the "Lease"), as may be amended from time to time, between the Lessor and the Lessee, executed in connection with the issuance of the Series 2024 Bonds.

D. The underwriter for the Series 2024 Bonds is willing to purchase the Series 2024 Bonds, the Authority is willing to issue the Series 2024 Bonds and loan the proceeds thereof to the Borrower and the Master Trustee is willing to enter into the Master Indenture provided that the Lessor

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

BY AND AMONG

EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL INC.  
as Lessee

EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL FOUNDATION, as Lessor

AND

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as Master Trustee

Dated as of [October 1, 2024, but effective [Closing Date], 2024

[PAR]  
Allentown Commercial and Industrial Development Authority  
Education Facility Lease Revenue Bonds  
(Executive Education Academy Charter School Project)  
Tax Exempt Series of 2024

[PAR]  
Allentown Commercial and Industrial Development Authority  
Education Facility Lease Revenue Bonds  
(Executive Education Academy Charter School Project)  
Taxable Series of 2024

agrees to subordinate the Lessor's rights under the Lease to the lien or charge of the Loan Documents and to attorn to the Master Trustee on the terms and conditions of this Subordination Agreement. The Lessee is willing to agree to such subordination and attornment and other conditions provided the Master Trustee agrees not to disturb the Lessee's possession in accordance with the terms of the Lease, all as set forth more fully below.

AGREEMENTS:

The parties agree as follows:

1. **Subordination.** The Loan Documents and all supplements, amendments, modifications, renewals, replacements and extensions of and to them shall be and will remain at all times a lien or charge on the Premises prior and superior to the Lease, to the leasehold estate created by the Lease, and to all rights and privileges of the Lessee arising under the Lease. The Lessor subjects and subordinates the Lease, the Lessor's leasehold estate and all rights and privileges arising in the Lessor's favor under the terms of the Lease to the lien of the Loan Documents in favor of the Master Trustee. The Lessee consents to the Lessor's and the Master Trustee's entering into the Mortgage and the other Loan Documents to which it is a party. The Lessor further agrees and acknowledges that, in making disbursements in accordance with the Loan Documents, the Master Trustee does not have any obligation or duty to, nor has the Master Trustee represented that it will, see to the application of such proceeds by the person or persons to whom the Master Trustee disburses such funds, and any application or use of such proceeds will not defeat the subordination that the Lessor makes in this Subordination Agreement, in whole or in part.

2. **Definitions of "Transfer of the Premises" and "Purchaser."** The term "Transfer of the Premises" means any transfer of the Lessor's interest in the Premises by foreclosure or trustee's sale or as a result of any other action or proceedings for the enforcement of the Mortgage or any transfer by deed in lieu of foreclosure. The term "Purchaser" means any transferee, including the Master Trustee, that acquires the Lessor's interest in the Premises as a result of a Transfer of the Premises, and all successors and assigns, including the Master Trustee, of that initial transferee.

3. **Non-Disturbance.** Notwithstanding any Transfer of the Premises, the Master Trustee's seizure of possession of the Premises, any other similar action to enforce the Mortgage, or any other action taken in connection with the Mortgage:

(a) the holder or beneficiary of the Mortgage will not name or join Lessee in any foreclosure, trustee's sale or other proceeding to enforce the Mortgage unless an Event of Default by Lessee (as defined in the Lease) has occurred and is continuing or the joinder is required by Pennsylvania law in order to perfect the foreclosure, trustee's sale or other proceeding;

(b) the enforcement of the Mortgage will not terminate the Lease or disturb the Lessee in its possession and use of the Premises unless an Event of Default has occurred and is continuing under the Lease; and

(c) the leasehold estate granted by the Lease will not be affected in any manner so long as no Event of Default has occurred and is continuing and the Lease is in full force and effect, and in no event shall either the Master Trustee, if it becomes the Purchaser or if it takes possession of the Premises in accordance with the terms of the Mortgage, or any other Purchaser:

(i) be liable for any damages attributable to any act or omission of any prior Lessor (including the Lessor);

(ii) be liable for any damages attributable to any latent or patent defects in the construction of any portion of the Premises;

(iii) be subject to any offset, counterclaim or defense that the parties have not specifically contemplated in the Lease and that the Lessee may have against any prior Lessor;

(iv) be bound by any prepayment that the Lessee makes more than thirty (30) days in advance of the date on which the payment becomes due under the terms of the Lease or for any security deposit not actually delivered to the Purchaser or by any modification or amendment of the Lease made without the Master Trustee's written consent unless the Lease specifically contemplates the prepayment, amendment or modification and the parties observe all conditions set forth in the Lease that relate to the prepayment, amendment or modification;

(v) be obligated to complete any pre-occupancy construction work;

(vi) be bound by any amendment or modification of the Lease or by any waiver or forbearance on the part of any lessor (including the Lessor) made or given without the written consent of the Master Trustee or any subsequent holder of the Mortgage unless the Lease specifically contemplates the amendment or modification and the parties observe all conditions set forth in the Lease that relate to the amendment or modification; or

(vii) be bound by any representations or warranties of the Lessor under the Lease. The foregoing agreement will not affect the Lessee's right to exercise or to continue to exercise after a Purchaser succeeds to the Lessor's interest in the Premises any remedy, including, without limitation, the offsetting of rent, that may be available to the Lessee by virtue of any default that occurs in respect of the performance of the Lessor's obligations under the terms of the Lease and of which the Lessee has given the Master Trustee written notice prior to the Purchaser's succession to the Lessor's interest.

4. **Attornment.** If any Transfer of the Premises occurs, the Purchaser will be bound to the Lessee and the Lessee will be bound to the Purchaser under all of the terms, covenants and conditions of the Lease for the balance of the term of the Lease and any extensions or renewals of that term, whether occurring by reason of the exercise of any valid extension or renewal option contained in the Lease or otherwise, all with the same force and effect as if the Purchaser had been the original Lessor designated in the Lease. The Lessee attorns to the Purchaser, including the Master Trustee if it becomes the Purchaser, as the Lessor under the Lease. This Subordination Agreement to attorn will be effective and self-operative without the execution of any further instruments, upon the Purchaser's succession to the Lessor's interest under the terms of the Lease.

5. **Use of Proceeds.** So long as no Event of Default by Lessee under the terms of the Lease has occurred and is continuing and the Lease is in full force and effect, the Master Trustee will (i) apply any proceeds paid in respect of the insurance that the Lessee maintains in force in accordance with the terms of the Lease to be used for the restoration of the Premises and otherwise applied as provided in the Lease, the Master Indenture and the Mortgage, and (ii) apply any condemnation award paid in connection with a taking of any part of the Premises or any proceeds of a sale made in lieu of condemnation of a part of the Premises to be used for the repair and alteration of the remainder of the Premises as provided in the Lease, the Master Indenture and the Mortgage.

6. **Default by Lessor.** If the Lessor defaults in the performance of obligations it undertakes under the terms of the Loan Documents, the Lessee will recognize the assignment of rents of the Lessor made to the Master Trustee in the Mortgage and will pay to the Master Trustee, as assignee, all rents that become due under the terms of the Lease after the date of Lessee's receipt of written notice from the Master Trustee that the Lessor is in default under the terms of the Loan Documents. The Lessor authorizes the Lessee to accept the Master Trustee's direction and waives all claims against the Lessee for any sums so paid at the Master Trustee's direction. The Master Trustee acknowledges, however, that in the event that the Lessee makes payments of rent to the Lessor by means of computer-generated checks, the Lessee will require a period of time within which to re-program its accounts payable computer system to reflect the Lessee's receipt of the Master Trustee's direction. Consequently, in such event Lessee will have no liability to Master Trustee for any regularly scheduled installment of rent remitted to the Lessor during the period that begins on the date of Lessee's receipt of Master Trustee's direction and that ends thirty (30) days after that date. The Lessor will promptly remit to the Master Trustee any scheduled installment of rent received during this 30-day period. Lessee's payment of rents to Master Trustee in accordance with the foregoing will continue until the first to occur of the following:

- (a) no further rent is due or payable under the terms of the Lease;
- (b) the Master Trustee gives the Lessee notice that the Lessor has rectified the default that existed in respect of its obligations under the terms of the Loan Documents and instructs the Lessee to make subsequent remittances of the rent to the Lessor; or
- (c) a Transfer of the Premises occurs, and the Purchaser gives the Lessee notice of that Transfer. The Purchaser will automatically succeed to the Lessor's interest under the terms of the Lease as provided in Sections 3 and 4 above, after which time the rents and other benefits accruing in favor of the Lessor under the terms of the Lease will be payable to the Purchaser as the owner of the Premises.

7. **Limitation on Trustee to Perform.** Nothing in this Subordination Agreement obligates the Master Trustee to perform any covenant made by the Lessor as Lessor in the Lease unless and until the Master Trustee obtains title to the Premises as Purchaser or takes possession of the Premises in accordance with the terms of the Mortgage, and then only during the time when the Master Trustee holds title to or possession of the Premises.

8. **Lessee's Covenants.** During the terms of the Lease, without the Master Trustee's prior written consent, the Lessee may not:

- (a) pay to any lessor (including the Lessor) any installment of rent or additional rent more than one month in advance of the time it becomes due under the terms of the Lease;
- (b) cancel, terminate or surrender the Lease, except through the exercise of a right expressly accorded to Lessee in the Lease; or
- (c) assign the Lease or sublet any portion of the Premises, except as expressly permitted, without the Lessor's consent in the Lease.

9. **Notices of Default, Material Notices.** The Lessee must send to the Master Trustee a copy of any notice of default or similar statement connected with the Lease at the same time that it sends that notice or statement to the Lessor. The Lessor must also send to the Master Trustee copies of all material notices that it gives to the Lessee in connection with the Lease. The Lessee and the Lessor will deliver those notices to the Master Trustee in the manner and at the addresses set forth below.

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14. **Notices.** All notices connected with this Subordination Agreement must be in writing and the parties must deliver those notices by means of messenger service, overnight delivery service, or by registered or certified United States mail, postage prepaid, sent to the recipient at its address specified below. Notices will be effective upon receipt or when the recipient refuses proper delivery. Any party may change its address for the delivery of notices connected with this Subordination Agreement by delivering notice to all other parties in accordance with this Section.

To Master Trustee: Zions Bancorporation, National Association  
 444 Liberty Ave, Suite 825, Pittsburgh, Pennsylvania  
 15222 Attention: [ ]  
 To Lessor: Executive Education Academy Charter  
 School Foundation 555 Union Boulevard, Allentown, PA  
 18109 Attention: [ ]

To Lessee: Executive Education Academy Charter School Inc.  
 555 Union Boulevard, Allentown, PA 18109 Attention:  
 [ ]

To the extent that the Lease shall entitle the Lessee to notice of any Mortgage, this Subordination Agreement shall constitute such notice to the Lessee with respect to the Mortgage and the Lessee hereby waives notice of any and all renewals, modifications, extensions, substitutions, replacements, and/or consolidations of the Mortgage.

15. **Attorneys' Fees.** If any lawsuit or arbitration arising out of or relating to this Subordination Agreement commences, the prevailing party is entitled to recover from each other party, in addition to costs and expenses otherwise allowed by law, such sums as the court or arbitrator may adjudge to be reasonable attorneys' fees in the action or arbitration, including the reasonable value of services rendered by in-house counsel.

16. **Waiver of Jury Trial.** TO THE EXTENT PERMITTED BY LAW, THE LESSOR, THE LESSEE AND THE MASTER TRUSTEE HEREBY JOINTLY AND SEVERALLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO THIS SUBORDINATION AGREEMENT. THE LESSOR, THE LESSEE AND THE M A S T E R TRUSTEE EACH REPRESENTS TO THE OTHER THAT THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY GIVEN.

17. **Miscellaneous Provisions.** This Subordination Agreement inures to the benefit of and binds the parties and their respective successors and assigns. This Subordination Agreement may be executed in counterparts for the convenience of the parties. Any provisions governing the rights, immunities and protections of the Master Trustee under the Loan Documents are incorporated by reference into this Subordination Agreement as being applied to the Master Trustee as through fully set forth herein. The laws of the state where the Premises are located, without regard to the choice of law rules of that state, will govern the interpretation and enforcement of this Subordination Agreement. As used in this Subordination Agreement, the word "include(s)" means "include(s), without limitation," and the word "including" means "including, without limitation."

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10. **Limitation on Liability.** Except as provided below, regardless of anything in the Lease or this Subordination Agreement apparently to the contrary, the Lessee may not seek to satisfy any judgment that the Lessee obtains by reason of the negligence of any Purchaser or any of its directors, officers, agents, employees or contractors or by reason of that Purchaser's failure to perform any of the obligations incumbent upon the Lessor under the terms of the Lease from any source other than that Purchaser's interest in the Premises and the revenue generated by the operation of the Premises. The Lessee may, however, satisfy any such judgment by offsetting the amount of the judgment against rent becoming due under the terms of the Lease. The foregoing limitation on the sources of the Lessee's recovery will not apply in those instances (i) where proceeds of any insurance are available to satisfy such judgment, (ii) where the Lessee obtains such judgment because of the Purchaser's misapplication of funds that an insurer or a condemning authority pays to the Purchaser and that the Purchaser must use for restoration of the Premises in accordance with the terms of the Lease, (iii) where the Lessee obtains such judgment because of the Purchaser's misapplication of funds that the Lessee pays to the Purchaser for remittance to a third party, such as a taxing authority, or (iv) where the Lessee obtains the judgment because of the Purchaser's fraud. Except as expressly provided above, after application of the proceeds of any insurance that are available to satisfy a judgment that the Lessee obtains by reason of the negligence of any Purchaser or any of its directors, officers, agents, employees or contractors or by reason of that Purchaser's failure to perform any of the obligations incumbent upon the Lessor under the terms of the Lease, the Lessee may not seek to satisfy the balance of such judgment remaining after such application from any source other than that Purchaser's interest in the Premises and the revenue generated by the operation of the Premises. Nothing contained in this Section impairs, affects, lessens, abrogates or otherwise modifies the obligations of the Lessor to the Lessee under the terms of the Lease.

11. **Master Trustee's Right to Cure Default.** If any act or omission by the Lessor gives the Lessee the right to terminate the Lease or to claim a partial or total eviction, the Lessee may not exercise that right or make that claim until it has given the Master Trustee written notice of the occurrence of that act or omission and the Master Trustee has failed to rectify the condition giving rise to that right or that claim within (i) ten (10) business days, if the Master Trustee can accomplish the rectification by the mere payment of money, (ii) thirty (30) business days, if the Master Trustee cannot accomplish the rectification by the mere payment of money and the rectification does not require the Master Trustee to obtain possession of the Premises, and (iii) a reasonable time, if the Master Trustee cannot accomplish the rectification by the mere payment of money, the rectification requires the Master Trustee to obtain possession of the Premises, and the Master Trustee both commences efforts to obtain possession of the Premises and to rectify the condition within fifteen (15) business days after the delivery of the Lessee's written notice and diligently and continuously pursues those efforts. The foregoing does not obligate the Master Trustee to undertake the rectification of any default by the Lessor in respect of the performance of its obligations under the terms of the Lease and shall not limit the Master Trustee's right to exercise and rights or powers under this Subordination Agreement or any of the Loan Documents.

12. **Termination of Agreement.** If no Transfer of the Premises occurs, this Subordination Agreement becomes void upon payment in full of the indebtedness evidenced by the Series 2024 Bonds and the recording of a reconveyance, release or satisfaction of the Mortgage.

13. **Integration.** This Subordination Agreement integrates all of the terms and conditions of the parties' agreement regarding the subordination of the Lease and the leasehold estate that it creates to the lien or charge of the Loan Documents. This Subordination Agreement supersedes and cancels all oral negotiations and all prior writings relating to that subordination including any provisions of the Lease that provide for the subordination of the Lease. The parties intend this Subordination Agreement as the final expression of their agreement relating to the subordination of the Lease to the operation and effect of the Loan Documents. The parties may amend this Subordination Agreement only by means of a written agreement that the parties or their respective successors in interest sign.

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IN WITNESS WHEREOF, the parties have executed this Subordination, Non-Disturbance and Attornment Agreement on the day and year first above written.

**EXECUTIVE EDUCATION ACADEMY  
 CHARTER SCHOOL FOUNDATION, a  
 Pennsylvania nonprofit corporation**

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

COMMONWEALTH OF PENNSYLVANIA : : SS:  
 COUNTY OF LEHIGH :

On this, the \_\_\_\_ day of \_\_\_\_\_, 2024, before me, a notary public, the undersigned officer, personally appeared [Name], who acknowledged herself to be the [Title] of Executive Education Academy Charter School Foundation, a nonprofit corporation duly organized and validly existing under the laws of the Commonwealth of Pennsylvania (the "Borrower"), and that she, as such officer, and being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the Corporation by herself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.  
 \_\_\_\_\_ (Seal)  
 Notary Public

My commission expires: \_\_\_\_\_





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**APPENDIX F**  
**PROPOSED FORM OF BOND COUNSEL OPINION**

November \_\_, 2024

**Re: Allentown Commercial and Industrial Development Authority**  
**\$70,560,000\* Education Facility Lease Revenue Bonds**  
**(Executive Education Academy Charter School Project)**  
**Tax-Exempt Series of 2024**  
**\$2,255,000\* Education Facility Lease Revenue Bonds**  
**(Executive Education Academy Charter School Project) Taxable Series of 2024**

To the Holders of the above-referenced Bonds:

We have served as Bond Counsel in connection with the issuance of the Allentown Commercial and Industrial Development Authority Education Facility Lease Revenue Bonds (Executive Education Academy Charter School Project) Tax-Exempt Series of 2024 (the “Tax Exempt 2024 Bonds”) in the original aggregate principal amount of \$70,560,000\*, and its Education Facility Lease Revenue Bonds (Executive Education Academy Charter School Project), Taxable Series of 2024 (“Taxable Series 2024 Bonds”) in the original aggregate principal amount of \$2,255,000\* pursuant to a resolution adopted by the Allentown Commercial and Industrial Development Authority (“Authority”) on August 27, 2024, and pursuant under an Indenture of Trust dated as of November 1, 2024 (the “Trust Indenture”), by and between the Authority and Zions Bancorporation, National Association as trustee (the “Trustee”) to be issued and sold pursuant to the Bond Purchase Agreement, dated October \_\_, 2024 (the “Purchase Agreement”), among the Authority, Executive Education Academy Charter School Foundation (“Borrower”), the Executive Education Academy Charter School (the “Charter School”) and Raymond James & Associates, Inc., as Purchaser (the “Purchaser”). The Authority and the Borrower have entered into a loan agreement dated November 1, 2024, among the Authority and the Borrower (“Loan Agreement”). Under the provisions of the Loan Agreement, the Borrower will issue a Note to the Authority which the Authority will assign to the Trustee for payment of the 2024 Bonds. The Tax Exempt 2024 Bonds and the Taxable 2024 Bonds are collectively referred to as the 2024 Bonds.

Pursuant to the Loan Agreement, the Authority is making a loan of the proceeds of the 2024 Bonds to the Borrower. We have been advised that the proceeds from the 2024 Bonds, together with other available funds, will be used by the Borrower for the purposes of the following project (“Project”): (i) the refunding (a) a certain loan with QNB bank (b) its Tax Exempt Revenue Bonds Series A of 2017 (c) its Taxable Revenue Bonds Series B of 2017 and (d) its Tax Exempt Bonds Series of 2022; (ii) the undertaking of the funding of various capital improvements to the Executive Education Academy Charter School (“School”) facilities, including but not limited to a new project to renovate, equip, furnish and construct certain additions to a certain facility located at 555 Union Boulevard. Allentown, Pennsylvania, together with 413 Union Blvd and 921 N. Bradford St, Allentown, PA, consisting of the “Project Site” and to construct a stadium on the Project Site; (iii) pay costs in conjunction with the issuance of the 2024 Bonds; and (iv) fund any other costs related to Bonds including but not limited to any reserve funds or capitalized interest; Under the Loan Agreement, the Borrower is obligated to make periodic payments in amounts sufficient to pay when due, inter alia, the debt service on the 2024 Bonds.

In order to provide a source of payment and security for the 2024 Bonds, pursuant to the Loan Agreement the Authority has transferred and assigned to the Trustee all of its right, title and interest in the Loan Agreement (except for the reserved rights as described in the Loan Agreement which include the Authority’s right to payment of expenses and indemnification) and all amounts payable by the Borrower thereunder.

Under the Lease dated as of November 1, 2024 (“Lease”), the School will pay rent for the School Facility to the Borrower in amounts sufficient to permit the Borrower to, among other things, pay debt service on the 2024 Bonds, as and when due. The Lease and rental payments thereunder will be assigned to the Trustee pursuant to a Mortgage, Assignment of Leases, Security Agreement and Fixture Filing dated November \_\_, 2024 (the “Mortgage”) on the

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\* Preliminary, subject to change.

School Facility from the Borrower in favor of the Trustee. We express no opinion herein with respect to the Lease or the Mortgage.

In the Tax Compliance Agreement that was delivered on this date in connection with the issuance of the Tax Exempt 2024 Bonds (the “Tax Compliance Agreement”), the Borrower and the School have each represented that it is an organization described in Section 501 (c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), is not a “private foundation” within the meaning of Section 509(a) of the Code and is exempt from federal income tax under Section 501(a) of the Code, except for unrelated business income subject to taxation under Section 511 of the Code. The Borrower has covenanted that, throughout the term of the Loan Agreement, it will not carry on or permit to be carried on in any property now or hereafter owned by it any trade or business if the conduct of such trade or business would adversely affect the validity of the Tax Exempt 2024 Bonds or cause the interest paid by the Authority on the Tax Exempt 2024 Bonds to be includible in gross income for purposes of federal income tax. In providing the opinions set forth in paragraph 5 below, we have assumed continuing compliance by the Authority, the Borrower and the School with the requirements of the Code and applicable regulations thereunder which must be met subsequent to the issuance of the Tax Exempt 2024 Bonds in order that the interest thereon not constitute an item of tax preference under Section 57 of the Code. Failure to comply with such requirements could cause the interest on the Tax Exempt 2024 Bonds to be taxable retroactive to the date of issuance of the Tax-Exempt 2024 Bonds.

All terms used and not otherwise defined herein shall have the meaning set forth in the Purchase Agreement (if defined therein) or in the Indenture (if not defined in the Purchase Agreement).

This opinion is being given to you simultaneous with the closing of the transactions related to the issuance of the Series 2024 Bonds (the “Closing”), in accordance with Section 9(c) of the Purchase Agreement. In connection therewith, we have reviewed executed counterparts of the following documents: (i) the Purchase Agreement; (ii) the Indenture; (iii) the Master Indenture; (iv) the Agreement; (v) the Series 2024 Bonds; (vi) the Certificate of the Authority re: Arbitrage and Tax Compliance Agreement dated November \_\_, 2024; (vii) the Lease dated as of November 1, 2024 by and between the Borrower and the Charter School (the “Lease”); (viii) Open-End Mortgage, Assignment of Leases and Income, Security Agreement and Fixture Filing, dated as of the date it is executed, but effective the Closing Date, from the Borrower in favor of the Master Trustee (the “Mortgage”).

As Bond Counsel, we have examined such matters of law and such instruments, opinions, resolutions, records, approvals, certificates, agreements and other documents as we have deemed necessary to express the opinions set forth below, including, but not limited to, resolutions of the Authority and the Borrower, and the documents, certifications, agreements, instruments and records listed in the index of closing documents in respect of the 2024 Bonds delivered this date to the Trustee. We have also examined the fully executed and authenticated Bond.

In rendering the opinions set forth below, we have (a) examined and relied upon (1) the opinion dated the date hereof of counsel to the Authority with respect to the due organization, existence and good standing of the Authority; the authorization, execution and delivery of the documents to which it is a party and the validity and enforceability thereof on the Authority, (2) the opinion dated the date hereof of counsel to the Authority, Borrower and the School, including, inter alia, their opinions as to (i) the Borrower’s and the School’s status as a 501(c)(3) organization under the Code, and (ii) the transactions contemplated by the Loan Agreement, Trust Indenture, Master Indenture and the Lease, the Tax Compliance Agreement, and (3) the accuracy of the representations and warranties, and the performance of the covenants, of the Authority, the Borrower and the School set forth in the Loan Agreement, Trust Indenture, Master Indenture, the Lease, Tax Compliance Agreement, and (b) assumed the due authorization, execution and delivery of any documents by any parties other than the Authority. As to questions of fact material to our opinion, we have relied upon the representations of the Borrower, the School and the Authority contained in the proceedings and documents relating to the authorization and issuance of the 2024 Bonds and other certifications furnished to us without undertaking to verify the same by independent investigation.

In rendering the opinions set forth below, we have also assumed the genuineness, authenticity, truthfulness and completeness of all documents, records, certificates and other instruments we have examined and the genuineness of all signatures thereon.

We have further relied upon, and assumed compliance with, the covenants of the Authority, the Borrower and the School, as the case may be, set forth in the Loan Agreement, Trust Indenture, Master Indenture, the Tax

Compliance Agreement and the Lease, wherein they respectively agree, to the extent they are a party to such document, inter alia, to comply continually with the applicable requirements of the Code and all applicable regulations thereunder in effect, in order to ensure that the interest on the Tax Exempt 2024 Bonds is excluded from the gross income of the owners of the Tax Exempt 2024 Bonds for federal income tax purposes.

Based upon and in reliance of the foregoing, we are of the opinion that:

1. The Authority validly exists under the Act and has the corporate power and authority to execute and deliver the Trust Indenture and Loan Agreement and to issue and deliver the 2024 Bonds.

2. The Loan Agreement has been duly authorized, executed and delivered by the Authority, is the legal, valid and binding obligation of the Authority and is enforceable against the Authority in accordance with its terms. A security interest in favor of the Trustee with respect to the Trust Estate has been validly created under the Trust Indenture.

3. The 2024 Bonds have been validly authorized, executed and delivered by the Authority and, when authenticated by the Trustee, constitute valid and binding, special and limited obligations of the Authority and are enforceable against the Authority in accordance with their terms.

4. Under the laws of the Commonwealth of Pennsylvania (“Pennsylvania”), as currently enacted and construed, interest on the Tax Exempt 2024 Bonds is exempt from personal property taxes in Pennsylvania, and interest on the Tax Exempt 2024 Bonds is exempt from Pennsylvania personal income tax and corporate net income tax. However, under Pennsylvania law as presently enacted and construed, any profits, gains or income derived from the sale, exchange or other disposition of the Tax Exempt 2024 Bonds will be subject to Pennsylvania state and local taxes.

5. Interest on the Tax Exempt 2024 Bonds, (a) is excluded from in gross income for federal income tax purposes under existing law, as currently enacted and construed and (b) is not an item of tax preference for purposes of Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code. We express no opinion regarding other Federal tax consequences of the ownership of or receipt or accrual of interest on the Tax-Exempt 2024 Bonds. Additionally, we express no opinion regarding any federal tax consequences of the owner of or receipt or accrual of interest on the Taxable 2024 Bonds.

Ownership of the 2024 Bonds may give rise to collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, S Corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2024 Bonds. We express no opinion as to such collateral federal income tax consequences.

In providing this opinion, we advise you as follows:

(a) Interest on the Taxable 2024 Bonds is not excluded from gross income for federal income tax purposes. We express no opinion regarding any federal income tax consequences of acquiring, carrying, owning or disposing of the Taxable 2024 Bonds.

(b) It may be determined in the future that interest on the Tax-Exempt 2024 Bonds, retroactive to the date of issuance thereof, will not be excluded from gross income of the owners of the Tax-Exempt 2024 Bonds for federal income tax purposes if certain requirements of the Code are not met subsequent to the issuance of the Tax Exempt 2024 Bonds. The Authority and the Borrower have covenanted in the Loan Agreement, the Tax Compliance Agreement, and the School has covenanted in the Lease and the Tax Compliance Agreement, to comply with these requirements. This opinion of Bond Counsel assumes continued compliance with these covenants, and we assume no obligation to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Tax Exempt 2024 Bonds may affect the tax status of interest on the Tax Exempt 2024 Bonds.

(c) The enforceability (but not the validity) of the documents mentioned herein may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter enacted by any state or the federal government affecting the enforcement of creditors' rights generally, or the legal or equitable principles affecting creditors rights, and "enforceable in accordance with its (their) terms" shall not mean that specific performance would necessarily be available as a remedy in every situation.

(d) The obligations of the Authority under the Trust Indenture and the 2024 Bonds do not pledge the general credit of the Authority, do not create an indebtedness or pledge the credit or taxing power of the City of Allentown or the County of Lehigh or the Commonwealth of Pennsylvania or any political subdivision thereof, and the 2024 Bonds are special, limited obligations of the Authority, payable solely from the moneys pledged or available therefor as provided in the Trust Indenture. The Authority has no taxing power.

(e) We express no opinion on title matters or on the validity or priority of the lien of the Mortgage or any liens on or security interests in the School Facility or any other real or personal property.

We advise you that under Trust Indenture, the taking of certain actions or the occurrence of certain events in the future may require delivery to the Trustee of an opinion of Bond Counsel (which may or may not be this firm) substantially to the effect that such actions or events will not cause the interest on the Tax Exempt 2024 Bonds to be included in the gross income of the holders thereof for Federal income tax purposes. The opinions expressed in this letter speak only as of its date, and nothing should be interpreted or construed to express or imply any opinion concerning the effect of any future events or actions on the exclusion of interest on the Tax- Exempt 2024 Bonds from gross income for purposes of Federal income taxation. The availability of such an opinion will depend upon the facts and law existing at the time the opinion is sought.

Our services as Bond Counsel to the Authority have been limited to delivering the opinions set forth in the numbered paragraphs herein based on our review of such proceedings and documents as we deem necessary to approve the validity and the tax-exempt status of the interest on the Tax Exempt 2024 Bonds. We express no opinion herein as to the financial resources of the Borrower or the School or their ability to provide for the payment of the 2024 Bonds, or the accuracy or completeness of any information, including the Limited Offering Memorandum dated October \_\_, 2024 that may have been relied on by anyone in making the decision to purchase the 2024 Bonds.

This opinion is rendered on the basis of federal and Pennsylvania law as enacted and construed on the date hereof. This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter occur. We express no opinion as to any matter not set forth in the numbered paragraphs herein, including, without limitation, with respect to the accuracy or completeness of the preliminary or final Offering Memorandums prepared in respect of the offering of the 2024 Bonds, and make no representation that we have independently verified the contents thereof.

The opinions set forth herein are solely for your benefit and may not be distributed to or relied upon by any person quoted in whole or in part, or otherwise reproduced in any other document (except copies of this opinion may be included in any binder of the documents for the transaction to which this opinion related.)

KING, SPRY, HERMAN, FREUND & FAUL LLC

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**APPENDIX G**  
**SUBSTANTIALLY FINAL FORM OF CONTINUING DISCLOSURE AGREEMENT**

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## CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT (the “Disclosure Agreement”) dated as of November 1, 2024, is executed and delivered by and among **EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL FOUNDATION**, a Pennsylvania non-profit corporation and an organization exempt from federal income taxation pursuant to Section 501(a) of the Internal Revenue Code of 1986, as amended (the “Code”) (the “Borrower”), on its own behalf and on behalf of the Members of the Obligated Group as the Obligated Group Representative (each as defined herein), **EXECUTIVE EDUCATION ACADEMY CHARTER SCHOOL**, a Pennsylvania non-profit corporation and an organization exempt from federal income taxation pursuant to Section 501(a) of the Code (the “Charter School”), and **SCHOOL IMPROVEMENT PARTNERSHIP, LLC**, as dissemination agent (the “Dissemination Agent” or “SIP”), in connection with the issuance by the Allentown Commercial and Industrial Development Authority (the “Authority”) of its \$70,560,000\* Education Facility Lease Revenue Bonds (Executive Education Academy Charter School Project), Tax Exempt Series of 2024 (the “Tax Exempt Series 2024 Bonds”), and its \$2,255,000\* Education Facility Lease Revenue Bonds (Executive Education Academy Charter School Project), Taxable Series of 2024 (the “Taxable Series 2024 Bonds” and together with the Tax Exempt Series 2024 Bonds, the “Series 2024 Bonds”). The Series 2024 Bonds are being issued by the Authority pursuant to a Trust Indenture and Security Agreement dated as of November 1, 2024 (the “Indenture”), between the Authority and Zions Bancorporation, National Association, as bond trustee (the “Bond Trustee”). The proceeds of the sale of the Series 2024 Bonds will be loaned to the Borrower pursuant to the terms of a Loan Agreement dated as of November 1, 2024 (the “Agreement”), between the Borrower and the Authority. Capitalized terms used but not otherwise defined in this Disclosure Agreement shall have the meanings assigned thereto in the Indenture, the Agreement, the Lease (as defined herein), and the Master Indenture (as defined herein). The Dissemination Agent, the Borrower, and the Charter School covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Borrower and the Dissemination Agent for the benefit of the Registered Owners and Beneficial Owners of the Series 2024 Bonds and in order to assist Raymond James & Associates, Inc. (the “Underwriter”) in complying with the Rule (as defined below), as it may be applicable from time to time. The Borrower, the Charter School, and the Dissemination Agent acknowledge that the Authority has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and has no liability to any Person, including any Registered Owner or Beneficial Owner of the Series 2024 Bonds, with respect to the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

“Annual Financial Information” means annual financial information as such term is used in paragraph (i) of the Rule and specified in Section 4(b) of this Disclosure Agreement.

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\* Preliminary, subject to change.

“Annual Report” means any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Audited Financial Statements” means the audited consolidated financial statements and other financial information of the Charter School (and the audited consolidated financial statements of the Borrower, solely to the extent otherwise prepared) for the prior Fiscal Year, certified by an independent auditor as prepared in accordance with accounting principles generally accepted in the United States or otherwise, as such term is used in paragraph (i) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

“Beneficial Owner” means any Person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any of the Series 2024 Bonds (including any Person holding the Series 2024 Bonds through nominees, depositories or other intermediaries).

“Business Day” means a day other than a Saturday, Sunday or day on which the Borrower, the Charter School, the Dissemination Agent, or the MSRB are authorized or obligated by law, regulation, governmental decree or executive order to be closed.

“Disclosure Representative” means the Board President of the Borrower and the Charter School, or his or her designees, or such other person as the Borrower or the Charter School shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” means School Improvement Partnership, LLC acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Borrower and the Charter School, and which has filed with the Borrower and the Charter School a written acceptance of such designation.

“EMMA” means the Electronic Municipal Market Access system for municipal securities disclosure established by the MSRB and accessible at <http://emma.msrb.org/>.

“Fiscal Year” means each fiscal year of the Borrower and the Charter School beginning on July 1 and ending on June 30, beginning with the fiscal year ending June 30, 2024, or such other period designated as the fiscal year of the Borrower and the Charter School, as referenced in Section 3(a) and Section 5(e) herein.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Listed Events” means any of the events listed in Section 5(a) of this Disclosure Agreement.

“Limited Offering Memorandum” means the Limited Offering Memorandum, dated October \_\_, 2024, relating to the Series 2024 Bonds.

“Master Indenture” means the Master Trust Indenture and Security Agreement, dated as of November 1, 2024, by and between the Borrower and Zions Bancorporation, National Association, as master trustee thereunder.

“MSRB” means the United States Municipal Securities Rulemaking Board or any successor to its functions, or any successor to its functions as a nationally recognized municipal securities information repository.

“Quarterly Report” means any Quarterly Report provided by the Borrower and the Charter School pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“School” means the open-enrollment charter school that will be operated by the Charter School and known as Executive Education Academy Charter School.

“State” means the Commonwealth of Pennsylvania.

### SECTION 3. Provision of Annual Reports and Quarterly Reports.

(a) The Borrower and the Charter School shall or, upon delivery to the Dissemination Agent pursuant to paragraph (b) below, the Dissemination Agent shall, not later than December 31 following the end of the Borrower’s and the Charter School’s Fiscal Year, commencing with the Fiscal Year ending June 30, 2024, provide to EMMA, in a PDF or other electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the Audited Financial Statements may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Borrower’s or the Charter School’s Fiscal Year changes, the Borrower or the Charter School shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(b) Not later than five (5) Business Days prior to the date specified in Section 3(a) for providing the Annual Report to EMMA, the Borrower and the Charter School shall provide the Annual Report to the Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Borrower and Charter School pursuant to this Disclosure Agreement, and shall have no duty or obligation to review any notice or report. If by five (5) Business Days prior to such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the Borrower and the Charter School of the requirements of Section 3(a) and this subsection (b).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in Section 3(a), the Dissemination Agent shall send a notice to EMMA and the Underwriter in substantially the form attached hereto as Exhibit A.

(d) The Borrower and the Charter School shall, or upon delivery to the Dissemination Agent pursuant to paragraph (e) below, the Dissemination Agent shall, not later than the May 15, August 15, November 15 and February 15 following the last day of each March, June, September and December, respectively, (each a “Quarterly Filing Date”), commencing with the fiscal quarter ending on December 31, 2024, provide to EMMA, in a PDF or other electronic format prescribed by the MSRB, a Quarterly Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. If the Borrower’s or the Charter School’s Fiscal Year changes, the Quarterly Filing Dates shall be adjusted accordingly.

(e) Not later than five (5) Business Days prior to the date specified in Section 3(d) for providing the Quarterly Report to EMMA, the Borrower and the Charter School shall provide the Quarterly Report to the Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Borrower pursuant to this Disclosure Agreement, and shall have no duty or obligation to review any notice or report. If by five (5) Business Days prior to such date, the Dissemination Agent has not received a copy of the Quarterly Report, the Dissemination Agent shall notify the Borrower and the Charter School of the requirements of Section 3(d) and this subsection (e).

(f) If the Dissemination Agent is unable to verify that a Quarterly Report has been provided to EMMA by the date required in Section 3(d), the Dissemination Agent shall send a notice to EMMA and the Underwriter in substantially the form attached hereto as Exhibit A.

(g) If the filing date for any Annual Report or Quarterly Report falls on a day that is not a Business Day, then the filing date shall be the next succeeding Business Day.

#### SECTION 4. Content of Annual Reports, Quarterly Reports, and Other Reports.

(a) *Audited Financial Statements:* Each Annual Report, commencing with the Annual Report for the Fiscal Year ended June 30, 2024, shall contain Audited Financial Statements, as provided pursuant to Section 3(a). If Audited Financial Statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the Audited Financial Statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Additional Annual Report Information:* The Annual Report shall also contain the information set forth in Exhibit B hereto.

(c) *Quarterly Report Information:* Each Quarterly Report, commencing with the Quarterly Report for the fiscal quarter ended December 31, 2024 shall contain certain quarterly financial information and operating data with respect to the Borrower, the Charter School, and the School, including, but not limited to, information set forth in Exhibit C hereto.

(d) *Other Reports:* As soon as practicable or otherwise as stated herein, the Borrower and the Charter School, as detailed below, or upon delivery to the Dissemination Agent, the Dissemination Agent, shall provide to EMMA:

(i) as soon as practicable, but no later than within fifteen (15) days of board approval, the Charter School is to provide a copy of its annual budget for the Charter School for each Fiscal Year, commencing with the Fiscal Year ending June 30, 2026;

(ii) as soon as practicable, but no later than within fifteen (15) days of receipt, a copy of such Invasive Tier 2 Vapor Encroachment Screen;

(iii) the Borrower and the Charter School, as applicable, are to provide a copy of any report provided to the Bond Trustee or the Master Trustee pursuant to (A) in the case of the Borrower, Section 8.12 of the Agreement or Section 7.10 of the Master Indenture or (B) in the case of the Charter School, Sections 10.08 or 10.09 of the Lease; and

(iv) the Borrower and the Charter School, as applicable, are to provide notice of the incurrence of any Indebtedness pursuant to (A) in the case of the Borrower, Section 4.2 of the Master Indenture or (B) in the case of the Charter School, Section 10.12 of the Lease; and

(v) within ten (10) days of receipt, any notice by the Charter School to the Borrower to extend the Lease Term and Base Rent pursuant to Section 4.02 of the Lease.

If the Dissemination Agent shall not receive any such information required to be provided by Section 3(d) above, the Dissemination Agent shall not be required to send a notice to EMMA regarding such failure and the absence of such information.

(e) *Inclusion by Reference:* The items listed above may be included by specific reference to other documents, including materials which have been submitted to EMMA or the SEC. The Borrower and the Charter School shall clearly identify each such other document so included by reference.

#### SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Borrower and the Charter School shall give, or upon delivery of the information to the Dissemination Agent, the Dissemination Agent shall give, notice of the occurrence of any of the following events with respect to any of the Series 2024 Bonds, under applicable federal securities laws:

(i) Principal and interest payment delinquencies;

(ii) Nonpayment related defaults, if material;

(iii) Unscheduled draws on any debt service reserves reflecting financial difficulties;

- (iv) Unscheduled draws on any credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) (A) Adverse tax opinions, (B) the issuance by the Internal Revenue Service of proposed or final determinations of taxability of the Tax Exempt Series 2024 Bonds, (C) Notices of Proposed Authority (IRS Form 5701-TEB), (D) other material notices or determinations with respect to the tax status of the Tax Exempt Series 2024 Bonds, or (E) other material events affecting the tax-exempt status of the Tax Exempt Series 2024 Bonds;
- (vii) Modifications to rights of bondholders of any of the Series 2024 Bonds, if material;
- (viii) (A) Series 2024 Bond calls, if material, and (B) tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Series 2024 Bonds, if material;
- (xi) Rating changes;
- (xii) Failure to provide any Annual Report or Quarterly Report as required under this Disclosure Agreement;
- (xiii) Bankruptcy, insolvency, receivership or similar event of the Borrower, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Borrower in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental entity having supervision or jurisdiction over substantially all of the assets or business of the Borrower;
- (xiv) The consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xvi) Incurrence by the Borrower or the Charter School of a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source

of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii), excluding municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule (each, a “Financial Obligation”), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Borrower or the Charter School, any of which affect security holders, if material;

(xvii) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Borrower or the Charter School, any of which reflect financial difficulties; and

(xviii) Termination, revocation or non-renewal of, or material changes and/or amendments to, the Charter (as defined in the Limited Offering Memorandum).

(b) The Borrower and the Charter School agree that its determination of whether any event listed in Section 3(a) above is material shall be made in accordance with federal securities law.

(c) The Borrower and the Charter School shall, in a timely manner not in excess of ten (10) Business Days after the occurrence of any Listed Event, notify the Dissemination Agent in writing of the occurrence of any such Listed Events.

(d) If the Listed Event must be reported without regard to whether or not it is material under applicable federal securities laws, such notice shall instruct the Dissemination Agent to report the occurrence pursuant to Section 5(f).

(e) If materiality is a condition precedent to the requirement that the Listed Event be reported, and the Borrower and the Charter School determine that knowledge of the occurrence of the Listed Event is material under applicable federal securities laws, such notice shall instruct the Dissemination Agent to report the occurrence pursuant to Section 5(f).

(f) If the Dissemination Agent has been instructed by the Borrower and the Charter School to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA and the Underwriter.

SECTION 6. Termination of Reporting Obligation. The Borrower’s, the Charter School’s, and the Dissemination Agent’s obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the Series 2024 Bonds. If such termination occurs prior to the final maturity of the Series 2024 Bonds, the Borrower and the Charter School shall give notice of such termination in the same manner as for a Listed Event under Section 5(f). If the Borrower’s obligations under the Loan Agreement are assumed in full by some other entity, such entity shall be responsible for compliance with this Disclosure Agreement relating thereto in the same manner as if it were the Borrower shall have no further responsibility hereunder with respect thereto. The Dissemination Agent shall be fully discharged at the time any such termination is effective.

SECTION 7. Dissemination Agent. The Borrower and the Charter School shall appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be SIP. The Dissemination Agent shall have no obligation to disclose information about the Series 2024 Bonds except as expressly provided herein. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Borrower, apart from the relationship created by the Rule, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the Borrower and the Charter School. The Dissemination Agent may resign at any time by providing at least thirty (30) days written notice to the Borrower and the Charter School. Notwithstanding the first sentence of this Section, the Borrower and the Charter School agree to provide SIP with at least thirty (30) days written notice of its determination to replace or appoint a successor Dissemination Agent. Upon termination of SIP's services as Dissemination Agent, whether by notice of the Borrower, the Charter School, or SIP, the Borrower and the Charter School agree to appoint a successor Dissemination Agent or, alternately, agrees to assume all responsibilities of Dissemination Agent under this Disclosure Agreement for the benefit of the Registered Owners and Beneficial Owners. Notwithstanding any replacement or appointment of a successor, the Borrower shall remain liable to the Dissemination Agent until payment in full for any and all sums owed and payable to the Dissemination Agent.

So long as SIP is the Dissemination Agent, anything in this Disclosure Agreement to the contrary notwithstanding, any Annual Report or Quarterly Report or notice of Listed Event received by SIP before 10:00 a.m. Eastern time on any Business Day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a certification of the Borrower and the Charter School as to the accuracy and completeness of such information and all other information required by the terms of this Disclosure Agreement will be filed by SIP with the MSRB no later than 11:59 p.m. Eastern time on the same Business Day (or the following Business Day if received after 10:00 a.m.); provided, however, SIP shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that SIP uses reasonable efforts to make any such filing as soon as possible. The services provided by SIP under this Disclosure Agreement solely relate to the execution of instructions received from the Borrower or the Charter School through use of the SIP system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). SIP will not provide any advice or recommendation to the Borrower, the Charter School, or anyone on the Borrower's or the Charter School's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary. SIP is not a "Municipal Advisor" as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

SECTION 8. RESERVED.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borrower, the Charter School, and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Borrower and the Charter School, provided that the Dissemination Agent shall



not be obligated to enter into any amendment increasing or affecting its duties or obligations) and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 3(d), 4 or 5(a), it may only be made (i) in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an “obligated person” (as defined in the Rule) with respect to the Series 2024 Bonds, or the type of business conducted, or (ii) with the approval set forth in (c)(i) below;

(b) This Disclosure Agreement, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original execution and delivery of the Series 2024 Bonds after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by a majority of the Registered Owners of the Series 2024 Bonds, in the same manner as provided in the Indenture for amendments to such Indenture, or (ii) does not, in the opinion of Bond Counsel, materially impair the interests of the Registered Owners or the Beneficial Owners of the Series 2024 Bonds.

Notwithstanding the foregoing, this Disclosure Agreement may be amended by mutual agreement of the Borrower, the Charter School, and the Dissemination Agent without the conditions of this Section 9(a), (b), and (c) having been met if the sole purpose of the amendment is to require that the Borrower and the Charter School provide disclosure in addition to the disclosure the Borrower and the Charter School are required to provide pursuant to this Disclosure Agreement prior to the effectiveness of any such amendment.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Borrower shall describe such amendment in the next Quarterly Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Borrower and the Charter School. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**SECTION 10. Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower or the Charter School from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Borrower or the Charter School choose to include any information in any Annual Report or Quarterly Report or notice of occurrence of a Listed Event, in addition to that which is specifically

required by this Disclosure Agreement, the Borrower and the Charter School shall have no obligation under this Agreement to update such information or include it in any future Annual Report or Quarterly Report or notice of occurrence of a Listed Event.

SECTION 11. Investor Calls. On or about each February 1, commencing February 1, 2025, the Dissemination Agent shall arrange a conference call with Registered Owners, Beneficial Owners, and potential purchasers of the Series 2024 Bonds, regarding performance of the Borrower and the Charter School for the period ending with the preceding Fiscal Year. The Dissemination Agent shall provide at least 7 days' notice of such calls to EMMA.

SECTION 12. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the right of any Registered Owner to challenge the timely filing, failure to file or the adequacy of the information furnished pursuant to this Disclosure Agreement shall be limited to an action by or on behalf of Registered Owners representing at least 50% of the aggregate outstanding principal amount of the Series 2024 Bonds. Any failure by the Borrower to comply with the provisions of this Disclosure Agreement shall not be an Event of Default under the Loan Agreement or the Indenture. In no event shall any violation of this Disclosure Agreement, by itself, constitute a violation of any other laws, including other applicable securities laws.

The Registered Owners' right to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel the Borrower or the Charter School to perform under this Disclosure Agreement, and their directors, officers and employees shall incur no liability under this Disclosure Agreement by reason of any act or failure to act hereunder. Without limiting the generality of the foregoing, neither the commencement nor the successful completion of an action to compel performance under this Section shall entitle any person to attorneys' fees, financial damages of any sort or any other relief other than an order or injunction compelling performance.

SECTION 13. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Borrower and the Charter School agree to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including reasonable attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Borrower or the Charter School for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent, the Borrower, and the Charter School from time to time. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Borrower or the Charter School hereunder and shall not be deemed to be acting in any fiduciary capacity for the Borrower, the Charter School, the Underwriter, the Trustee, the Registered Owners, the Beneficial Owners, or any other party. The obligations of the Borrower and the Charter School under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2024 Bonds. The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt

as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Borrower.

To the extent this Disclosure Agreement requires the Dissemination Agent to provide information to the Underwriter, the Dissemination Agent shall provide such information through the SIP System (if SIP is the Dissemination Agent), or via email to the notice address(es) contained in Section 13 below, until the Dissemination Agent is notified in writing of a change in the notice information. Any information requested to be provided to a Registered Owner or a Beneficial Owner shall be provided through the SIP System (if SIP is the Dissemination Agent) or via email provided by such Registered Owner or Beneficial Owner. The Dissemination Agent shall have no duty or obligation to ascertain whether the requesting person is, in fact, a Registered Owner or Beneficial Owner and may rely completely on such person's representation as to its status as a Registered Owner or Beneficial Owner.

SECTION 14. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Authority: Allentown Commercial and Industrial Development  
Authority  
905 Harrison Street  
Allentown, PA 18103  
Attention: Executive Director  
Telephone: (610) 435-8890  
Email: [sunger@allentownedc.com](mailto:sunger@allentownedc.com)

To the Borrower: Executive Education Academy Charter School Foundation  
555 Union Blvd.,  
Allentown, PA, 18109,  
Attention: Board President  
Telephone: (215) 669-3930  
Email: [blysek@eeacsfoundation.org](mailto:blysek@eeacsfoundation.org)

With copy to: Fitzpatrick Lentz & Bubba, P.C.  
645 W. Hamilton St. Suite 800  
Allentown, PA 18101  
Attention: Colin J. Keefe  
Telephone: (610) 797-9000 ext. 381  
Email: [ckeefe@flblaw.com](mailto:ckeefe@flblaw.com)

To the Charter School: Executive Education Academy Charter School  
555 Union Blvd.,  
Allentown, PA, 18109  
Attention: Board President  
Telephone: (484) 357-2473  
Email: [bub@joshearlycandies.com](mailto:bub@joshearlycandies.com)

With copy to: Fitzpatrick Lentz & Bubba, P.C.  
645 W. Hamilton St. Suite 800  
Allentown, PA 18101  
Attention: Colin J. Keefe  
Telephone: (610) 797-9000 ext. 381  
Email: ckeefe@flblaw.com

To the Dissemination Agent: School Improvement Partnership, LLC  
1515 Market Street, Suite 1200  
Philadelphia, PA 19102  
Attention: Alan F. Wohlstetter  
Telephone: (215) 854-6322  
Email: alan@schoolimprovementpartnership.net

To the Trustee: Zions Bancorporation, National Association  
444 Liberty Ave, Suite 825  
Pittsburgh, PA 15222  
Attention: Corporate Trust

To the Underwriter: Raymond James & Associates, Inc.  
1001 Liberty Ave., 6th Floor  
Pittsburgh, PA 15222  
Attention: Jason Appelt  
Telephone: (412) 298-9149  
Email: jason.appelt@RaymondJames.com

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 15. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Dissemination Agent, the Underwriter, and the Registered Owners and the Beneficial Owners from time to time of the Series 2024 Bonds, and shall create no rights in any other person or entity.

SECTION 16. No Indebtedness of the State. No indebtedness of any kind incurred or created by the Borrower shall constitute an indebtedness of the State or its political subdivisions, and no indebtedness of the Borrower or the Charter School shall involve or be secured by the faith, credit or taxing power of the State or its political subdivisions. The parties acknowledge that the Borrower and the Charter School are not an agent of either the State or the State Department of Education, and accordingly the parties expressly release the State and the State Department of Education from any and all liability under this agreement, and any financial obligations of the parties arising out of this agreement are subject to annual appropriation by the State and the State Department of Education, respectively.

SECTION 17. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 18. Severability. If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

SECTION 19. Delivery to the MSRB. Any filings required to be made with the MSRB shall be made using EMMA.

SECTION 20. Choice of Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State provided that to the extent this Disclosure Agreement addresses matters of federal securities laws, including the Rule, this Disclosure Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

[Remainder of page intentionally left blank; signature pages follow]

Dated as of the date first written above.

**EXECUTIVE EDUCATION ACADEMY  
CHARTER SCHOOL FOUNDATION**, on its  
own behalf and on behalf of the Members of the  
Obligated Group, as Obligated Group  
Representative

By: \_\_\_\_\_  
Robert Lysek, President

By: \_\_\_\_\_  
Selma Abi-Daher, Secretary

**EXECUTIVE EDUCATION ACADEMY  
CHARTER SCHOOL**, as the Charter School

By: \_\_\_\_\_  
Barry Dobil, President

By: \_\_\_\_\_  
Tyrone Reed, Secretary

**SCHOOL IMPROVEMENT PARTNERSHIP,  
LLC, as the Dissemination Agent**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**

**NOTICE TO THE MSRB OF FAILURE TO FILE  
[ANNUAL/QUARTERLY] REPORT**

Name of Issuer: Allentown Commercial and Industrial Development Authority

Name of Issue: Education Facility Lease Revenue Bonds (Executive Education Academy Charter School Project), Tax Exempt Series of 2024

Education Facility Lease Revenue Bonds (Executive Education Academy Charter School Project), Taxable Series of 2024

Name of Borrower: Executive Education Academy Charter School Foundation

Name of Charter School: Executive Education Academy Charter School

Date of Issuance: November \_\_, 2024

NOTICE IS HEREBY GIVEN that the Borrower and the Charter School have not provided an [Annual/Quarterly] Report with respect to the above-referenced Series 2024 Bonds as required by the Continuing Disclosure Agreement, dated as of November 1, 2024, by and among the Borrower, the Charter School, and the undersigned, with respect to the Series 2024 Bonds. The Borrower has notified the Dissemination Agent that it anticipates that the [Annual/Quarterly] Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_.

**SCHOOL IMPROVEMENT PARTNERSHIP,  
LLC, as Dissemination Agent**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

cc: Charter School  
Borrower  
Underwriter



## EXHIBIT B

### INFORMATION REQUIRED FOR THE ANNUAL REPORT

1. Financial Performance
  - a. Audited Financial Statements
  - b. Evidence of compliance with the Debt Service Coverage Ratio requirement
  - c. Evidence of compliance with the Days Cash on Hand requirement
  - d. Balances in Debt Service Reserve Fund and the Construction Fund as of June 30
  
2. Academic Accountability: academic assessment data for the most recently completed school year, in a form substantially similar to the table in Appendix A of the Limited Offering Memorandum under the section titled “THE SCHOOL – Academic Performance – Academic Results” (only with respect to the column titled “The School”), to the extent such academic assessment data is made publicly available by the State Department of Education or another State academic assessment data reporting entity at the time of submission of such Annual Report, including a notation of any such data that is unavailable at the time of submission or is no longer published.
  
3. State Charter Compliance Office Relations
  - a. Evidence of charter renewal, if applicable and not already posted to EMMA
  - b. Material written communications from the State Compliance Office regarding charter status
  
4. Per Pupil Funding
  - a. The per pupil payment rates for both regular education and special education for Allentown School District for the current Fiscal Year
  
5. Enrollment, Student Retention and Waiting List
  - a. A chart/table showing Actual Enrollment by grade for the current academic year
  - b. A chart/table showing Student Retention as of the beginning of the current school year
  - c. A chart/table showing Waiting List by grade for such year
  
6. School, Manager or Board Leadership Changes
  - a. Any School leadership or management changes as of the beginning of the current school year
  - b. Any Board member changes as of the beginning of the school year
  
7. Has a Material Event under Rule 15c2-12 Occurred That Has Not Been Disclosed?
  - a. See Subsection 5(a)

## EXHIBIT C

### INFORMATION REQUIRED FOR THE QUARTERLY REPORT

1. Financial Performance
  - a. Balance sheet
  - b. Income statement
  - c. Budget vs. Actual, year-to-date
2. Any additional indebtedness authorized by the Board Directors of the Borrower
3. Enrollment By Grade as of the end of the preceding quarter
4. Construction Report (until delivery of a certificate of occupancy)
  - a. The estimated completion date for the Capital Addition
  - b. The percentage of completion of the Capital Addition
5. Has a Material Event under Rule 15c2-12 occurred that has not been disclosed?
  - a. See Subsection 5(a)

## **APPENDIX H BOOK-ENTRY-ONLY SYSTEM**

*The information in this Appendix H concerning The Depository Trust Company (“DTC”) and DTC’s book-entry-only system has been obtained from DTC. The Authority, the Borrower, the Charter School, the Bond Trustee, the Master Trustee, and Underwriter take no responsibility for the accuracy thereof.*

DTC will act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Series 2024 Bonds, as set forth on the page (i) hereof, each in the aggregate principal amount of each maturity of the Series 2024 Bonds and deposited with DTC. **SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2024 BONDS, REFERENCES HEREIN TO BONDHOLDERS OR OWNERS OF THE SERIES 2024 BONDS (OTHER THAN UNDER THE CAPTION “TAX MATTERS” HEREIN) SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2024 BONDS.**

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies.

DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2024 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct Participants’ and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participants or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2024 Bonds are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2024 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2024 Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2024 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Master Indenture, the Indenture, the Agreement, or the Mortgage. For example, Beneficial Owners of Series 2024 Bonds may wish to ascertain that the nominee holding the Series 2024 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2024 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

DTC may discontinue providing its services as securities depository with respect to the Series 2024 Bonds at any time by providing reasonable notice. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2024 Bond certificates are required to be printed and delivered. The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository); in that event, the Series 2024 Bond certificates will be printed and delivered to the Direct Participants and Indirect Participants for delivery to the Beneficial Owners. The information in this section concerning DTC and DTC's book entry system has been obtained from sources believed to be reliable, but none of the Authority, the Bond Trustee, the Borrower, or the Charter School assumes any responsibility for the accuracy thereof.

THE AUTHORITY, THE BORROWER, THE CHARTER SCHOOL, THE BOND TRUSTEE, AND THE UNDERWRITER WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE SERIES 2024 BONDS WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY THE DEPOSITORY OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (II) THE PAYMENT BY THE DEPOSITORY TO ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT, OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2024 BONDS; (III) THE DELIVERY OF ANY NOTICE BY THE DEPOSITORY TO ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO BONDHOLDERS UNDER THE TERMS OF THE INDENTURE; (IV) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2024 BONDS; OR (V) ANY OTHER ACTION TAKEN BY THE DEPOSITORY AS OWNER OF THE SERIES 2024 BONDS.



