

**UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

In re:	:	Chapter 11
	:	
Wordsworth Academy,	:	Case No. 17-14463 (AMC)
	:	
Debtor.	:	(Joint Administration Requested)
	:	
In re:	:	Chapter 11
	:	
Wordsworth CUA 5, LLC,	:	Case No. 17- 14466 (AMC)
	:	
Debtor.	:	(Joint Administration Requested)
	:	
In re:	:	Chapter 11
	:	
Wordsworth CUA 10, LLC,	:	Case No. 17- 14467 (AMC)
	:	
Debtor. <sup>1</sup>	:	(Joint Administration Requested)
	:	

**MOTION OF THE DEBTORS FOR ENTRY OF INTERIM AND FINAL ORDERS: (I) AUTHORIZING THEM TO OBTAIN POST-PETITION FINANCING FROM PLAY AND LEARN PURSUANT TO SECTIONS 363 AND 364 OF THE BANKRUPTCY CODE, (II) AUTHORIZING THEM TO ENTER INTO THE DEBTOR-IN-POSSESSION CREDIT AGREEMENT, AND (III) GRANTING LIENS AND ADMINISTRATIVE PRIORITY CLAIMS TO DIP LENDER PURSUANT TO SECTION 364 OF BANKRUPTCY CODE AND MODIFYING THE AUTOMATIC STAY TO IMPLEMENT THE TERMS OF THE DIP ORDER**

The above-captioned debtors and debtors-in-possession (“Debtors”), by undersigned proposed counsel, respectfully represents:

**Bankruptcy Rule 4001 and Local Rule 4001-2 Concise Statement**

1. By this motion (this “Motion”), the Debtors request (a) entry of an interim order (the “Interim Order”) and final order (the “Final Order” and together with the Interim Order, the “DIP Orders”) authorizing the Debtors to, among other things: (i) obtain loans and advances and such

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<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number, are: Wordsworth Academy (9031); Wordsworth CUA 5, LLC (0983); and Wordsworth CUA 10, LLC (5980). Wordsworth Academy has an address at 3300 Henry Ave., Philadelphia, PA 19129.

other financial accommodations in an aggregate principal amount not to exceed \$1,500,000 (the “DIP Facility” or “DIP Loan”), pursuant to sections 363 and 364 of title 11 of the United States Code (the “Bankruptcy Code”), (ii) enter into the Credit Agreement and the agreements and instruments contemplated thereby (the “DIP Credit Agreement”) and to perform such other and further acts as may be required in connection with the DIP Credit Agreement, and (iii) grant administrative priority claims to Learn and Play, t/a Play and Learn (the “DIP Lender”) in accordance with the DIP Credit Agreement documents and the DIP Orders to secure any and all of the DIP Obligations (as hereinafter defined); (b) modification of the automatic stay imposed under section 362 of the Bankruptcy Code to the extent necessary to permit the Debtors and the DIP Lender to implement the terms of the DIP Order; (c) requesting that this Court (the “Bankruptcy Court”) schedule the Final Hearing for the entry of a Final Order on the Motion to be held within twenty-eight (28) days after the entry of the Interim Order; and (d) requesting, pursuant to Rule 4001 of the Bankruptcy Rules, that an interim hearing on the Motion (the “Interim Hearing”) be held for the Court to consider entry of the Interim Order, which authorizes the Debtors to borrow funds under the DIP Credit Agreement, on an interim basis, up to an aggregate principal amount not to exceed \$1,000,000 (the “Interim Amount”). A copy of the proposed Interim Order is attached hereto as **Exhibit A**. A draft of the DIP Credit Agreement is attached hereto as **Exhibit B**. A copy of the proposed Cash Collateral and DIP Budget is attached to the Order as **Exhibit 1**.

2. Material provisions of the DIP Credit Agreement are set forth in the following sections of the DIP Credit Agreement and/or the DIP Order.

- a. ***Borrower:*** Wordsworth Academy (“Wordsworth”), Wordsworth CUA 5, LLC (“CUA 5”) and Wordsworth CUA 10, LLC (“CUA 10”).

- b. **DIP Lender:** Learn and Play, t/a Play and Learn (“**DIP Lender**” or “**Play and Learn**”).
- c. **Guarantor:** Public Health Fund, an affiliate of Public Health Management Corporation, shall unconditionally guaranty the timely repayment in full of the DIP loan.
- d. **DIP Facility Amount:** Total Commitment of \$1,500,000, which may be drawn by Borrower in two advances (each, an “**Advance**”), provided that the initial advance, upon entry of an Interim Order, shall not exceed \$1,000,000 and the total of all advances shall not exceed a principal amount of the lesser of \$1,500,000 or 80% of the appraised value of the collateral less the balance of the senior M&T mortgage.
- e. **Interest Rate:** Each advance under the Loan shall bear interest on the unpaid principal amount thereof from the date such advance is made until repaid at the rate of 7 percent per annum.
- f. **Payment of Interest:** Interest on each Loan shall be payable in arrears, in immediately available funds, (i) on a monthly basis; and (ii) upon any prepayment of the Loan, whether voluntary or mandatory, to the extent accrued on the amount being paid.
- g. **Repayment of Loan:** The Debtors agrees to repay in full all outstanding principal amounts of the Loan, and the Commitment shall automatically terminate and be permanently reduced to zero, on the Termination Date, which is defined as including, among other things, the earliest of the following: (a) December 31, 2017; (b) the effective date of a confirmed plan; (c) acceleration by Lender of the Obligations due to the occurrence of an Event of Default; (d) the indefeasible payment in full of all Obligations owing under the DIP Facility; or (e) upon conversion or dismissal of the Bankruptcy Case.
- h. **Use of Proceeds:** The proceeds of the Loan shall be used, among other ways, (i) in accordance with the DIP Orders, (ii) to fund working capital requirements, operating expenses and capital expenditures of the Debtors in the ordinary course of the Debtors’ business, including allowed professional fees during administration of the bankruptcy case, (iii) to fund the payment of interest accrued on the Loan and interest to M&T Bank and (iv) for other allowable costs and expenses, all in accordance with a DIP/cash collateral budget attached hereto as **Exhibit C**.
- i. **Events of Default:** Customary events of default including, failure to make payments when due; failure to obtain an order allowing the assumption of the Lease to the DIP Lender; breach of certain covenants; breach of warranty; other defaults under Loan Documents; dissolution or cessation of business; dismissal of

the bankruptcy case or conversion to a chapter 7 case; appointment of a chapter 11 trustee; appointment of an examiner with enlarged powers relating to the operation of the business of the Debtors; Financing Order reversed, stayed or rescinded or amended or supplemented by the Court without written consent of the DIP Lender; attempts by the Debtors to obtain an order of the Bankruptcy Court or other judgment, which would invalidate, reduce or otherwise impair DIP Lender's claims or claim priority status; filing of pleadings by the Debtors affecting the priority claim status of DIP Lender's claims, invalidation or subordination of the priority claim status; the confirmation of a plan which does not contain a provision for payment in full in cash of all obligations of the Debtors to DIP Lender; filing of a motion by the Debtors requesting, or entry of an order granting, any super-priority lien which is senior to the DIP Lender's lien on the collateral.

- j. ***Grant of Security Interest:*** The Debtors seek authority to grant a second priority lien to the DIP Lender on its real property located at 2101 Pennsylvania Avenue, Fort Washington, PA (the "Fort Washington Campus").
- k. ***Assumption of Lease:*** As consideration for the DIP Loan, prior to July 31, 2017, the Debtor must assume and clarify the Lease as to which the DIP Lender is the tenant.
- l. ***Stay Relief:*** Relief from stay granted upon the occurrence of the Termination Date and to the extent necessary to effectuate the financing contemplated by the Credit Facility.
- m. ***Release:*** Debtors will be releasing claims, if any, against the DIP Lender and its affiliates, agents, predecessors, employees, counsel, successors and assigns relating to the Lease and the DIP Loan.
- n. ***Indemnification:*** The Debtors will be indemnifying the DIP Lender and its affiliates relating solely to DIP financing [DIP Credit Agreement Section 15].
- o. ***506(c) Waiver:*** The Debtors will be waiving rights to surcharge the DIP Lender's collateral pursuant to 11 U.S.C. Section 506(c).
- p. ***Avoidance Actions.*** The Debtors will not be granting a lien on avoidance actions.
- q. ***Waiver of Recordation.*** The DIP Lender will not be required to make additional filings in accordance with state law in order to perfect its interest in the collateral being provided in connection with the DIP facility.
- r. ***Acknowledgement of Lease Rights.*** The Debtors acknowledge the extent, validity and priority of the DIP Lender's prepetition Lease and will file a Motion to assume and clarify such Lease.

- s. ***Conditions Precedent:*** Approval by Board of Directors of DIP lender and completion of due diligence by DIP Lender regarding the Guarantor, Public Health Fund.
- t. ***Conditions Subsequent:*** Delivery of an acceptable appraisal concluding that the value of the Fort Washington campus is not less than \$9,350,000.
- u. ***Negotiation In Good Faith For Sale of Certain Property:*** Following the Effective Date of the Plan, the Borrowers as well as PHMC and Public Health Fund agree to negotiate in good faith with the DIP Lender for the sale at fair market value of the premises leased by the DIP Lender together with certain land contiguous to the premises.

### **Jurisdiction**

- 3. The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).
- 4. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.
- 5. The bases for the relief requested herein are sections 105, 361, 362, 363 and 364 of title 11 of the United States Code, 11 U.S.C. §§ 101 – 1532 (the “Bankruptcy Code”), Rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Rules 4001-2 and 9013-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Eastern District of Pennsylvania (the “Local Rules”).

### **Background**

- 6. On the date hereof (the “Petition Date”), each of the Debtors filed a voluntary petition for relief with the Court under chapter 11 of title 11 of the Bankruptcy Code.
- 7. The Debtors are operating their businesses and managing their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

8. No request for the appointment of a trustee or examiner has been made in these chapter 11 cases (the “Chapter 11 Cases”) and, as of the date of the filing of this Motion, no official committees have been appointed or designated.

9. Concurrently with the filing of this Motion, the Debtors have requested joint administration of these Chapter 11 Cases.

10. Debtor Wordsworth Academy (“Wordsworth”) is a Pennsylvania non-profit corporation. Its mission is to provide education, behavioral health and child welfare services to children and youth who have emotional, behavioral and academic challenges so that they are empowered to reach their potential and lead productive, fulfilling lives. In addition to other programs, Wordsworth provides services through two Community Umbrella Agencies. Wordsworth is the sole member of Debtors Wordsworth CUA 5, LLC (“CUA 5”) and Wordsworth CUA 10, LLC (“CUA 10”) (together, the “CUAs”), which are Pennsylvania non-profit limited liability companies.

11. The factual background relating to the Debtors’ commencement of these Chapter 11 cases is set forth in detail in the First Day Declaration filed on the Petition Date and incorporated herein by reference.

**Relief Requested**

12. The Debtors request that the Court authorize them to obtain secured, administrative priority post petition financing not to exceed an aggregate principal amount of \$1,500,000 pursuant to the terms of this Motion, the DIP Credit Agreement and the DIP Orders. The proposed financing will be provided by the DIP Lender.

13. Specifically, the Debtors request that the Court authorize them to: (i) obtain loans and advances and such other financial accommodations in an aggregate principal amount not to exceed \$1,500,000; (ii) enter into the DIP Credit Agreement and the agreements and instruments contemplated thereby and to perform such other and further acts as may be required in connection with the DIP Credit Agreement, and (iii) grant secured and priority claims, including a second priority lien on the Fort Washington Campus, to the DIP Lender in accordance with the DIP Credit Agreement documents and the DIP Orders to secure any and all of the DIP Obligations; and (iv) modify the automatic stay imposed under section 362 of the Bankruptcy Code to the extent necessary to permit the Debtors and the DIP Lender to implement the terms of the DIP Order.

**The Debtors' Current DIP Proposal**

14. In the absence of post-petition funding, the Debtors lack sufficient cash to continue operations uninterrupted and preserve going concern value.

15. Prior to the Petition Date, the Debtors were party to a borrowing arrangement with M&T Bank ("M&T") pursuant to which (a) the Debtor had a term loan with principal amount outstanding of approximately \$4.7 million; (b) the Debtors could borrow up to \$5 million on a line of credit; and (c) the Debtors had credit availability through certain commercial credit cards.

16. Under this pre-petition arrangement, M&T asserts a first lien on the Fort Washington Campus, and on the Debtors' cash, accounts, payment intangibles, general intangibles and other receivables and all proceeds and products thereof. Prior to the Petition Date, as a result of alleged defaults, M&T froze the line of credit while it had a zero balance and M&T reduced credit card availability to \$1.00. At the time of the filing of the bankruptcy cases,

the outstanding balance due to M&T was \$4.7 million, the remaining principal balance on its term loan, plus accrued and unpaid interest and fees.

17. The Debtors believe that the value of the real estate significantly exceeds the size of the debt to M&T. A 2014 bank appraisal valued the real estate at \$9,350,000.

18. After examining their cash needs on a going forward basis prior to the filing of the Chapter 11 petitions, the Debtors commenced discussions with M&T regarding the need and possibilities for DIP financing, but were unable to secure DIP financing through M&T. To facilitate operations pending a reorganization of the Debtors financial affairs, however, M&T has consented to allow a first priority lien to be placed on the Debtors' accounts receivable and to allow a fully subordinated second lien to be placed on the Fort Washington Campus on terms acceptable to M&T.

19. The DIP Lender, Play and Learn, is a 501(C)(3) non-profit organization with multiple locations in Montgomery County. The DIP Lender's Fort Washington, Pennsylvania location is leased from Debtor Wordsworth Academy pursuant to a lease dated July 7, 2003 (the "Lease"). The Lease is a sixty-five (65) year lease which terminates on July 7, 2068 and provides, at the lessee's option, for four additional 10 year terms. Play and Learn provides both infant/toddler care and a preschool at the premises leased from Debtor Wordsworth under the Lease. Until shortly before the filing of the Petition, a director of the DIP Lender was also a director of the Debtor Wordsworth Academy. There is presently no affiliation between the DIP Lender and Debtors.

20. The Debtors are actively seeking additional debtor-in-possession financing from a different source and have executed a term sheet for such financing. The Debtors expect that such



additional DIP financing will be secured by a first priority lien on accounts receivable. Such financing is not intended to replace the Play and Learn DIP financing. The Debtors require financing from Play and Learn as well as a subsequent financing facility to fund their operations.

21. As it stands on the Petition Date, the Play and Learn DIP facility is essential to enable the Debtors to remain operational pending the closing of a longer term debtor-in-possession financing facility. Despite substantial efforts, the Debtors have been unable to secured alternative financing from any source other than Play and Learn in the timeframe required. Play and Learn is obviously not a traditional lender, but has mobilized quickly to solve the Debtors' immediate liquidity crisis. Without Play and Learn, the viability of Debtors' Chapter 11 cases would be jeopardized.

22. The Debtors have reasonably determined that the DIP Facility offered by the DIP Lender provides favorable terms to the Debtors and their estates.

23. In the sound exercise of their business judgment and fiduciary duties, the Debtors have determined to proceed under the DIP Facility offered by the DIP Lender, subject to the approval of the Court.

**The DIP Facility Should Be Authorized**

24. Approval of the DIP Facility will provide the Debtors with immediate and ongoing access to borrowing availability to pay its current and ongoing operating expenses, including post-petition wages, salaries, and vendor costs. Unless these expenses are paid, the Debtors will be forced to cease operations, which would result in irreparable harm to its business and jeopardize the Debtors' ability to reorganize and maximize value for all interested parties.

25. The credit provided under the DIP Credit Agreement will enable the Debtors to continue to satisfy their vendors, provide continued care to students, pay their employees and operate their affairs in the ordinary course to preserve the value of the estates while the Debtors reorganize their affairs. The availability of credit under the DIP Credit Agreement will provide confidence to the Debtors' creditors that will enable and encourage them to continue their relationships with the Debtors. Accordingly, the timely approval of the relief requested herein is imperative.

26. Sections 364(c) and (d) of the Bankruptcy Code provide that the Court, after notice and a hearing, may authorize the Debtors to obtain secured credit which is subordinate to or primes existing liens. 11 U.S.C. § 364(b) and (c)(3). The Debtors propose to obtain the financing set forth in the DIP Credit Agreement by providing a junior lien on the Fort Washington Campus pursuant to Section 364(c) and (d) of the Bankruptcy Code.

27. The Debtors' immediate liquidity needs can be satisfied if the Debtors are authorized to borrow under the DIP Facility and to use such proceeds to fund operations. The DIP Lender is willing to provide the DIP Facility in exchange for the grant of the liens.

28. The Debtors believe they would not be able to obtain post-petition financing or other financial accommodations from any alternative DIP Lender or on more favorable terms and conditions than those for which approval is sought herein. Moreover, given the amount sought and the timing of the request, the Debtors submit that the arrangement is appropriate under the circumstances.

29. Bankruptcy Courts grant a debtor considerable deference in acting in accordance with its business judgment. *See, e.g., Bray v. Shenandoah Fed. Sav. & Loan Ass'n (In re*

*Snowshoe Co.*), 789 F.2d 1085, 1088 (4th Cir. 1986); *In re Ames Dep't Stores, Inc.*, 115 B.R. 34, 40 (Bankr. S.D.N.Y. 1990) (“cases consistently reflect that the court’s discretion under section 364 is to be utilized on grounds that permit reasonable business judgment to be exercised so long as the financing agreement does not contain terms that leverage the bankruptcy process and powers or its purpose is not so much to benefit the estate as it is to benefit parties in interest”); *see also In re Funding Sys. Asset Mgmt. Corp.*, 72 B.R. 87 (Bankr. W.D. Pa. 1987); *In re Curlew Valley Assocs.*, 14 B.R. 506, 513-14 (Bankr. D. Utah 1981); *In re Simasko Prod. Co.*, 47 B.R. 444,449 (D. Colo. 1985).

30. The Debtors submit that the circumstances of this case require the Debtors to obtain financing pursuant to Sections 364(b) and (c)(3) and, accordingly, the DIP Credit Agreement reflects the exercise of sound business judgment.

31. The Debtors submit that M&T is adequately protected by its senior lien because the value of the Fort Washington Campus greatly exceeds M&T’s loan balance of approximately \$4.7 million.

32. The terms and conditions of the DIP Credit Agreement are fair and reasonable and were negotiated extensively by well-represented parties in good faith and at arms’ length. Accordingly, the DIP Lender and all obligations incurred under the DIP Credit Agreement should be accorded the benefits of Section 364(e) of the Bankruptcy Code.

**The Automatic Stay Should Be Modified on a Limited Basis**

33. The relief requested herein contemplates a modification of the automatic stay (to the extent applicable) to permit the Debtors to: (i) grant the liens described above with respect to the DIP Lender and to perform such acts as may be requested to assure such priority status and

affords the DIP Lender rights upon the termination of the Agreement; (ii) execute such other documents, such as a mortgage and a subordination agreement, as may be required to effectuate the financing and (iii) implement the terms of the proposed DIP Order.

34. Stay modifications of this kind are ordinary features of post-petition Debtors financing facilities and, in the Debtors' business judgment, are reasonable under the present circumstances.

**Interim Approval Should Be Granted**

35. Bankruptcy Rule 4001(c) provides that a final hearing on a motion to obtain credit may not be commenced earlier than fourteen (14) days after the service of such motion. Upon request, however, the Court is empowered to conduct a preliminary expedited hearing on the motion and authorize the obtaining of credit to the extent necessary to avoid immediate and irreparable harm to a Debtors' estates pending a final hearing.

36. Pursuant to Bankruptcy Rule 4001(c), the Debtors request that the Court conduct an expedited preliminary hearing on this Motion and (a) authorize the Debtors to borrow \$1,000,000 under the DIP Facility on an interim basis, pending entry of a final order, in order to (i) maintain and finance the ongoing operations of the Debtors and (ii) avoid immediate and irreparable harm and prejudice to the Debtors' estates and all parties in interest, and (b) schedule a hearing to consider entry of a final order.

**Notice**

37. The Debtors have provided notice of this Motion to: (a) the Office of the United States Trustee for the Eastern District of Pennsylvania; (b) the Commonwealth of Pennsylvania, Department of Labor and Industry; (c) the Commonwealth of Pennsylvania, Department of

Revenue; (d) the Office of the Attorney General of Pennsylvania; (e) the entities listed on the Consolidated List of Creditors Holding the 30 Largest Unsecured Claims filed pursuant to Bankruptcy Rule 1007(d); (f) the Internal Revenue Service; (g) the City of Philadelphia; (h) M&T Bank; (i) Play and Learn; and (j) all parties who have requested notice pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested, the Debtors respectfully submit that no further notice is necessary.

WHEREFORE, the Debtors respectfully request that the Court enter an order, substantially in the form attached hereto as **Exhibit A**; and grant such other and further relief as is just and proper.

Dated: June 30, 2017  
Philadelphia, Pennsylvania

/s/ Lawrence G. McMichael

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*Proposed Counsel for the Debtors and Debtors  
in Possession*

**EXHIBIT A**

[Interim Order]

**UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

In re:	:	Chapter 11
	:	
Wordsworth Academy,	:	Case No. 17-14463 (AMC)
	:	
Debtor.	:	(Joint Administration Requested)
	:	
In re:	:	Chapter 11
	:	
Wordsworth CUA 5, LLC,	:	Case No. 17- 14466 (AMC)
	:	
Debtor.	:	(Joint Administration Requested)
	:	
In re:	:	Chapter 11
	:	
Wordsworth CUA 10, LLC,	:	Case No. 17- 14467 (AMC)
	:	
Debtor. <sup>1</sup>	:	(Joint Administration Requested)
	:	

**INTERIM ORDER PURSUANT TO 11 U.S.C. SECTIONS 105, 361, 362, 363 AND 364  
AND RULES 2002, 4001 AND 9014 OF THE FEDERAL RULES OF BANKRUPTCY  
PROCEDURE (I) AUTHORIZING DEBTORS TO OBTAIN POST-PETITION  
FINANCING, (II) AUTHORIZING THEM TO ENTER INTO THE DIP CREDIT  
AGREEMENT, (III) GRANTING LIENS AND ADMINISTRATIVE PRIORITY  
CLAIMS TO DIP LENDER, (IV) MODIFYING THE AUTOMATIC STAY, AND  
(V) SCHEDULING A FINAL HEARING**

Upon the motion (the “*Motion*”)<sup>2</sup> of the above-captioned debtors and debtors-in-possession (the “*Debtors*” or the “*Borrower*”) (a) for the entry of this Interim Order (the “*Interim Order*”) and the Final Order (the “*Final Order*”) authorizing the Debtors to (i) obtain loans and advances and other financial accommodations in an aggregate principal amount not to exceed \$1,500,000 (the “*DIP Facility*” or “*DIP Loans*”) pursuant to sections 363 and 364 of title

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<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number, are: Wordsworth Academy (9031); Wordsworth CUA 5, LLC (0983); and Wordsworth CUA 10, LLC (5980). Wordsworth Academy has an address at 3300 Henry Ave., Philadelphia, PA 19129.

<sup>2</sup> Capitalized terms not defined herein shall have the meaning ascribed to them in the Motion.

11 of the United States Code (the “**Bankruptcy Code**”) by entering into a debtor in possession credit agreement (the “**DIP Credit Agreement**”), substantially in the form annexed to the Motion as **Exhibit B**, among the Debtors and Learn and Play, Inc. t/a Play and Learn (the “**DIP Lender**”), and Public Health Management Corporation as guarantor of the timely repayment of the DIP Loans, (ii) execute and enter into the DIP Credit Agreement and the agreements and instruments contemplated thereby and to perform such other and further acts as may be required in connection with the DIP Credit Agreement, (iii) grant administrative priority claims to the DIP Lender in accordance with the DIP Credit Agreement, this Interim Order, and the Final Order to secure any and all of the DIP Obligations (as defined herein), and (iv) pending a final hearing on the Motion (the “**Final Hearing**”), obtain emergency funding under the DIP Credit Agreement to and including the date on which the Final Order is entered (the “**Interim Facility**”), (b) requesting modification of the automatic stay imposed under section 362 of the Bankruptcy Code to the extent necessary to permit the Debtors and the DIP Lender to implement the terms of this Interim Order and the Final Order, (c) in accordance with Rule 4001(c) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), requesting that this Court (the “**Bankruptcy Court**”) schedule the final hearing (the “**Final Hearing**”) for the entry of a Final Order on the Motion to be held within twenty-eight (28) days after the entry of this order (the “**Interim Order**”), and (d) requesting, pursuant to Rule 4001 of the Bankruptcy Rules, that an emergency interim hearing on the Motion (the “**Interim Hearing**”) be held for the Court to consider entry of this Interim Order, which authorizes the Debtors to borrow funds under the DIP Credit Agreement, on an interim basis, up to an aggregate principal amount not to exceed \$1,000,000 (the “**Interim Amount**”); and the Court having considered the Motion and the exhibits attached thereto, including, without limitation, the DIP Credit Agreement; and the Interim Hearing having



been held and concluded; and upon all of the pleadings filed with the Court, all evidence presented in support of this Interim Order, and all of the proceedings held before the Court; and after due deliberation and consideration and good and sufficient cause appearing therefor,

**THE COURT HEREBY FINDS:**

1. On June 30, 2017 (the “*Petition Date*”), the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code.

2. The Debtors are continuing in the management and possession of their business and properties as a debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. This Court has jurisdiction over this proceeding and the parties and property affected hereby pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

4. Notice of the relief sought by the Motion and the Interim Hearing was delivered via facsimile, electronic mail, and/or overnight delivery to the following: (a) the Office of the United States Trustee for the Eastern District of Pennsylvania; (b) the Commonwealth of Pennsylvania, Department of Labor and Industry; (c) the Commonwealth of Pennsylvania, Department of Revenue; (d) the Office of the Attorney General of Pennsylvania; (e) the entities listed on the Consolidated List of Creditors Holding the 30 Largest Unsecured Claims filed pursuant to Bankruptcy Rule 1007(d); (f) the Internal Revenue Service; (g) the City of Philadelphia; (h) M&T Bank; (i) Play and Learn; and (j) all parties who have requested notice pursuant to Bankruptcy Rule 2002. Given the nature of the relief sought in the Motion, the Court concludes that the foregoing notice was sufficient and adequate under the circumstances and

complies with Bankruptcy Rules 2002 and 4001 in all respects for purposes of entering this Interim Order.

5. The Debtors acknowledge, admit, and confirm the following as of the Petition Date:

6. An immediate and critical need exists for the Debtors to obtain funds and use cash collateral to continue the operation of its business. However, the use of “cash collateral,” as defined by section 363(a) of the Bankruptcy Code and including any and all prepetition and, subject to section 552 of the Bankruptcy Code, postpetition proceeds of the Prepetition Collateral (“**Cash Collateral**”), alone would be insufficient to meet the Debtors’ immediate post-petition liquidity needs.<sup>3</sup>

7. The Debtors are unable to obtain the required funds on terms more favorable than those offered by the DIP Lender under the DIP Credit Agreement, this Interim Order, the Final Order and all other agreements, documents, notes and instruments executed and delivered pursuant hereto or thereto or in connection herewith or therewith (collectively with the DIP Credit Agreement, this Interim Order and the Final Order, the “**Post-petition Financing Documents**”).

8. The Debtors have requested that, pursuant to the terms of the Post-petition Financing Documents, the DIP Lender make loans and advances and provide other financial accommodations to the Debtors to be used by the Debtors solely in accordance with the terms of the Post-petition Financing Documents. The ability of the Debtors to continue their business and reorganize under chapter 11 of the Bankruptcy Code depends upon the Debtors obtaining such

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<sup>3</sup> The Debtors are separately filing a motion for authority to use cash collateral with respect to M&T Bank.

financing. The Debtors will suffer immediate and irreparable harm if the requested post-petition financing is not available on an interim and/or final basis.

9. The DIP Lender is willing to extend the DIP Facility on an administrative priority claim basis, as more particularly described herein, pursuant to the terms and conditions of the Post-petition Financing Documents. The Debtors' entry into the Post-petition Financing Documents is fair and reasonable and is a sound exercise of their business judgment consistent with their respective fiduciary duties. The Post-petition Financing Documents were negotiated at arm's length and in good faith between the Debtors and the DIP Lender, and the loans and extensions of credit provided for in the Post-petition Financing Documents constitute reasonably equivalent value and fair consideration. Accordingly, the relief requested in the Motion is necessary, essential, and appropriate for the continued operation of the Debtors' business, the management and preservation of their assets and property, and to avoid irreparable harm to the Debtors, their business, their estates, and parties in interest, including children within their care, and is therefore in the best interests of the Debtors and their estates, creditors, and parties in interest.

10. The DIP Credit Agreement provides for various customary Events of Default (as defined therein), including, failure to make payments when due; breach of certain covenants; breach of warranty; other defaults under Loan Documents; dissolution or cessation of business; dismissal of the bankruptcy case or conversion to a chapter 7 case; appointment of a chapter 11 trustee; appointment of an examiner with enlarged powers relating to the operation of the business of the Debtors; Financing Order reversed, stayed or rescinded or amended or supplemented by the Court without written consent of the DIP Lender; attempts by the Debtors to obtain an order of the Bankruptcy Court or other judgment, which would invalidate, reduce or

otherwise impair DIP Lender's claims or claim priority status; filing of pleadings by the Debtors affecting the priority claim status of DIP Lender's claims, invalidation or subordination of the priority claim status, the confirmation of a plan which does not contain a provision for payment in full in cash of all obligations of the Debtors to DIP Lender; filing of a motion by the Debtors requesting, or entry of an order granting, any super-priority claim which is senior to the DIP Lender's claims, *except that* the Debtors may borrow against accounts receivable as expressly set forth in the DIP Credit Agreement. Each of the Event of Default provisions in the DIP Credit Agreement are expressly approved upon entry of this Interim and Final DIP Order.

11. The DIP Credit Agreement provides that the final maturity date (the "***Termination Date***") shall be the earliest of the following: (a) December 31, 2017; (b) the effective date of a confirmed plan of reorganization; (c) acceleration by Lender of the Obligations due to the occurrence of an Event of Default; (d) the indefeasible payment in full of all Obligations owing under the DIP Facility; or (e) upon conversion or dismissal of the bankruptcy case.

12. The Debtors' pre-petition secured lender, M&T Bank, has consented to allow a first priority lien to be placed on the Debtors' accounts receivable and to allow a second-lien to be placed on the Debtors' real property at 2101 Pennsylvania Avenue, Fort Washington, PA (the "***Fort Washington Campus***") and as otherwise set forth in the terms and conditions in the DIP Credit Agreement and this Interim Order.

13. Based on the record before the Court, the terms of the Post-petition Financing Documents, pursuant to which the DIP Loan, advances and other credit and financial accommodations will be made or provided to the Debtors by the DIP Lender, in each case have been negotiated at arm's length and in "good faith," as that term is used in section 364(e) of the

Bankruptcy Code, and are in the best interests of the Debtors and their estates, creditors, and parties in interest. The DIP Lender is extending the DIP Facility to the Debtors in good faith, and the DIP Lender is entitled to the benefits of the provisions of section 364(e) of the Bankruptcy Code.

14. It is in the best interests of the Debtors' estates that they be allowed to finance their operations under the terms and conditions set forth herein and in the Post-petition Financing Documents. The relief requested by the Motion is necessary to avoid immediate and irreparable harm to the Debtors' estate, and good, adequate and sufficient cause has been shown to justify the granting of the relief requested herein, and the immediate entry of this Interim Order pursuant to Bankruptcy Rules 4001(c).

**NOW, THEREFORE, IT IS HEREBY ORDERED:**

1. **Motion Granted.** The Motion is granted on the terms and conditions set forth herein. Any objections to the relief sought in the Motion that have not been previously resolved or withdrawn are hereby overruled on their merits or, to the extent applicable, deferred until the hearing on the Final Order. This Interim Order shall become effective immediately upon its entry. To the extent the terms of the other Post-petition Financing Documents differ in any material respect from the terms of this Interim Order, this Interim Order shall control.

2. **DIP Credit Agreement.** The Debtors are hereby (i) authorized to enter into the DIP Credit Agreement, substantially in the form filed with the Court as Exhibit B to the Motion, and the other Post-petition Financing Documents, and (ii) authorized to borrow up to the aggregate principal amount of \$1,500,000 in accordance with the terms and conditions of the Post-petition Financing Documents. All obligations owed to the DIP Lender under, or in connection with, the Post-petition Financing Documents, including, without limitation, all loans,

advances, letters of credit and other indebtedness, obligations, and amounts (contingent or otherwise) owing from time to time under or in connection with the Post-petition Financing Documents, and any and all other obligations at any time incurred by any of the Debtors to the DIP Lender, are defined and referred to herein as the “***DIP Obligations.***”

3. **Conditions Precedent.** The DIP Lender shall have no obligation to lend under the DIP Credit Agreement unless and until the conditions set forth in the DIP Credit Agreement have been satisfied or waived in accordance with the DIP Credit Agreement, including, without limitation: (i) assumption of the DIP Lender’s lease, (ii) approval by the Board of Directors of DIP lender, and (iii) completion of due diligence.

4. **Conditions Subsequent.** Delivery of an acceptable appraisal concluding that the value of the Fort Washington campus is not less than \$9,350,000.

5. **Interim Borrowing.** The Debtors are authorized to borrow up to the Interim Amount in accordance with the Budget attached hereto as Exhibit 1, on an interim basis through and including the date of the Final Order.

6. **Binding Effect.** Upon execution and delivery of the Post-petition Financing Documents, the Post-petition Financing Documents shall constitute valid and binding obligations of the Debtors, enforceable against the Debtors in accordance with their terms; *provided, however*, that notwithstanding any other provision of this Interim Order or of the other Post-petition Financing Documents, the Debtors shall not incur DIP Obligations in the principal amount of more than the Interim Amount. No obligation, payment, or transfer under this Interim Order or the other Post-petition Financing Documents shall be stayed, restrained, voided or recovered under the Bankruptcy Code or any applicable non-bankruptcy law, or subjected to any defense, reduction, setoff, recoupment or counterclaim.

7. **Use of Lender Funds.** The Debtors may use the loans or advances made under, or in connection with, the Post-petition Financing Documents solely as provided in this Interim Order and in the Post-petition Financing Documents. From and after the Petition Date, amounts loaned and advanced under, or in connection with, the Post-petition Financing Documents shall not, directly or indirectly, be used to pay expenses of the Debtors or otherwise disbursed except (a) as provided in this Interim Order and in the Post-petition Financing Documents; (b) to fund working capital requirements and capital expenditures of the Debtors in the ordinary course and other items in accordance with the terms of the Budget, including fees and expenses of attorneys and financial advisors or other professional of the Debtors and any committee duly retained pursuant to sections 327 and 1103 of the Bankruptcy Code (including, without limitation, a claims and noticing agent), which have been allowed by the Court, but only to the extent such fees and expenses are provided in the Budget during the administration of the Chapter 11 Case (the “***Professional Fees***”); and (c) to fund the payment of interest accrued on the DIP Loans; *provided, however*, that the foregoing shall not be construed as consent to the allowance of any of the Professional Fees referred to above and shall not affect the right of any party in interest to object to the allowance and payment of any such fees and expenses of professionals.

8. **Interest.** Interest on the DIP Obligations shall accrue at the rates and be paid in accordance with the terms and provisions of the Post-petition Financing Documents.

9. **Grant of Security Interest and Waiver of Recordation.** The DIP Lender is granted a second priority lien on the Fort Washington Campus. Subject to the foregoing paragraph, the second priority lien shall constitute a valid and duly perfected security interest and lien as of the Petition Date. The DIP Lender shall not be required to file or serve financing statements, notices of lien or similar interests which otherwise may be required under

federal or state law in any jurisdiction, or take any action, including taking possession, to validate and perfect such lien.

10. **Acknowledgement of Lease Rights.** The Debtors acknowledge the extent, validity and priority of the DIP Lender's prepetition lease with respect to the Fort Washington Campus and filed a motion to assume such lease on the Petition Date.

11. **Sale of Certain Property.** The parties shall negotiate in good faith for the sale of certain real estate owned by the Debtor to the DIP lender, specifically, the portion of the Fort Washington Property under lease to the DIP Lender and certain adjacent lands.

12. **Indemnification.** The Debtors will indemnify the DIP Lender and its affiliates with respect to the DIP Loan.

13. **506(c) Waiver.** The Debtors waive any right to surcharge the DIP Lender's collateral pursuant to 11 U.S.C. § 506(c).

14. **Avoidance Actions.** The Debtors shall not grant a lien on avoidance actions, if any.

15. **Priority of DIP Obligations.** All DIP Obligations hereby constitute, under sections 364(b) and 503(b)(1) of the Bankruptcy Code, allowed administrative expense claims (the "***Priority Claims***") against the Debtors.

16. **Survival.** The provisions of this Interim Order and any actions taken pursuant hereto shall survive entry of any order which may be entered: (a) confirming any plan of reorganization in any of the Chapter 11 Case (and pursuant to section 1141(d) of the Bankruptcy Code, the Debtors hereby waive such discharge); (b) converting any of the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code; (c) dismissing any of the Chapter 11 Case or any successor case; or (d) pursuant to which this Court abstains from hearing any of the Chapter 11



Case or any successor case, provided however that priority claims or other administrative expenses shall survive only to the extent permitted by applicable law. The terms and provisions of this Interim Order, including the claims and other protections granted to the DIP Lender pursuant to this Interim Order and/or the Post-petition Financing Documents, notwithstanding the entry of any such order, shall continue in the Chapter 11 Case, in any successor case, or following dismissal of the Chapter 11 Case or any successor case, and shall maintain their priority as provided by this Interim Order until all DIP Obligations have been indefeasibly paid in full in cash and all commitments to extend credit under the DIP Facility are terminated.

17. **DIP Lender Rights.** Except as otherwise provided for herein, the entry of this Interim Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly, or otherwise impair (a) any of the rights of the DIP Lender under the Bankruptcy Code or under any non-bankruptcy law to (i) request modification of the automatic stay of section 362 of the Bankruptcy Code, (ii) request dismissal of the Chapter 11 Case, conversion of the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code, or appointment of a chapter 11 trustee or examiner (including with expanded powers), or (iii) propose, subject to the provisions of section 1121 of the Bankruptcy Code, a chapter 11 plan or plans, or (b) any other rights, claims or privileges (whether legal, equitable or otherwise) of the DIP Lender.

18. **Releases.** In consideration of DIP Lender providing credit and financial accommodations to the Debtors pursuant to the provisions of the DIP Credit Agreement and the Interim Order. The Debtors on behalf of themselves, successors, and assigns (collectively, the “Releasors”) shall forever release, discharge, and acquit DIP Lender and its affiliates, agents, predecessors, employees, counsel, successors, and assigns (collectively, the “Pre-Petition Releasees”) of and from any and all claims, demands, liabilities, responsibilities, disputes,

remedies, causes of action, indebtedness and obligations of every kind, nature and description, including without limitation, any so-called “lender liability” claims or defenses, that Releasors had, have or hereafter can or may have against Pre-Petition Releasees as of the date hereof, in respect to events that occurred on or prior to the date hereof with respect to the DIP Loan.

19. **Termination.** Notwithstanding any provision of this Order or in any of the Post-petition Financing Documents, on the Termination Date (as defined in the DIP Credit Agreement), (i) the Debtors shall no longer be authorized to borrow funds or incur indebtedness under the Post-petition Financing Documents or this Interim Order or to use any of the DIP Loans already received, and (ii) any obligations of the DIP Lender to make loans or advances or issue letters of credit hereunder or under the other Postpetition Financing Documents automatically shall be terminated.

20. **Survival After Termination.** Notwithstanding anything herein or the occurrence of the Termination Date, all of the rights, remedies, benefits and protections provided to the DIP Lender under this Interim Order and the Post-petition Financing Documents shall survive such Termination Date. Upon such Termination Date, the principal of and all accrued interest and fees and all other DIP Obligations shall be immediately due and payable and the DIP Lenders shall have all other rights and remedies provided in this Interim Order, the other Post-petition Financing Documents, and applicable law.

21. **Automatic Stay Modification.** The automatic stay provisions of section 362 of the Bankruptcy Code are hereby vacated and modified to the extent necessary to permit the DIP Lender (i) to file any documents appropriate in its discretion, (ii) assess, charge, collect, advance, deduct and receive payments, including all interest, fees, costs, and expenses permitted under the Post-Petition Financing Documents, and (iii) upon the Termination Date, with notice as provided

for herein, without further order of or application to this Court, to exercise all rights and remedies provided for in the Post-petition Financing Documents or under applicable law.

22. **No Waiver of Remedies.** The failure or delay by the DIP Lender to seek relief or otherwise exercise its rights and remedies under this Interim Order or any other Post-petition Financing Documents shall not constitute a waiver of any of its rights.

23. **Successor and Assigns.** The provisions of this Interim Order shall be binding upon and inure to the benefit of each of the DIP Lender and the Debtors and their respective successors and assigns (including any trustee or fiduciary hereafter appointed or elected as a legal representative of any of the Debtors, its estate, or with respect to the property of any of its estate) whether in the Chapter 11 Case, in any successor case, or upon dismissal of any such chapter 11 or chapter 7 case.

24. **Additional Assurances.** The Debtors are authorized and directed to do and perform all acts to make, execute and deliver all instruments and documents, and shall pay fees and expenses that may be required or necessary for the Debtors' performance under the Post-petition Financing Documents, including, without limitation, (i) the execution of the Post-petition Financing Documents and (ii) the payment of any fees or other expenses described or provided in the Post-petition Financing Documents as such become due.

25. **Limits on Lender Liability.** Nothing in this Interim Order or in any of the Post-petition Financing Documents, or any other documents related to this transaction shall in any way be construed or interpreted to impose or allow the imposition upon the DIP Lender any liability for any claims arising from any and all activities by the Debtors in the operation of its business in connection with the Debtors' post-petition restructuring efforts.

26. **Good Faith Under Section 364(e) of the Bankruptcy Code; No Modification of Stay of this Interim Order.** The DIP Lender has acted in good faith in connection with this Interim Order and its reliance on this Interim Order is in good faith. Based on the findings set forth in this Interim Order and the record made during the Interim Hearing, and in accordance with section 364(e) of the Bankruptcy Code, in the event any or all of the provisions of this Interim Order are hereafter modified, amended or vacated by a subsequent order of this Court or any other court, the DIP Lender is entitled to the protections provided in section 364(e) of the Bankruptcy Code. Any such modification, amendment or vacatur shall not affect the validity and enforceability of any advances previously made or made hereunder, or any claim or priority authorized or created hereby. Any claims or priorities granted to the DIP Lender hereunder arising prior to the effective date of any such modification, amendment or vacatur of this Interim Order shall be governed in all respects by the original provisions of this Interim Order, including entitlement to all rights, remedies, privileges and benefits granted herein.

27. **Debtors' Waivers.** At all times during this Case, and whether or not an Event of Default has occurred, absent consent of the DIP Lender, the Debtors waive any right that they may have to seek further authority to challenge the application of any payments authorized by the Interim Order pursuant to section 506(b) of the Bankruptcy Code, (d) to propose, support or have a plan of reorganization or liquidation that does not provide for the indefeasible payment in cash in full and satisfaction of all Post-Petition Obligations on the effective date of such plan in accordance with the terms and conditions set forth in the DIP Agreement, provided however, that the DIP Lender may otherwise consent in writing, but no such consent shall be implied from any other action, inaction, or acquiescence by DIP Lender.

28. **No Third Party Rights.** Except as explicitly provided for herein, this Interim Order does not create any rights for the benefit of any third party, creditor, equity holder, or any other direct, indirect or incidental beneficiary.

29. **Reporting.** The Debtors shall keep books and records of original entry current and updated, so that all business activity is posted to them in the ordinary course of the Debtors' business. The Debtors shall provide to the DIP Lender the reports of operations required to be provided by the DIP Credit Agreement, if any, at the same time and in the same manner as set forth therein.

30. **Notice of Final Hearing.** The Debtors shall promptly serve by United States mail, first class postage prepaid, copies of the Motion, this Interim Order and a notice of the Final Hearing (the "***Final Hearing Notice***") to be held on [\_\_\_\_\_, 2017 at [\_\_\_\_:\_\_\_\_.m.] to consider entry of the Final Order on the following: (a) the U.S. Trustee; (b) DIP Lender; (c) the Internal Revenue Service; (d) the thirty (30) largest unsecured creditors, and (e) M&T Bank.

31. Copies of the Motion, this Interim Order and the Final Hearing Notice also shall be served upon all persons requesting service of papers pursuant to Bankruptcy Rule 2002 by United States mail, first class postage prepaid promptly following the receipt of such request. The Final Hearing Notice shall state that any party in interest objecting to the entry of the Final Order shall file written objections with the Court no later than 4:00 p.m. on [\_\_\_\_\_, 2017], which objections shall be served so that the same are received on or before such date and time by: (a) counsel for the Debtors, Dilworth Paxson LLP, 1500 Market Street, Suite 3500E, Philadelphia, PA, 19102, Attn: Lawrence G. McMichael; (b) the Office of the U.S.

Trustee; and (c) counsel to the DIP Lender; Flaster Greenberg, P.C., 1835 Market Street, Suite 1050, Philadelphia, PA 19103, Attn: William J. Burnett.

32. **Waiver of Any Applicable Stay.** Any applicable stay is hereby waived and shall not apply to this Interim Order.

33. **Finding of Fact and Conclusion of Law.** This Interim Order shall constitute findings of fact and conclusions of law pursuant to Rule 7052 of the Bankruptcy Rules and shall take effect and be fully enforceable immediately upon execution hereof.

34. **Jurisdiction.** The Court has and will retain jurisdiction to enforce this Interim Order according to its terms.

**SO ORDERED** by this Court this \_\_\_\_ day of July, 2017.

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United States Bankruptcy Judge

**EXHIBIT 1**

(Budget)

	PR		PR		PR		PR		PR		PR		PR		PR		PR		
	Actual W/E	Actual W/E	Actual W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Total
Deposits	06/10/17	06/17/17	06/24/17	07/01/17	07/08/17	07/15/17	07/22/17	07/29/17	08/05/17	08/12/17	08/19/17	08/26/17	09/02/17	09/09/17	09/16/17	09/23/17	09/30/17		
CBH / Other MCOs	288,785	68,868	281,715	50,000	275,000	50,000	300,000	50,000	275,000	50,000	300,000	50,000	275,000	50,000	300,000	50,000	275,000		2,350,000
PA DOE	-	-	-	643,130	-	-	-	657,922	-	-	-	-	657,922	-	-	-	657,922		2,616,898
DHS - Regular & DHS - CUA	17,979	56,775	310,455	30,000	30,000	100,000	30,000	30,000	30,000	100,000	30,000	30,000	100,000	30,000	30,000	100,000	30,000		700,000
	-	4,085,793	-	-	413,363	-	-	-	4,000,000	-	-	-	1,500,000	-	-	-	-		5,913,363
SD of Philadelphia	-	-	-	294,390	-	319,480	13,000	-	-	159,740	192,850	258,825	-	-	-	-	-		1,238,285
Other Misc School	16,238	34,388	40,980	100,000	70,000	70,000	70,000	90,000	70,000	70,000	70,000	90,000	70,000	70,000	70,000	90,000	70,000		1,070,000
Acute Partial	-	-	-	-	-	-	1,500,000	-	-	-	-	-	-	-	-	-	-		-
Term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		1,500,000
Misc Deposits	113,582	33,725	2,000	41,000	10,000	30,000	10,000	10,000	10,000	30,000	10,000	10,000	10,000	30,000	10,000	10,000	10,000		231,000
<b>Total Deposits</b>	<b>436,584</b>	<b>4,279,549</b>	<b>635,150</b>	<b>1,158,520</b>	<b>798,363</b>	<b>569,480</b>	<b>1,923,000</b>	<b>837,922</b>	<b>4,385,000</b>	<b>409,740</b>	<b>602,850</b>	<b>438,825</b>	<b>2,612,922</b>	<b>180,000</b>	<b>410,000</b>	<b>250,000</b>	<b>1,042,922</b>		<b>15,619,546</b>
<b>Operating</b>	5/28-6/10		6/11-6/24		6/25-7/8														
Payroll	(1,006,000)	-	(997,124)	(850,000)	-	(960,000)	-	(935,854)	-	(935,854)	-	(935,854)	-	(926,454)	-	(926,454)	-		(6,470,470)
403(b) Payment	-	(13,291)	-	(34,000)	-	-	(14,000)	-	(14,000)	-	(14,000)	-	(14,000)	-	(14,000)	-	(14,000)		(118,000)
Credit Cards (M&T)	-	(19,523)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
Debit Cards (TD)	(608)	-	-	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)		(35,000)
FSA Transfer	(2,000)	(6,014)	-	(4,000)	(2,000)	(2,000)	(2,000)	(6,000)	(2,000)	(2,000)	(2,000)	(10,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)		(42,000)
Employee	(27,334)	(25,296)	(30,648)	(40,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)		(300,000)
Petty Cash	(5,964)	(8,475)	-	(10,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)		(75,000)
Foster Care	(36,321)	(35,355)	(34,750)	(72,000)	-	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)		(504,000)
CUA	(7,671)	(536,141)	(1,433,276)	-	-	(750,000)	(1,000,000)	(750,000)	(1,000,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	-		(7,000,000)
Benefits	(18,220)	(39,763)	(282,127)	(30,000)	-	-	(10,000)	(294,500)	-	-	(10,000)	(294,500)	-	-	(10,000)	-	(294,500)		(943,500)
Insurance	(64,467)	(152,821)	(17,666)	-	-	(235,000)	-	-	-	(235,000)	-	-	-	-	(235,000)	-	-		(705,000)
Operating	(73,286)	(113,834)	(38,264)	(100,000)	(100,000)	(100,000)	(100,000)	(150,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)		(1,450,000)
Acute Partial	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
Rent	-	-	-	-	(238,100)	-	-	-	(106,600)	-	-	-	(106,600)	-	-	-	-		(451,300)
Staffing	(43,926)	(48,922)	(49,287)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)		(700,000)
Utilities	(10,562)	(43,933)	(872)	(5,000)	(15,000)	(47,000)	(5,000)	(5,000)	(5,000)	(15,000)	(47,000)	(5,000)	(5,000)	(15,000)	(47,000)	(5,000)	(5,000)		(226,000)
Professional	(8,173)	(5,850)	(5,510)	(2,325)	(2,325)	(2,325)	(7,325)	(2,325)	(2,325)	(2,325)	(7,325)	(2,325)	(2,325)	(2,325)	(2,325)	(2,325)	(2,325)		(47,550)
<b>Disbursements</b>	<b>(1,304,533)</b>	<b>(1,049,217)</b>	<b>(2,889,523)</b>	<b>(1,199,825)</b>	<b>(434,925)</b>	<b>(2,209,825)</b>	<b>(1,251,825)</b>	<b>(2,257,179)</b>	<b>(1,343,425)</b>	<b>(1,668,679)</b>	<b>(1,028,825)</b>	<b>(1,961,179)</b>	<b>(843,425)</b>	<b>(1,659,279)</b>	<b>(1,023,825)</b>	<b>(1,654,279)</b>	<b>(531,325)</b>		<b>(19,067,820)</b>
Net Operating Cash	(867,950)	3,230,332	(2,254,374)	(41,305)	363,438	(1,640,345)	671,175	(1,419,257)	3,041,575	(1,258,939)	(425,975)	(1,522,354)	1,769,497	(1,479,279)	(613,825)	(1,404,279)	511,597		(3,448,274)
<b>and Restructuring</b>	-	-	-	-	(19,000)	-	-	-	(19,000)	-	-	-	(19,000)	-	-	-	-		(57,000)
Term Loan (P&I)	-	-	-	-	(19,000)	-	-	-	(19,000)	-	-	-	(19,000)	-	-	-	-		(7,500)
LOC Interest / Bank	(2,411)	-	-	-	-	(2,500)	-	-	-	(2,500)	-	-	-	-	(2,500)	-	-		(13,125)
New Term Debt	-	-	-	-	-	-	-	-	(4,375)	-	-	-	(8,750)	-	-	-	-		(2,915)
New LOC Interest	-	-	-	-	-	-	-	-	(2,058)	-	-	-	(857)	-	-	-	-		(202,033)
New Bank Fees	-	-	-	(100,000)	-	-	-	-	-	(100,000)	-	-	(2,033)	-	-	-	-		(680,000)
Professional Fees - PHMC	(17,500)	(145,000)	(50,000)	(115,000)	-	(5,000)	-	-	-	(5,000)	-	(265,000)	-	-	-	-	(290,000)		(234,254)
Trustee Fees	-	-	-	-	-	-	-	-	-	-	-	(117,127)	-	-	-	-	-		-
<b>Operating &amp; Chap</b>	<b>(19,911)</b>	<b>(145,000)</b>	<b>(50,000)</b>	<b>(215,000)</b>	<b>(19,000)</b>	<b>(7,500)</b>	<b>-</b>	<b>-</b>	<b>(25,433)</b>	<b>(107,500)</b>	<b>-</b>	<b>(382,127)</b>	<b>(30,640)</b>	<b>-</b>	<b>(2,500)</b>	<b>-</b>	<b>(407,127)</b>		<b>(1,196,827)</b>
Total	(1,324,444)	(1,194,217)	(2,939,523)	(1,414,825)	(453,925)	(2,217,325)	(1,251,825)	(2,257,179)	(1,368,858)	(1,776,179)	(1,028,825)	(2,343,306)	(874,065)	(1,659,279)	(1,026,325)	(1,654,279)	(938,452)		(20,264,647)
<b>Flow</b>	<b>(887,860)</b>	<b>3,085,332</b>	<b>(2,304,374)</b>	<b>(256,305)</b>	<b>344,438</b>	<b>(1,647,845)</b>	<b>671,175</b>	<b>(1,419,257)</b>	<b>3,016,142</b>	<b>(1,366,439)</b>	<b>(425,975)</b>	<b>(1,904,481)</b>	<b>1,738,857</b>	<b>(1,479,279)</b>	<b>(616,325)</b>	<b>(1,404,279)</b>	<b>104,470</b>		<b>(4,645,101)</b>
<b>W/E Balance</b>	<b>970,061</b>	<b>4,055,393</b>	<b>1,751,020</b>	<b>1,494,715</b>	<b>1,839,153</b>	<b>191,308</b>	<b>862,483</b>	<b>(556,773)</b>	<b>2,459,369</b>	<b>1,092,930</b>	<b>666,955</b>	<b>(1,237,526)</b>	<b>501,331</b>	<b>(977,948)</b>	<b>(1,594,273)</b>	<b>(2,998,552)</b>	<b>(2,894,082)</b>		<b>(2,894,082)</b>
<b>Benefits - Detail</b>																			
INDEPENDENCE BLUE	-	-	(25,178)	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
KEYSTONE HEALTH	-	-	(203,222)	-	-	-	-	-	(277,000)	-	-	-	(277,000)	-	-	-	-		(277,000)
ACSA-ASSOC. OF	-	(17,172)	-	-	-	-	-	-	(17,500)	-	-	-	(17,500)	-	-	-	-		(17,500)
RX BENEFITS	(18,220)	(13,609)	(53,726)	(30,000)	-	-	-	-	-	-	-	-	-	-	-	-	-		-
Provident Life &	-	(8,981)	-	-	-	-	(10,000)	-	-	-	(10,000)	-	-	-	(10,000)	-	-		-
<b>Total</b>	<b>(18,220)</b>	<b>(39,763)</b>	<b>(282,127)</b>	<b>(30,000)</b>	<b>-</b>	<b>-</b>	<b>(10,000)</b>	<b>(294,500)</b>	<b>-</b>	<b>-</b>	<b>(10,000)</b>	<b>(294,500)</b>	<b>-</b>	<b>-</b>	<b>(10,000)</b>	<b>-</b>	<b>(294,500)</b>		<b>-</b>
<b>Professionals - Detail</b>																			
DANEKER, DAVID	(7,500)	-	-	-	-	(5,000)	-	-	-	(5,000)	-	-	-	-	-	-	-		(10,000)
DONLIN ROCANO	(10,000)	-	-	(5,000)	-	-	-	-	-	-	-	-	(15,000)	-	-	-	(15,000)		(35,000)
GETZLER HENRICH	-	(45,000)	-	(60,000)	-	-	-	-	-	-	-	-	(100,000)	-	-	-	(75,000)		(280,000)
DILWORTH PAXSON	-	(100,000)	(50,000)	(50,000)	-	-	-	-	-	-	-	-	(150,000)	-	-	-	(150,000)		(500,000)
Creditor Committee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(50,000)		(50,000)
<b>Total</b>	<b>(17,500)</b>	<b>(145,000)</b>	<b>(50,000)</b>	<b>(115,000)</b>	<b>-</b>	<b>(5,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,000)</b>	<b>-</b>	<b>(265,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(290,000)</b>		<b>(875,000)</b>



	Actual W/E	Actual W/E	Actual W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Total
Deposits	06/10/17	06/17/17	06/24/17	07/01/17	07/08/17	07/15/17	07/22/17	07/29/17	08/05/17	08/12/17	08/19/17	08/26/17	09/02/17	09/09/17	09/16/17	09/23/17	09/30/17	

<b>Accounts Receivable</b>																		
Credible New Billings	392,393	252,603	160,059	248,828	308,642	365,082	352,782	419,806	352,561	180,158	153,367	150,433	305,239	341,583	402,919	425,053	392,982	4,559,492
Other New Billings	4,747,062	38,345	413,363	16,121	713,301	4,015,000		16,121	713,301	15,000	1,500,000	117,650	713,301	15,000	1,500,000	16,121	66,142	9,830,421
<b>Total New Billings</b>	<b>5,139,455</b>	<b>290,948</b>	<b>573,422</b>	<b>264,949</b>	<b>1,021,943</b>	<b>4,380,082</b>	<b>352,782</b>	<b>435,928</b>	<b>1,065,862</b>	<b>195,158</b>	<b>1,653,367</b>	<b>268,083</b>	<b>1,018,540</b>	<b>356,583</b>	<b>1,902,919</b>	<b>441,174</b>	<b>459,124</b>	<b>14,389,913</b>
Credible Adjustments	(1,474)	(4,286)	(5,359)	(77,293)	(1,227)	(3,972)	(2,452)	(19,272)	(12,698)	(1,175)	(1,662)	(10,832)	(1,081)	(2,373)	(2,248)	(1,082)	(39,834)	(182,560)
Other Adjustments																		
<b>Total Adjustments</b>	<b>(1,474)</b>	<b>(4,286)</b>	<b>(5,359)</b>	<b>(77,293)</b>	<b>(1,227)</b>	<b>(3,972)</b>	<b>(2,452)</b>	<b>(19,272)</b>	<b>(12,698)</b>	<b>(1,175)</b>	<b>(1,662)</b>	<b>(10,832)</b>	<b>(1,081)</b>	<b>(2,373)</b>	<b>(2,248)</b>	<b>(1,082)</b>	<b>(39,834)</b>	<b>(182,560)</b>
<b>Total Payments</b>	<b>358,002</b>	<b>4,280,258</b>	<b>634,150</b>	<b>1,138,020</b>	<b>793,363</b>	<b>554,480</b>	<b>418,000</b>	<b>832,922</b>	<b>4,380,000</b>	<b>394,740</b>	<b>597,850</b>	<b>433,825</b>	<b>2,607,922</b>	<b>165,000</b>	<b>405,000</b>	<b>245,000</b>	<b>1,037,922</b>	<b>14,638,195</b>
<b>AR Balance</b>	<b>8,948,943</b>	<b>4,955,347</b>	<b>4,889,260</b>	<b>3,938,895</b>	<b>4,166,249</b>	<b>7,987,879</b>	<b>7,920,209</b>	<b>7,503,941</b>	<b>4,177,105</b>	<b>3,976,348</b>	<b>5,030,203</b>	<b>4,853,628</b>	<b>3,263,165</b>	<b>3,452,374</b>	<b>4,948,045</b>	<b>5,143,138</b>	<b>4,524,505</b>	<b>4,524,505</b>

<b>Line of Credit Availability</b>																		
Accounts Receivable - Gross	8,948,943	4,955,347	4,889,260	3,938,895	4,166,249	7,987,879	7,920,209	7,503,941	4,177,105	3,976,348	5,030,203	4,853,628	3,263,165	3,452,374	4,948,045	5,143,138	4,524,505	
Less: Ineligibles	(1,217,056)	(673,927)	(664,939)	(535,690)	(566,610)	(1,086,351)	(1,077,148)	(1,020,536)	(568,086)	(540,783)	(684,108)	(660,093)	(443,790)	(469,523)	(672,934)	(699,467)	(615,333)	
Accounts Receivable - Net	7,731,887	4,281,420	4,224,321	3,403,206	3,599,639	6,901,527	6,843,060	6,483,405	3,609,018	3,435,564	4,346,095	4,193,535	2,819,374	2,982,851	4,275,111	4,443,671	3,909,172	
Advance Rate - 80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	
<b>Availability</b>	<b>6,185,509</b>	<b>3,425,136</b>	<b>3,379,457</b>	<b>2,722,565</b>	<b>2,879,711</b>	<b>5,521,222</b>	<b>5,474,448</b>	<b>5,186,724</b>	<b>2,887,215</b>	<b>2,748,451</b>	<b>3,476,876</b>	<b>3,354,828</b>	<b>2,255,500</b>	<b>2,386,281</b>	<b>3,420,089</b>	<b>3,554,937</b>	<b>3,127,338</b>	
<b>Line of Credit</b>																		
Opening Balance	-	-	-	-	-	-	-	-	-	-	-	-	1,237,526	-	-	1,594,273	2,998,552	
Advances	1,324,444	1,194,217	2,939,523	1,414,825	453,925	2,217,325	1,251,825	2,257,179	1,368,858	1,776,179	1,028,825	2,343,306	874,065	1,659,279	1,026,325	1,654,279	938,452	
Repayments	436,584	4,279,549	635,150	1,158,520	798,363	569,480	1,923,000	837,922	4,385,000	409,740	602,850	438,825	2,612,922	180,000	410,000	250,000	1,042,922	
Adjustments	(887,860)	3,085,332	(2,304,374)	(256,305)	344,438	(1,647,845)	671,175	(1,419,257)	3,016,142	(1,366,439)	(425,975)	666,955	501,331	(1,479,279)	977,948	-	-	
Ending Balance	-	-	-	-	-	-	-	-	-	-	-	1,237,526	-	-	1,594,273	2,998,552	2,894,082	
Excess/(Deficity) Availability	<b>6,185,509</b>	<b>3,425,136</b>	<b>3,379,457</b>	<b>2,722,565</b>	<b>2,879,711</b>	<b>5,521,222</b>	<b>5,474,448</b>	<b>5,186,724</b>	<b>2,887,215</b>	<b>2,748,451</b>	<b>3,476,876</b>	<b>2,117,302</b>	<b>2,255,500</b>	<b>2,386,281</b>	<b>1,825,816</b>	<b>556,385</b>	<b>233,256</b>	

<b>Professional Fees - Restructuring</b>																		
Weekly Expense:																		
DANEKER, DAVID ESQUIRE	7,500	-	-	-	-	5,000	-	-	-	5,000	-	-	-	-	-	-	-	22,475
DONLIN ROCANO		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	-	5,000	-	5,000	70,000
GETZLER HENRICH	22,500	22,500	22,500	22,500	15,000	20,000	20,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	317,500
DILWORTH PAXSON LLP	50,000	50,000	50,000	50,000	40,000	40,000	40,000	40,000	40,000	30,000	30,000	25,000	25,000	25,000	25,000	20,000	20,000	650,000
Creditor Committee Professionals	-	-	-	-	-	-	15,000	15,000	15,000	15,000	15,000	15,000	15,000	10,000	10,000	10,000	10,000	145,000
Total Weekly Expense	80,000	77,500	77,500	77,500	60,000	70,000	80,000	75,000	75,000	70,000	65,000	60,000	60,000	50,000	55,000	45,000	50,000	1,204,975
Payments:																		
DANEKER, DAVID ESQUIRE	7,500	-	-	-	-	5,000	-	-	-	5,000	-	-	-	-	-	-	-	22,475
DONLIN ROCANO	10,000	-	-	5,000	-	-	-	-	-	-	-	15,000	-	-	-	-	-	45,000
GETZLER HENRICH	-	45,000	-	60,000	-	-	-	-	-	-	-	100,000	-	-	-	-	75,000	325,000

Case 17-14463-amc

Dec 20-1

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Exhibit A

Page 21 of 38

	Actual W/E	Actual W/E	Actual W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Forecast W/E	Total
<b>Deposits</b>	<b>06/10/17</b>	<b>06/17/17</b>	<b>06/24/17</b>	<b>07/01/17</b>	<b>07/08/17</b>	<b>07/15/17</b>	<b>07/22/17</b>	<b>07/29/17</b>	<b>08/05/17</b>	<b>08/12/17</b>	<b>08/19/17</b>	<b>08/26/17</b>	<b>09/02/17</b>	<b>09/09/17</b>	<b>09/16/17</b>	<b>09/23/17</b>	<b>09/30/17</b>	
DILWORTH PAXSON LLP	-	100,000	50,000	50,000	-	-	-	-	-	-	-	150,000	-	-	-	-	150,000	650,000
Creditor Committee Professionals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,000	50,000
Total Payments	17,500	145,000	50,000	115,000	-	5,000	-	-	-	5,000	-	265,000	-	-	-	-	290,000	1,092,475
<b>Accrued Outstanding Amount</b>	<b>(60,000)</b>	<b>(127,500)</b>	<b>(100,000)</b>	<b>(137,500)</b>	<b>(77,500)</b>	<b>(12,500)</b>	<b>67,500</b>	<b>142,500</b>	<b>217,500</b>	<b>282,500</b>	<b>347,500</b>	<b>142,500</b>	<b>202,500</b>	<b>252,500</b>	<b>307,500</b>	<b>352,500</b>	<b>112,500</b>	

Assumptions

Debit Card Activity  
will increase due to  
Credit Cards being  
shut down

Petty Cash Activity  
will increase due to  
Credit Cards being  
shut down

Document Number	Document Date	Vendor Name	Document Amount
038771	1/24/2017	WORDSWORTH ACADEMY- SUBCONTRACTOR	116,761.03
038774	1/24/2017	WORDSWORTH ACADEMY- SUBCONTRACTOR	44,830.26
038775	1/24/2017	WORDSWORTH ACADEMY- SUBCONTRACTOR	40,004.41
039380	3/10/2017	WORDSWORTH ACADEMY- SUBCONTRACTOR (CUA 5)	115,524.46
039455	3/22/2017	WORDSWORTH ACADEMY- SUBCONTRACTOR (CUA 5)	109,547.50
039456	3/22/2017	WORDSWORTH ACADEMY- SUBCONTRACTOR (CUA 10)	42,517.65
039677	3/31/2017	WORDSWORTH ACADEMY- SUBCONTRACTOR (CUA 5)	109,535.79
039730	3/31/2017	WORDSWORTH ACADEMY- SUBCONTRACTOR (CUA 10)	16,229.47
040829	6/22/2017	WORDSWORTH ACADEMY- SUBCONTRACTOR (CUA 5)	59,216.38
040830	6/22/2017	WORDSWORTH ACADEMY- SUBCONTRACTOR (CUA 5)	28,159.04
040831	6/22/2017	WORDSWORTH ACADEMY- SUBCONTRACTOR (CUA 5)	97,262.63
040832	6/22/2017	WORDSWORTH ACADEMY- SUBCONTRACTOR (CUA 10)	66,398.68
040833	6/22/2017	WORDSWORTH ACADEMY- SUBCONTRACTOR (CUA 10)	42,415.34
040834	6/22/2017	WORDSWORTH ACADEMY- SUBCONTRACTOR (CUA 10)	12,246.23

[illegible]

Date	Week Ending	Vendor Class ID	Report Category
01/01/17	01/07/17	OPERATING	Operating
01/02/17	01/07/17	CUA SUBCON	CUA Subcontractors
01/03/17	01/07/17	INSURANCE	Insurance
01/04/17	01/07/17	BENEFITS	Benefits
01/05/17	01/07/17	STAFFING	Staffing
01/06/17	01/07/17	EMP EXP/PC	Employee Expenses
01/07/17	01/07/17	PROFESSION	Professional
01/08/17	01/14/17	RENT	Rent
01/09/17	01/14/17	UTILITIES	Utilities
01/10/17	01/14/17	EMPLOYEE	Employee Expenses
01/11/17	01/14/17	FOSTER CAR	Foster Care
01/12/17	01/14/17		
01/13/17	01/14/17		
01/14/17	01/14/17		
01/15/17	01/21/17		
01/16/17	01/21/17		
01/17/17	01/21/17		
01/18/17	01/21/17		
01/19/17	01/21/17		
01/20/17	01/21/17		
01/21/17	01/21/17		
01/22/17	01/28/17		
01/23/17	01/28/17		
01/24/17	01/28/17		
01/25/17	01/28/17		
01/26/17	01/28/17		
01/27/17	01/28/17		
01/28/17	01/28/17		
01/29/17	02/04/17		
01/30/17	02/04/17		
01/31/17	02/04/17		
02/01/17	02/04/17		
02/02/17	02/04/17		
02/03/17	02/04/17		
02/04/17	02/04/17		
02/05/17	02/11/17		
02/06/17	02/11/17		
02/07/17	02/11/17		
02/08/17	02/11/17		
02/09/17	02/11/17		
02/10/17	02/11/17		
02/11/17	02/11/17		
02/12/17	02/18/17		
02/13/17	02/18/17		
02/14/17	02/18/17		

Date	Week Ending	Vendor Class ID	Report Category
02/15/17	02/18/17		
02/16/17	02/18/17		
02/17/17	02/18/17		
02/18/17	02/18/17		
02/19/17	02/25/17		
02/20/17	02/25/17		
02/21/17	02/25/17		
02/22/17	02/25/17		
02/23/17	02/25/17		
02/24/17	02/25/17		
02/25/17	02/25/17		
02/26/17	03/04/17		
02/27/17	03/04/17		
02/28/17	03/04/17		
03/01/17	03/04/17		
03/02/17	03/04/17		
03/03/17	03/04/17		
03/04/17	03/04/17		
03/05/17	03/11/17		
03/06/17	03/11/17		
03/07/17	03/11/17		
03/08/17	03/11/17		
03/09/17	03/11/17		
03/10/17	03/11/17		
03/11/17	03/11/17		
03/12/17	03/18/17		
03/13/17	03/18/17		
03/14/17	03/18/17		
03/15/17	03/18/17		
03/16/17	03/18/17		
03/17/17	03/18/17		
03/18/17	03/18/17		
03/19/17	03/25/17		
03/20/17	03/25/17		
03/21/17	03/25/17		
03/22/17	03/25/17		
03/23/17	03/25/17		
03/24/17	03/25/17		
03/25/17	03/25/17		
03/26/17	04/01/17		
03/27/17	04/01/17		
03/28/17	04/01/17		
03/29/17	04/01/17		
03/30/17	04/01/17		
03/31/17	04/01/17		

Date	Week Ending	Vendor Class ID	Report Category
04/01/17	04/01/17		
04/02/17	04/08/17		
04/03/17	04/08/17		
04/04/17	04/08/17		
04/05/17	04/08/17		
04/06/17	04/08/17		
04/07/17	04/08/17		
04/08/17	04/08/17		
04/09/17	04/15/17		
04/10/17	04/15/17		
04/11/17	04/15/17		
04/12/17	04/15/17		
04/13/17	04/15/17		
04/14/17	04/15/17		
04/15/17	04/15/17		
04/16/17	04/22/17		
04/17/17	04/22/17		
04/18/17	04/22/17		
04/19/17	04/22/17		
04/20/17	04/22/17		
04/21/17	04/22/17		
04/22/17	04/22/17		
04/23/17	04/29/17		
04/24/17	04/29/17		
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04/26/17	04/29/17		
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05/01/17	05/06/17		
05/02/17	05/06/17		
05/03/17	05/06/17		
05/04/17	05/06/17		
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05/06/17	05/06/17		
05/07/17	05/13/17		
05/08/17	05/13/17		
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05/10/17	05/13/17		
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05/14/17	05/20/17		
05/15/17	05/20/17		

Date	Week Ending	Vendor Class ID	Report Category
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05/17/17	05/20/17		
05/18/17	05/20/17		
05/19/17	05/20/17		
05/20/17	05/20/17		
05/21/17	05/27/17		
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06/27/17	07/01/17		
06/28/17	07/01/17		
06/29/17	07/01/17		



Date	Week Ending	Vendor Class ID	Report Category
06/30/17	07/01/17		
07/01/17	07/01/17		
07/02/17	07/08/17		
07/03/17	07/08/17		
07/04/17	07/08/17		
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Date	Week Ending	Vendor Class ID	Report Category
08/14/17	08/19/17		
08/15/17	08/19/17		
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08/31/17	09/02/17		
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Date	Week Ending	Vendor Class ID	Report Category
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09/29/17	09/30/17		
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Date	Week Ending	Vendor Class ID	Report Category
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12/26/17	12/30/17		

Date	Week Ending	Vendor Class ID	Report Category
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12/28/17	12/30/17		
12/29/17	12/30/17		
12/30/17	12/30/17		
12/31/17	01/06/18		
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01/02/18	01/06/18		
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01/28/18	02/03/18		
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01/31/18	02/03/18		
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02/02/18	02/03/18		
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02/08/18	02/10/18		
02/09/18	02/10/18		

Date	Week Ending	Vendor Class ID	Report Category
02/10/18	02/10/18		
02/11/18	02/17/18		
02/12/18	02/17/18		
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03/25/18	03/31/18		
03/26/18	03/31/18		

Date	Week Ending	Vendor Class ID	Report Category
03/27/18	03/31/18		
03/28/18	03/31/18		
03/29/18	03/31/18		
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03/31/18	03/31/18		
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Date	Week Ending	Vendor Class ID	Report Category
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06/23/18	06/23/18		
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Date	Week Ending
06/25/18	06/30/18
06/26/18	06/30/18
06/27/18	06/30/18
06/28/18	06/30/18
06/29/18	06/30/18
06/30/18	06/30/18

Vendor Class ID	Report Category
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Date	Type	Description
6/5/2017	CREDIT	WIRE TRANSFER INCOMING DILWORTH PAXSON LLP ATTORNEYS
6/5/2017	CREDIT	RDI FEE REFUND
6/6/2017	XFER	Online Xfer Transfer to CK 4265783170
6/7/2017	DEBIT	TD ETREASURY DR PC REIMB CUA 5 (6/2/2017)
6/7/2017	DEBIT	TD ETREASURY DR PC REIMB CUA 5 (6/2/2017)
6/7/2017	CREDIT	TD ETREASURY CR PC REIMB REV CUA 5 (5/3/17 - GAS)
6/9/2017	DEBIT CARD	VISA DDA PUR 426979 GOLDEN CRUST PIZZA III 215 848 4400 * PA
6/9/2017	DEBIT CARD	VISA DDA PUR 469216 WWW NEWEGG COM 800 390 1119 * CA
6/9/2017	DEBIT	TD ETREASURY DR PC ADVANCE CUA 10 (6/9/17)
6/12/2017	DEBIT	TD ETREASURY DR FSA Transfer 06/12/17
6/13/2017	DEBIT	BANK OF AMERICA HSA FUNDIN
6/14/2017	DEP	DEPOSIT
6/15/2017	DEP	DEPOSIT
6/16/2017	DEBIT	TD ETREASURY DR PC REIMB CUA 10 (APRIL 2017)
6/16/2017	DEBIT	TD ETREASURY DR PC REIMB CUA 10 (MAY 2017)
6/16/2017	DEBIT	TD ETREASURY DR PC REIMB AFBS (6/9/17)
6/16/2017	DEBIT	TD ETREASURY DR PC REIMB APS (6/13/17)
6/16/2017	DEBIT	TD ETREASURY DR PC ADVANCE CUA 5 (6/16/17)
6/19/2017	DEBIT	TD ETREASURY DR FSA Transfer 06/19/17
6/23/2017	CREDIT	TD ETREASURY CR CLOSING ACCOUNT
6/22/2017	CREDIT	TD ETREASURY CR CLOSING ACCOUNT
6/22/2017	CREDIT	WIRE TRANSFER INCOMING WORDSWORTH ACADEMY-OPERATING ACCOUN
6/20/2017	DEBIT	WORDSWORTH ACH TRANS

Debit	Credit	Account Balance	Type	Week End
	64,506.36	213,966.35		6/10/2017
	35.00	149,459.99		6/10/2017
2,000.00		174,730.78	FSA	6/10/2017
215.58		172,253.37	PC	6/10/2017
793.18		172,468.95	PC	6/10/2017
	45.00	173,262.13	PC	6/10/2017
10.39		211,545.22	Debit	6/10/2017
597.95		213,879.20	Debit	6/10/2017
5,000.00		215,248.66	PC	6/10/2017
6,000.00		231,211.05	FSA	6/17/2017
13.84		693,388.08	FSA	6/17/2017
	1,200.00	694,588.08		6/17/2017
	3,875.00	694,134.94		6/17/2017
339.31		681,888.85	PC	6/17/2017
348.53		682,228.16	PC	6/17/2017
1,303.23		682,576.69	PC	6/17/2017
1,483.62		683,879.92	PC	6/17/2017
5,000.00		685,363.54	PC	6/17/2017
3,300.00		671,715.36	FSA	6/24/2017
	100.50	547,410.67		6/24/2017
	13,191.56	549,581.67		6/24/2017
	200,000.00	536,390.11		6/24/2017
28,669.69		344,229.10		6/24/2017

**EXHIBIT B**

[DIP Credit Agreement]

**DEBTOR-IN-POSSESSION  
CREDIT AND SECURITY AGREEMENT**

by and among

**WORDSWORTH ACADEMY,**  
*a Chapter 11 Debtor and Debtor-in-Possession  
as Borrower and Borrowing Agent*

**WORDSWORTH CUA 5, LLC,**  
*a Chapter 11 Debtor and Debtor-in-Possession  
as Borrower*

**WORDSWORTH CUA 10, LLC,**  
*a Chapter 11 Debtor and Debtor-in-Possession  
as Borrower*

and

**LEARN AND PLAY t/a PLAY AND LEARN,**  
*as Lender*

**July \_\_, 2017**

## TABLE OF CONTENTS

	<u>Page</u>
SECTION 1. DEFINITIONS.....	1
1.1 <u>Certain Defined Terms</u> .....	1
1.2 <u>Accounting Terms</u> .....	7
1.3 <u>Rules of Construction</u> .....	7
SECTION 2. AMOUNTS AND TERMS OF LOANS.....	7
2.1 <u>Loans</u> .....	7
2.2 <u>Interest on the Loan</u> .....	8
2.3 <u>Audits and Appraisals Fees</u> .....	9
2.4 <u>Repayments of Loans</u> .....	9
2.5 <u>Use of Proceeds</u> .....	10
SECTION 3. CONDITIONS TO LOAN.....	10
3.1 <u>Conditions to Loan</u> .....	10
3.2 <u>Interim Advance</u> .....	11
SECTION 4. REPRESENTATIONS AND WARRANTIES.....	12
4.1 <u>Organization and Good Standing</u> .....	12
4.2 <u>Authorization and Power</u> .....	12
4.3 <u>No Conflicts or Consents</u> .....	12
4.4 <u>Enforceable Obligations</u> .....	12
4.5 <u>Order</u> .....	12
4.6 <u>No Default</u> .....	12
4.7 <u>Use of Proceeds</u> .....	12
4.8 <u>Principal Office, Etc.</u> .....	12
4.9 <u>Compliance with Law</u> .....	13
4.10 <u>Public Utility Holding Company Act</u> .....	13
4.11 <u>Anti-Terrorism Laws</u> .....	13
4.12 <u>Compliance with OFAC Rules and Regulations</u> .....	13
4.13 <u>Thirteen-Week Forecast</u> .....	13
4.14 <u>Full Disclosure</u> .....	13
SECTION 5. COVENANTS.....	13
5.1 <u>Thirteen-Week Forecast and Other Reports</u> .....	13
5.2 <u>Organizational Existence</u> .....	14
5.3 <u>Maintenance of Properties; Insurance</u> .....	14
5.4 <u>Inspection; Books and Records</u> .....	14

5.5	<b><u>Payment of Obligations</u></b> .....	14
5.6	<b><u>Further Assurances</u></b> .....	14
5.7	<b><u>Use of Proceeds</u></b> .....	14
5.8	<b><u>Bankruptcy Information; Notices of Certain Events</u></b> .....	15
5.9	<b><u>Sale of Real Property</u></b> .....	15
5.10	<b><u>Restriction on Committee Claims against Lender</u></b> .....	15
SECTION 6. EVENTS OF DEFAULT .....		15
6.1	<b><u>Failure to Make Payments When Due</u></b> .....	15
6.2	<b><u>Breach of Representations and Warranties</u></b> .....	16
6.3	<b><u>Other Defaults Under Loan Documents</u></b> .....	16
6.4	<b><u>Other Indebtedness</u></b> .....	16
6.5	<b><u>Dissolution; Cessation of Business</u></b> .....	16
6.6	<b><u>Failure of Security; Repudiation of Obligations</u></b> .....	16
6.7	<b><u>Bankruptcy Matters</u></b> .....	16
SECTION 7. MISCELLANEOUS .....		18
7.1	<b><u>Assignments and Participations</u></b> .....	18
7.2	<b><u>Indemnity</u></b> .....	19
7.3	<b><u>Set-Off</u></b> .....	19
7.4	<b><u>Amendments and Waivers</u></b> .....	19
7.5	<b><u>Independence of Covenants</u></b> .....	20
7.6	<b><u>Notices</u></b> .....	20
7.7	<b><u>Survival of Representations, Warranties and Agreements</u></b> .....	20
7.8	<b><u>Failure or Indulgence Not Waiver; Remedies Cumulative</u></b> .....	20
7.9	<b><u>Severability</u></b> .....	20
7.10	<b><u>Headings</u></b> .....	20
7.11	<b><u>Applicable Law</u></b> .....	20
7.12	<b><u>Successors and Assigns</u></b> .....	21
7.13	<b><u>Consent to Jurisdiction and Service of Process</u></b> .....	21
7.14	<b><u>Waiver of Jury Trial</u></b> .....	21
7.15	<b><u>Confidentiality</u></b> .....	21
7.16	<b><u>Maximum Amount</u></b> .....	22
7.17	<b><u>Counterparts; Effectiveness</u></b> .....	22
7.18	<b><u>Patriot Act Notice</u></b> .....	22
SECTION 8. BORROWING AGENCY; JOINT AND SEVERAL OBLIGATIONS .....		23
8.1	<b><u>Borrowing Agency Provisions</u></b> .....	23
8.2	<b><u>Waiver of Subrogation</u></b> .....	23

## SCHEDULES

(iii)

4.8 LOCATION OF PRINCIPAL PLACE OF BUSINESS AND JURISDICTION OF  
ORGANIZATION



**DEBTOR-IN-POSSESSION  
CREDIT AND SECURITY AGREEMENT**

THIS DEBTOR-IN-POSSESSION CREDIT AND SECURITY AGREEMENT is entered into as of July \_\_, 2017 by and among **WORDSWORTH ACADEMY**, a Pennsylvania non-profit corporation, **WORDSWORTH CUA 5, LLC**, a Pennsylvania limited liability company, and **WORDSWORTH CUA 10, LLC**, a Pennsylvania limited liability company (Wordsworth CUA 10, LLC, together with Wordsworth Academy and Wordsworth CUA 5, LLC, individually and collectively, “**Borrower**”), as debtors and debtors-in-possession, and **LEARN AND PLAY t/a PLAY AND LEARN**, a Pennsylvania non-profit corporation t/a Play and Learn (“**Lender**”).

**RECITALS**

**WHEREAS**, on June 30, 2017 (the “**Petition Date**”), Borrower filed voluntary petitions under Chapter 11 of the Bankruptcy Code (collectively, the “**Case**”) with the United States Bankruptcy Court for the Eastern District of Pennsylvania (the “**Bankruptcy Court**”) initiating the Case under Case Number [XX-XXXXX], and has continued in possession of its assets and in the management of its business pursuant to Sections 1107 and 1108 of the Bankruptcy Code;

**WHEREAS**, Borrower has advised Lender that it desires to continue in the operation of its business as a debtor-in-possession, and has requested that Lender make certain loans, advances and extensions of credit to or for its benefit during the pendency of the Case, all in order to meet Borrower’s immediate and anticipated needs for funds for the payment of wages, payment of professional fees and other costs of administration of the Chapter 11 case, and to meet other current and immediate operating expenses of Borrower. To minimize the disruption of Borrower as a going concern, Lender, under the terms and subject to the conditions set forth herein and in the instruments, agreements or documents referred to herein, hereby agree to make loans, advances and extensions of credit to or for the benefit of Borrower.

**NOW, THEREFORE**, in consideration of the premises and the agreements, provisions and covenants herein contained, and intending to be legally bound hereby, Borrower and Lender agree as follows:

**SECTION 1.  
DEFINITIONS**

**Certain Defined Terms.** The following terms used in this Agreement shall have the following meanings:

“**Advance**” has the meaning assigned to such term in Section 2.1(a).

“**Affiliate**”, as applied to any Person, means any other Person directly or indirectly controlling, controlled by or under common control with that Person. For the purposes of this definition,

“control” (including, with correlative meanings, the terms “controlling”, “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities or by contract or otherwise.

“**Agreed Administrative Expense Priorities**” means the unpaid fees of the Clerk of the Bankruptcy Court and the U.S. Trustee pursuant to 28 U.S.C. § 1930(a).

“**Agreement**” means this Debtor-in-Possession Credit and Security Agreement, as it may be amended, supplemented or otherwise modified from time to time.

“**Allowed Professional Fees**” means all fees of and expenses incurred by the professionals retained pursuant to Sections 327, 363, or 1103(a) of the Bankruptcy Code, by Borrower and any Committee in the Case provided for in the budgets (including, without limitation, a claims and notice agent) during the administration of the Case, in each case, as approved by the Bankruptcy Court. For the avoidance of doubt, the term “Allowed Professional Fees” does not include the fees and costs of professionals engaged by or for the benefit of Lender.

“**Bankruptcy Code**” means Title 11 of the United States Code entitled “Bankruptcy”, as now and hereafter in effect, or any successor statute.

“**Bankruptcy Court**” has the meaning assigned in the recitals to this Agreement.

“**Bankruptcy Plan**” means a plan of reorganization or liquidation for Borrower confirmed by final order of the Bankruptcy Court that provides for the payment in full of all of the Obligations, affirms the assumption of the Lease Agreement by the Borrower, or is otherwise consented to by Lender in its sole discretion.

“**Borrower**” has the meaning assigned to such term in the preamble to this Agreement.

“**Borrowing Agent**” means Wordsworth Academy.

“**Business Day**” means for all purposes, any day other than Saturday, Sunday and any day on which commercial banking institutions are required or authorized by Law to be closed in Philadelphia, Pennsylvania.

“**Capital Lease**” means any capital lease or sublease which would be capitalized on a balance sheet in accordance with GAAP.

“**Case**” has the meaning assigned in the recitals to this Agreement.

“**Closing Date**” means the date on which all of the conditions precedent to the making of the Loan has been met or waived by Lender.

“**Collateral**” shall mean the Real Property.

**“Collateral Documents”** means this Agreement and any mortgages, deeds of trust and other instruments or documents delivered by Borrower pursuant to this Agreement or any of the other Loan Documents in order to grant to Lender, a Lien on any real or personal property of Borrower as security for the Obligations.

**“Commitment”** means the commitment of Lender to make loans to Borrower pursuant to Section 2.1(a) in the aggregate amount of One Million Five Hundred Thousand Dollars (\$1,500,000) or 80% of the appraised value of the collateral less the balance of the senior M&T mortgage as otherwise provided in Section 2.1(a)(ii).

**“Committee”** means any official committee of unsecured creditors appointed pursuant Section 1102 of the Bankruptcy Code in the Case.

**“Credit Date”** means the date of a Credit Extension.

**“Credit Extension”** means the making of a Loan.

**“Default”** means a condition or event that, after notice or lapse of time or both, would constitute an Event of Default.

**“DIP Facility”** means the credit facility contemplated in this Agreement and other Loan Documents.

**“Dollars”** and the sign “\$” mean the lawful money of the United States of America.

**“Employee Benefit Plan”** means any “employee benefit plan” as defined in Section 3(3) of ERISA which is or was maintained or contributed to by Borrower or any of their respective ERISA Affiliates.

**“ERISA”** means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor thereto.

**“ERISA Affiliate”** means any trade or business (whether or not incorporated) under common control with Borrower within the meaning of Section 414(b) or (c) of the Internal Revenue Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

**“Event of Default”** means each of the events set forth in Section 6.

**“Final Advance”** has the meaning assigned to that term in Section 2.1(a)(ii).

**“Final Order”** means a final order of the Bankruptcy Court, that, without limitation, approves the DIP Facility and grants the liens and security interests contained herein and therein, which order is not stayed, and is consented to by Lender, and which shall contain a provision granting Lender a global general release from any claims by Borrower for any claims for any acts, omissions or transaction including any claims related to the Lease Agreement; provided, however, that such release will not

include any claims relating to compliance with Lender's future, post-assumption obligations under the Lease Agreement.

**"Fiscal Quarter"** means a fiscal quarter of any Fiscal Year.

**"Fiscal Year"** means the fiscal year of Borrower.

**"Funding and Payment Office"** means the office of Lender as set forth on the signature pages hereto.

**"Funding Date"** means the date of the funding of the Loan.

**"GAAP"** means generally accepted accounting principles of the Accounting Principles Board of the American Institute of Certified Public Accountants and the Financial Accounting Standards Board, which are used by Borrower in the preparation of their financial statements and are in effect from time to time.

**"Governmental Authority"** means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity, agency, division or subdivision thereof exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

**"Guarantor"** means Public Health Fund, an Internal Revenue Code Section 501(c)(3) tax-exempt entity that is classified as a "Type I Supporting Organization" under Section 509(a)(3) of the Internal Revenue Code.

**"Guaranty"** means a guaranty in form and substance satisfactory to the Guarantor and the Lender.

**"Indebtedness"** means, as to any Person at a particular time, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) the maximum amount of all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments;

(c) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business and not past due for more than ninety (90) days after the date on which such trade account was created);

(d) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other

title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(e) all Indebtedness in respect of Capital Leases of such Person; and

(f) all guarantees of such Person in respect of any of the foregoing.

**“Indemnified Party”** has the meaning assigned to that term in Section 7.2.

**“Interest Payment Date”** means (i) the first day of each month, commencing on the first such date to occur after the Credit Date and (ii) the date when the Loans are repaid in full.

**“Interim Advance”** has the meaning assigned to that term in Section 2.1(a)(i).

**“Interim Order”** means an emergency order approved by the Bankruptcy Court entered prior to the date of the Final Order that permits borrowing under the Commitment, which Interim Order is in form and substance satisfactory to Lender.

**“Internal Revenue Code”** means the Internal Revenue Code of 1986, as amended to the date hereof and from time to time hereafter, and any successor statute.

**“Laws”** means all applicable statutes, laws, treaties, ordinances, tariff requirements, rules, regulations, orders, writs, injunctions, decrees, judgments, opinions or interpretations of any Governmental Authority.

**“Lender”** has the meaning assigned in the preamble to this Agreement.

**“Lease Agreement”** means that certain Lease Agreement by and between Wordsworth Academy and Lender, dated July 7, 2003, as the same may have been modified, amended, supplemented, or otherwise altered from time to time on the terms set forth therein.

**“Loan Documents”** means this Agreement, the Guaranty, the Collateral Documents, and any related instruments, certificates, and agreements entered into from time to time by Borrower for the benefit of Lender.

**“Loan”** means the loan made by Lender to Borrower pursuant to Section 2.1(a).

**“Motion to Assume”** has the meaning assigned in Section 3.1(g).

**“Note”** has the meaning assigned in Section 2.1(c).

**“Obligations”** means all obligations of every nature of Borrower from time to time owed to Lender under the Loan Documents, whether for principal, interest, fees, expenses, indemnification or otherwise.

**“OFAC”** means the U.S. Department of the Treasury’s Office of Foreign Assets Control.

**“Orders”** means, individually and collectively, the Interim Order and the Final Order.

**“Patriot Act”** means the USA Patriot Act, Title III of Pub. L. 107-56, signed into law October 26, 2001, as amended.

**“Person”** means and includes natural persons, corporations, limited partnerships, general partnerships, limited liability companies, limited liability partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business or statutory trusts or other organizations, whether or not legal entities, and governments (whether federal, state or local, domestic or foreign, and including political subdivisions thereof) and agencies or other administrative or regulatory bodies thereof.

**“Petition Date”** has the meaning assigned in the recitals to this Agreement.

**“Real Property”** means that certain real property of the Borrower situated at 2101 Pennsylvania Avenue, Fort Washington, Pennsylvania 19034 and all improvements thereon.

**“Responsible Officer”** means the chief executive officer, president, chief financial officer, controller, vice president or secretary of Borrower, but in any event, with respect to financial matters, the chief financial officer or controller of Borrower.

**“Sanctioned Country”** means a country subject to a sanctions program identified on the list maintained by OFAC and available at <http://www.treas.gov/offices/enforcement/ofac/sanctions/index.html>, or as otherwise published from time to time.

**“Sanctioned Person”** means (a) a Person named on the list of “Specially Designated Nationals and Blocked Persons” maintained by OFAC available at <http://www.treas.gov/offices/enforcement/ofac/sdn/index.html>, or as otherwise published from time to time, or (b) (i) an agency of the government of a Sanctioned Country, (ii) an organization controlled by a Sanctioned Country, or (iii) a person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC.

**“Senior Mortgage”** means that certain first priority mortgage on the Real Property in favor of M&T Bank, N.A.

**“Termination Date”** means the earliest of the following: (a) December 31, 2017; (b) if a plan of reorganization has been confirmed by order of the Bankruptcy Court, the effective date of such plan of reorganization; (c) acceleration by Lender of the Obligations due to the occurrence of an Event of Default; or (d) the indefeasible payment in full of all Obligations owing under the DIP Facility in accordance with the terms hereof.

**“Thirteen-Week Forecast”** means the “Wordsworth Academy Cash Flow Forecasts and Actuals” as updated from time to time pursuant to Section 5.1(a).

**“UCC”** means the Uniform Commercial Code as in effect from time to time in the Commonwealth of Pennsylvania; provided that if, with respect to any financing statement or by reason of

any mandatory provisions of Law, the perfection or the effect of perfection or non-perfection of the security interests granted to Lender pursuant to this Agreement is governed by the Uniform Commercial Code as in effect in a jurisdiction of the United States other than the Commonwealth of Pennsylvania, UCC means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions of this Agreement and any financing statement or other document relating to such perfection or effect of perfection or non-perfection.

**Accounting Terms.** Except as otherwise expressly provided herein, all accounting and financial terms used in the Loan Documents and the compliance with any financial covenant therein shall be determined in accordance with GAAP, and all accounting principles shall be applied on a consistent basis so that the accounting principles in a current period are comparable in all material respects to those applied during the preceding comparable period. If Borrower or Lender determines that a change in GAAP, from that in effect on the date hereof, has altered the treatment of certain financial data to its detriment under this Agreement, such party may, by written notice to the other not later than ten (10) days after the effective date of such change in GAAP, request renegotiation of any financial covenants affected by such change. If Borrower and Lender have not agreed on revised covenants within thirty (30) days after delivery of such notice, then, for purposes of this Agreement, GAAP will mean generally accepted accounting principles on the date just prior to the effective date of the change in GAAP that gave rise to the renegotiation.

**Rules of Construction.** Any of the terms defined herein may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference. References to “sections” and “subsections” shall be to sections and subsections, respectively, of this Agreement unless otherwise specifically provided. The use herein of the word “include” or “including”, when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as “without limitation” or “but not limited to” or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter.

## **SECTION 2. AMOUNTS AND TERMS OF LOANS**

### **2.1 Loans.**

(a) **Advances.** Subject to the terms and conditions of this Agreement, and in reliance upon the representations and warranties of Borrower herein set forth, Lender agrees to make loans to Borrower in the aggregate principal amount of the Commitment (collectively, the “**Loan**”). The Loan shall be made to Borrower in two advances (each, an “**Advance**”) as follows:

(i) the first Advance shall be an amount approved by the Bankruptcy Court pursuant to the Interim Order, but not to exceed \$1,000,000 (the “**Interim Advance**”); and

(ii) the second and final Advance shall be an amount equal to the lesser of:  
(x) the amount of the Commitment *less* the amount of the Interim Advance; or (y) eighty percent (80.0%)

of the fair market value of the Real Property, as set forth in the appraisal being delivered in accordance with Section 3.1(j), *less* the amount of the Interim Advance *less* the total outstanding amount of the Borrower's obligations under the Senior Mortgage as of the date of the second and final Advance (the "**Final Advance**"). In no event shall Borrower request, and Lender shall not be required to make, Advances in an aggregate principal amount greater than the lesser of (A) the amount of the Commitment and (B) the aggregate amount approved by the Bankruptcy Court pursuant to the Orders. No Amount borrowed under this Section 2.1(a) and repaid by Borrower may be re-borrowed by Borrower.

(b) **Disbursement of Funds.** After receipt by Lender of the Borrowing Agent's written request for an Advance, Lender shall make such Advance as soon as practicable, in immediately available funds in Dollars, at the Funding and Payment Office. Upon satisfaction or waiver of the conditions precedent specified in Section 3.1 (or, in the case of the Interim Advance, Section 3.2), Lender shall make the proceeds of the Loan available to Borrowing Agent on the Funding Date by causing an amount of immediately available funds in Dollars to the account of Borrowing Agent at the Funding and Payment Office.

(c) **Notes.** The obligations to repay the Loan and to pay interest thereon shall be evidenced by a promissory note of Borrower to Lender, in form and substance acceptable to Lender (the "**Note**"), payable to the order of Lender in a principal amount equal to the Commitment and representing the Obligations of Borrower to pay Lender the amount of the Commitment or, if less, the aggregate unpaid principal amount of all Loans made by Lender hereunder, plus interest accrued thereon, as set forth herein. Borrower irrevocably authorizes Lender to make or cause to be made appropriate notations on the Note, or on a record pertaining thereto, reflecting the Loan and repayments thereof. The outstanding amount of the Loan set forth on the Note or such record shall be prima facie evidence of the principal amount thereof owing and unpaid to Lender, but the failure to make such notation or record, or any error in such notation or record shall not limit or otherwise affect the obligations of Borrower hereunder or under the Note to make payments of principal of or interest on the Note when due.

## **2.2 Interest on the Loan.**

(a) **Rate of Interest on Loan.** The Loan shall bear interest on the unpaid principal amount thereof from the date made until repaid and the interest rate shall be seven percent (7.0%) per annum on the outstanding balances of the Loan owing to Lender at the close of business for each day during each calendar month.

(b) **Post-Default Interest.** To the extent permitted by Law, upon the occurrence and during the continuance of an Event of Default, all Obligations shall bear interest from the date of such Event of Default and during the continuance thereof at the rate of nine and one-quarter percent (9¼ %) per annum (the "**Default Rate**") until paid. Such interest shall be due and payable on demand.

(c) **Computation of Interest.** Interest on the Loan shall be computed on the basis of a 360-day year, for the actual number of days elapsed in the period during which it accrues. All interest rate determinations and calculations by Lender are conclusive and binding absent manifest error.

(d) **Payment of Interest.** Except as otherwise set forth herein, interest on each Loan shall be payable in arrears, in immediately available funds, (i) on each Interest Payment Date applicable



to the Loan; and (ii) upon any prepayment of the Loan, whether voluntary or mandatory, to the extent accrued on the amount being paid.

**2.3 Audits and Appraisals Fees.**

With respect to those inspections and collateral audits conducted under Section 5.4, Borrower shall pay for the separate account of Lender, audit, appraisal, and valuation fees and charges, and out-of-pocket expenses for each financial, collateral and other audit or investigation of Borrower performed by personnel employed by Lender, and actual charges paid or incurred by Lender if it elects to employ the services of one or more third Persons to perform such services.

**2.4 Repayments of Loans.**

**(a) Prepayments of the Loan.**

(i) Voluntary Prepayments of the Loan. Borrowing Agent may, upon prior written or telephonic notice given to Lender by 12:00 noon (Philadelphia time) on the date of the proposed prepayment and, if given by telephone, promptly confirmed in writing to Lender, at any time and from time to time prepay the Loan on any Business Day in whole or in part in an aggregate minimum amount of \$50,000 and integral multiples of \$50,000. Notice of prepayment having been given as aforesaid, the principal amount of the Loan specified in such notice shall become due and payable on the prepayment date specified therein. Any such voluntary prepayment shall be applied to reduce the outstanding principal balance of the Loan.

(ii) Mandatory Prepayments.

(A) Borrower shall from time to time repay the Loans to the extent necessary so that the outstanding principal Obligations shall not at any time exceed the amount contemplated by this Agreement.

(B) All mandatory prepayments of the Loans shall be allocated first to any accrued and unpaid interest through the date of such prepayment and second to the Loans.

**(b) Repayment of Loan.** Borrower agrees to repay in full all outstanding principal amounts of the Loan, and the Commitment shall automatically terminate and be permanently reduced to zero, on the Termination Date.

**(c) General Provisions Regarding Payments.**

(i) Manner and Time of Payment. All payments by Borrower of principal, interest, fees and other Obligations hereunder shall be made in Dollars in immediately available funds, without defense, setoff or counterclaim, free of any restriction or condition, and delivered to Lender not later than 1:00 P.M. (Philadelphia time) on the date due at the Funding and Payment Office for the account of Lender; funds received by Lender after that time on such due date shall be deemed to have been paid by Borrower on the next succeeding Business Day.

(ii) Payments on Business Days. Whenever any payment to be made hereunder shall be stated to be due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in the computation of the payment of interest hereunder or of the commitment fees hereunder, as the case may be.

Use of Proceeds. The proceeds of the Loan shall be used solely in accordance with (i) the applicable Order, (ii) to fund working capital requirements of Borrower, operating expenses of Borrower and capital expenditures, in the ordinary course of business of Borrower subsequent to the commencement of the Case, including Allowed Professional Fees during the administration of the Case, to the extent permitted hereby, and (iii) to fund the payment of interest accrued on the Loan.

### **SECTION 3. CONDITIONS TO LOAN**

Conditions to Loan. The obligation of Lender to make the Loan shall be subject to the satisfaction of the following conditions, or the waiver thereof by Lender:

(a) **Loan Documents and Supporting Documentation.** Lender shall have received:

(i) Copies of the articles of incorporation and bylaws and other organizational documents of Borrower, certified as of the Closing Date by a Responsible Officer of Borrower;

(ii) Resolutions of the Executive Committee Board of Directors or other governing body of Borrower approving and authorizing the execution, delivery and performance of the Loan Documents, and the borrowings made hereunder, each in form and substance satisfactory to Lender, certified as of the Closing Date by a Responsible Officer of Borrower as being in full force and effect without modification or amendment;

(iii) Signature and incumbency certificates of the officers of Borrower executing the Loan Documents to which it is a party which certificates shall be executed by a Responsible Officer of Borrower; and

(iv) Executed originals of each Loan Document to which Borrower is a party;

(b) **Mortgage.** Lender shall have received a mortgage on the Real Property, which shall be subject only to the lien of the Senior Mortgage, in form and substance satisfactory to Lender covering the Real Property, accompanied by a lender's title policy on the Real Property issued by an insurer and otherwise in form and substance satisfactory to Lender;

(c) **Insurance.** Lender shall have received evidence of hazard and liability insurance acceptable to Lender to be maintained at all times naming as lender/loss payee, additional insured and mortgage, as its interests may appear; and

- (d) **No Default.** There shall exist no Default or Event of Default;
- (e) **Diligence.** Lender shall have completed its due diligence regarding Borrower to the satisfaction of Lender;
- (f) **Senior Mortgage Debt.** The unpaid principal balance of the Senior Mortgage shall not exceed \$4,850,000;
- (g) **Motion to Assume.** Borrower shall have filed a motion to assume the Lease Agreement (“**Motion to Assume**”), with such amendments and clarifications to the Lease as the Lender and Borrower shall mutually agree;
- (h) **Updated Thirteen-Week Forecast.** Lender shall have received the Thirteen-Week Forecast most recently required to have been delivered pursuant to Section 5.1, in form and substance satisfactory to Lender and Borrower are in compliance therewith;
- (i) **Approval of Lender.** The Board of Directors of Lender shall have approved the DIP Facility and the Loan Documents;
- (j) **Appraisal.** Lender shall have received an appraisal of the Real Property from an appraiser reasonably satisfactory to Lender, evidencing a fair market value of the Real Property of not less than \$9,350,000;
- (k) **Approval of Motion to Assume.** The Bankruptcy Court shall have approved the Motion to Assume by July 31, 2017;
- (l) **Final Order.** The entry of a Final Order by the Bankruptcy Court within thirty (30) days following entry of an order approving the DIP Facility, which Final Order shall not have been modified or amended without approval of Lender, and shall not have been reversed or stayed pending appeal, and shall otherwise be in form and substance satisfactory to Lender; and
- (m) **Required Provisions in Order Approving Motion to Assume.** Prior to any advances of the Loan, the Order approving the Motion to Assume shall be revised to include the following provisions that the Borrower and the Lender shall have stipulated and agreed to: (i) allocation under the Lease for future responsibilities and expenses for operations, maintenance, repair and related costs and (ii) Borrower’s approval on pending leasehold improvements proposed by the Lender.

### **3.2 Interim Advance.**

Notwithstanding the foregoing, Lender shall make the Interim Advance to Borrower in accordance with Section 2.1(a)(i) upon the entry of an Interim Order and the satisfaction of all of the other conditions set forth in Section 3.1, other than Section 3.1(j), Section 3.1(k), and Section 3.1(l).

**SECTION 4.**  
**REPRESENTATIONS AND WARRANTIES**

In order to induce Lender to enter into this Agreement and to make the Loans, Borrower represents and warrants to Lender, on the date of this Agreement and on each Funding Date that the following statements are true, correct and complete:

**Organization and Good Standing.** Borrower is a corporation or limited liability company duly organized and in good standing under the Laws of the Commonwealth of Pennsylvania and has the corporate or limited liability company power and authority to own its properties and assets and to transact the business in which it is engaged in each jurisdiction in which it operates.

**Authorization and Power.** Borrower has full power and authority to execute, deliver and perform the Loan Documents to which it is a party, all of which have been duly authorized by all proper and necessary corporate action.

**No Conflicts or Consents.** Neither the execution and delivery of the Loan Documents, nor the consummation of any of the transactions therein contemplated, nor compliance with the terms and provisions thereof, will contravene or materially conflict with any provision of Law to which Borrower is subject, any license, or permit applicable to Borrower, any indenture, loan agreement, mortgage, deed of trust, or other agreement or instrument binding on Borrower or any provision of the charter, or bylaws, regulations, or other organizational documents of Borrower. No consent, approval, authorization or order of any court, Governmental Authority, member, stockholder or third party is required in connection with the execution, delivery or performance by Borrower of any of the Loan Documents, other than entry and continued effectiveness of the Orders.

**Enforceable Obligations.** The Loan Documents have been duly executed and delivered by Borrower, and are the valid and legally binding obligations of Borrower, enforceable against Borrower in accordance with their respective terms.

**Order.** As of the date of the making by Lender of the Loan hereunder, the applicable Order has been entered and has not been stayed, amended, reversed, vacated, rescinded or otherwise modified (except in accordance with the terms hereof) in any respect.

**No Default.** No event has occurred and is continuing which constitutes a Default or an Event of Default.

**Use of Proceeds.** The proceeds of the Loans will be used by Borrower in accordance with the Orders and Section 2.5.

**Principal Office, Etc.** The principal office, chief executive office, principal place of business and jurisdiction of formation of Borrower are set forth on Schedule 4.8 hereto.

**Compliance with Law.** Borrower is in compliance in all material respects with all Laws which are applicable to Borrower, or its properties.

**Public Utility Holding Company Act.** Borrower is not a “public utility holding company” within the meaning of the Public Utility Holding Company Act of 1935, as amended (the “**1935 Act**”), nor does the execution, delivery and performance of this Agreement and the Note require any filing, authorization or consent under the 1935 Act.

**Anti-Terrorism Laws.** Borrower is not (a) an “enemy” or an “ally of the enemy” within the meaning of Section 2 of the Trading with the Enemy Act of the United States of America (50 U.S.C. App. §§ 1 et seq.), as amended; (b) in violation of (i) the Trading with the Enemy Act, as amended, (ii) any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto or (iii) the Patriot Act; and (c)(i) is a blocked person described in section 1 of the Anti-Terrorism Order or (ii) to the best of Borrower’s knowledge, engages in any dealings or transactions, or is otherwise associated, with any such blocked person.

**Compliance with OFAC Rules and Regulations.** Borrower (i) is not a Sanctioned Person, (ii) does not have any of its assets in Sanctioned Countries, or (iii) does not derive any of its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Countries. No part of the proceeds of any of the Loans will be used directly or indirectly to fund any operations in, finance any investments or activities in or make any payments to, a Sanctioned Person or a Sanctioned Country.

#### **4.1 Thirteen-Week Forecast.**

Borrower has heretofore furnished to Lender the Thirteen-Week Forecast for the period beginning July 1, 2017, and ending September 30, 2017. Such projections represent the estimates of management of Borrower regarding future performance, based upon historical financial information and reasonable assumptions.

**Full Disclosure.** None of the representations or warranties made by Borrower in the Loan Documents as of the date such representations and warranties are made or deemed made, and none of the statements contained in each exhibit, report, statement or certificate furnished by or on behalf of Borrower in connection with the Loan Documents contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered.

### **SECTION 5. COVENANTS**

Borrower covenants and agrees that, so long as any part of the Commitment hereunder shall remain in effect and until payment in full of all of the Loans and other Obligations, unless Lender shall otherwise give its prior written consent, Borrower shall perform all covenants in this Section 5.

#### **5.1 Thirteen-Week Forecast and Other Reports.**

Borrowing Agent will deliver to Lender:

(a) each month, an updated Thirteen-Week Forecast, which shall be satisfactory in form and substance to Lender; and

(b) together with each delivery described in Section 5.1(a) above, a variance report satisfactory in form and substance to Lender, which variance report will show a comparison of actual revenues received and payments made by Borrower in the immediately preceding period to the comparable budgeted line items reflected in the Thirteen-Week Forecast.

**Organizational Existence** Borrower will at all times preserve and keep in full force and effect its corporate existence and all rights and franchises material to the business of Borrower.

**Maintenance of Properties; Insurance.** Borrower will maintain or cause to be maintained in good repair, working order, and condition, ordinary wear and tear excepted, all material properties used or useful in the business of Borrower and from time to time will make or cause to be made all appropriate repairs, renewals, and replacements thereof. Borrower will maintain, with financially sound and reputable insurers, insurance with respect to its properties and business against loss or damage of the kinds customarily carried or maintained under similar circumstances by corporations of established reputation engaged in similar businesses.

**Inspection; Books and Records.** Borrower shall keep and maintain satisfactory and adequate books and records of account in accordance with GAAP and permit Lender (through any of their respective officers, employees, or agents) from time to time, and so long as there shall exist no Default or Event of Default, with reasonable prior written notice to Borrowing Agent and during normal business hours, to inspect and reproduce (at Borrower's expense) Borrower's books and records and to check, test, and appraise (at Borrower's expense) the Collateral, in order to verify Borrower's financial condition or the amount, quality, value, condition of, or any other matter relating to the Collateral; provided that, to the extent that the Termination Date shall not have occurred and there shall exist no Default or Event of Default, any such audits and inspections shall occur during normal business hours and upon notice to Borrowing Agent.

**Payment of Obligations.** Borrower will pay the Obligations in accordance with the terms and provisions of the Loan Documents.

**Further Assurances.** At any time or from time to time upon the request of Lender, Borrower will, at its expense, promptly execute, acknowledge, and deliver such further documents and do such other acts and things as Lender may reasonably request in order to effect fully the purposes of the Loan Documents and to provide for payment of the Obligations in accordance with the terms of this Agreement and the other Loan Documents. In furtherance and not in limitation of the foregoing, Borrower shall take such actions as Lender may reasonably request from time to time to ensure that the Obligations are secured in accordance with the Collateral Documents and this Agreement.

**Use of Proceeds.** Borrower shall use the proceeds of the Loans only in accordance with in Section 2.5.

**5.2 Bankruptcy Information; Notices of Certain Events.**

(a) Promptly after the same is available, Borrower shall furnish to counsel for Lender (to the addresses set forth on the signature pages hereto or such other address as to which Borrower has received notice under Section 7.6) all pleadings, motions, applications, judicial information, financial information and other documents filed by or on behalf of Borrower with the Bankruptcy Court or the United States Trustee in the Case, or distributed by or on behalf of Borrower to any official committee appointed in the Case.

(b) Notify Lender in writing immediately:

(i) of the institution of any litigation, the commencement of any administrative proceedings, the happening of any event or the assertion or threat of any claim which would have a material and adverse effect on the operations of Borrower;

(ii) the occurrence of any Default or Event of Default; or

(iii) in detail of any actual or alleged failure to comply with or perform, breach, violation or default under any applicable local, state and federal laws or regulations or under the terms of any of such franchises or licenses, grants of authority, or of the occurrence or existence of any facts or circumstances which with the passage of time, the giving of notice or otherwise would create such a breach, violation or default or would occasion the termination of any of such franchises or grants of authority; and

**Sale or Lease of Real Property.** After the Effective Date of the Plan, Borrower (along with Public Health Fund or its subsidiary Public Health Management Corporation), shall negotiate in good faith with Lender regarding a sale or lease of the portions of Real Property (that are contiguous to and including the portion of such premises currently being leased to the Lender pursuant to the Lease Agreement) to Lender. In the event of a sale of any portion of the Real Property, the Lender shall have the unqualified and unrestricted right to credit bid all or any portion of the then-outstanding Obligations under the DIP Facility, and Borrower waives any right to seek to deny or otherwise limit Lender's right to credit bid at any such sale.

**SECTION 6. Restriction on Committee Claims against Lender.** Committee shall only be entitled to bring claims or causes of action on behalf of Borrower's estate against Lender during a 60-day period commencing on the date on which the Committee has been appointed.

**EVENTS OF DEFAULT**

If any of the following conditions or events ("Events of Default") shall occur:

**6.1 Failure to Make Payments When Due.**

Failure by Borrower to pay any installment of principal of, or interest on, any Loan or any fees, indemnity obligations or other amounts payable under the Loan Documents or any other obligation when due, whether at stated maturity, by acceleration, by notice of voluntary prepayment, by mandatory

prepayment or otherwise, and, in the case of payments of interest, fees, indemnity obligations or other non-principal amount, such failure shall continue unremedied for three (3) or more days after receipt of notice from the Lender of the amount thereof.

**Breach of Representations and Warranties** Any representation, warranty, certification or other statement made by or on behalf of Borrower in any Loan Document or in any statement or certificate at any time given by or on behalf of Borrower in writing pursuant hereto or thereto or in connection herewith or therewith shall be false or misleading in any material respect on the date when made or deemed made.

**Other Defaults Under Loan Documents.** Borrower shall default in the performance of or compliance with any term contained in this Agreement or any of the other Loan Documents, and such default shall not have been remedied or waived within ten (10) Business Days after the earlier of (a) the date Borrower knew or should have known of such Default, or (b) the date of notice thereof by Lender to Borrowing Agent.

**Other Indebtedness.** Borrower shall default in the payment or performance of any obligation to another person or entity, either singly or in the aggregate in respect of post-Petition Indebtedness in an amount in excess of \$250,000, whether now outstanding or hereafter incurred.

**Dissolution; Cessation of Business.** Any order, judgment or decree shall be entered against Borrower or Guarantor decreeing the dissolution of Borrower; or any cessation of a substantial part of the business of Borrower or Guarantor for a period which materially and adversely affects the ability of Borrower to continue its business on a profitable basis as determined by Lender in its sole and absolute discretion; or the determination of Borrower or Guarantor, whether by vote of its board of directors or otherwise, to suspend the operation of Borrower's or Guarantor's business in the ordinary course, or the filing of a motion or other application in the Case, seeking authority to do any of the foregoing.

**Failure of Security; Repudiation of Obligations.** At any time after the execution and delivery thereof, (a) any Collateral Document shall cease to be in full force and effect or shall be declared null and void, or Lender shall not have or shall cease to have a valid and perfected Lien in any collateral purported to be covered thereby, in each case for any reason other than the failure of Lender to take any action within its sole and exclusive control and as to which Borrower provided true, correct, complete and timely information necessary to effect same; (b) Borrower shall contest the validity or enforceability of any Loan Document in writing or deny in writing that it has any further liability, including with respect to future advances by Lender, under any Loan Document to which it is a party; or (c) Borrower shall contest the perfection, priority or enforceability of any lien, mortgage or security interest granted to Lender.

## **6.2 Bankruptcy Matters.**

(a) **Dismissal.** (i) The Case shall be dismissed or converted to a case under Chapter 7 of the Bankruptcy Code, (ii) a trustee under Chapter 11 of the Bankruptcy Code shall be appointed in the Case, or (iii) an examiner having enlarged powers relating to the operation of the business of Borrower (beyond those set forth under Section 1106(a)(3) and (4) of the Bankruptcy Code) under Section 1106(b) of the Bankruptcy Code shall be appointed.



**(b) Final Order Stayed.** (i) An order of a court of competent jurisdiction shall be entered reversing, staying, or rescinding the Final Order; or (ii) an order of a court of competent jurisdiction shall be entered amending, supplementing or otherwise modifying the Final Order without the written consent of Lender.

**(c) Challenge of Certain Claims.** Any attempt by Borrower, to obtain, or if any such Party or any other party in interest obtains, an order of the Bankruptcy Court or other judgment, and the effect of such order or judgment is to, invalidate, reduce or otherwise impair Lender's claims, liens or line or claim priority status, or to subject Lender's collateral to any surcharge pursuant to Sections 506(c), 552(b), or 105(a) of the Bankruptcy Code.

**(d) Relief from Stay.** An order shall be entered granting relief from the automatic stay permitting foreclosure of any assets of Borrower in excess of \$100,000 in the aggregate from and after the Closing Date, unless such relief is sought by Lender.

**(e) Certain Motions.** Borrower shall file any pleading seeking, or otherwise consenting to, or the entry of an order of the Bankruptcy Court effecting (i) the invalidation, subordination or otherwise challenging the Liens and claim status granted to secure the Obligations hereunder; (ii) the invalidation or subordination, in whole or in part, of the Liens or the claim status of the Obligations hereunder; or (iii) the confirmation of a Bankruptcy Plan which does not (A) contain a provision for pre-payment in full in cash of all obligations of Borrower to Lender on or before the effective date of such plan or such sale upon entry thereof, (B) affirms the assumption of the Lease Agreement by the Borrower, and (C) provide for the continuation of the liens, security interests and priorities granted to Lender for the benefit of Borrower until such Bankruptcy Plan's effective date.

**(f) Final Determination.** The Bankruptcy Court or any other court having jurisdiction over Borrower makes a final determination with respect to any motion or proceeding brought by any Person which results in the material impairment of the rights of Lender under any of the Loan Documents.

**(g) Issuance of Interim Order.** The Bankruptcy Court shall not have issued the Interim Order on or before July 7, 2017.

**(h) Issuance of Final Order.** The Bankruptcy Court shall not have issued the Final Order on or before July 31, 2017.

**(i) Approval of Bankruptcy Plan.** The Bankruptcy Court shall not have approved the Bankruptcy Plan on or before December 31, 2017.

**(j) Bankruptcy, Dissolution, Liquidation of Guarantor.** The commencement of any action for the dissolution or liquidation of Guarantor, or the commencement of any proceeding to avoid any transaction entered into by Guarantor, or the commencement of any case or proceeding for reorganization or liquidation of Guarantor's debts under the Bankruptcy Code or any other state or federal law, now or hereafter enacted for the relief of debtors, whether instituted by or against Guarantor; or the appointment of a receiver, liquidator, custodian, trustee or similar official or fiduciary for Guarantor or for its property; or if Guarantor makes or proposes in writing, an assignment for the benefit of creditors

generally, offers a composition or extension to creditors, or makes or sends notice of an intended bulk sale of any business or assets now or hereafter owned or conducted by Guarantor.

THEN upon the occurrence and during the continuation of any Event of Default, after five (5) Business Days written notice to Borrowing Agent and the Committee, but without further order of or application to the Bankruptcy Court, Lender shall be entitled to, by written notice to Borrowing Agent, (i) declare all or any portion of the principal of, interest on, and other amounts payable on the Loans, and all or any portion of the other Obligations to be, and the same shall forthwith become, immediately due and payable; (ii) terminate the Commitment and the obligation of to make any Loan or Advance; (iii) enforce all of the Liens and security interests created pursuant to this Agreement, the Collateral Documents and/or the Final Order; (iv) apply any cash collateral held by Lender to the repayment of the Obligations; (v) setoff amounts in bank accounts maintained with Lender, or otherwise enforce rights against any other Collateral in the possession of Lender; (vi) liquidate the Collateral without the requirements of seeking any further relief from the automatic stay under the Bankruptcy Code (which relief has been expressly granted pursuant to the Final Order); and/or (vii) take any other action or exercise any other right or remedy of Lender under any of the Loan Documents, the Final Order or applicable Law.

## **SECTION 7. MISCELLANEOUS**

### **7.1 Assignments and Participations.**

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that Borrower may not, except as otherwise permitted under the Loan Documents, assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of Lender and in no event may Lender assign or otherwise transfer any of its rights or obligations hereunder except in accordance with the provisions of Section 7.1(b) (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Affiliates of Lender) any legal or equitable right, remedy, or claim under or by reason of this Agreement.

(b) Lender may at any time assign to one or more Persons approved by Borrower (such approval not to be unreasonably withheld or delayed) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment); provided that the parties to each assignment shall execute and deliver an Assignment and Assumption, together with a processing and recordation fee of \$3,500, and the assignee shall deliver such information as Lender shall reasonably request. From and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such

Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 2.4, 6, and 7 with respect to facts and circumstances occurring prior to the effective date of such assignment.

(c) Lender, acting solely for this purpose as an agent of Borrower, shall maintain at the Funding and Payment Office, a copy of each Assignment and Assumption delivered to it and the names and addresses of any new Lender and the Loans owing to such Lender.

**Indemnity.** BORROWER AGREES TO INDEMNIFY AND HOLD HARMLESS LENDER, AND ITS RESPECTIVE AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, ATTORNEYS, AND ADVISORS (EACH, AN “INDEMNIFIED PARTY”) FROM AND AGAINST ANY AND ALL CLAIMS, DAMAGES, LOSSES, LIABILITIES (INCLUDING, WITHOUT LIMITATION, ANY ENVIRONMENTAL CLAIMS), COSTS, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS’ FEES) THAT MAY BE INCURRED BY OR ASSERTED OR AWARDED AGAINST ANY INDEMNIFIED PARTY, IN EACH CASE ARISING OUT OF OR IN CONNECTION WITH OR BY REASON OF (INCLUDING, WITHOUT LIMITATION, IN CONNECTION WITH ANY INVESTIGATION, LITIGATION, OR PROCEEDING OR PREPARATION OF DEFENSE IN CONNECTION THEREWITH) THE NEGOTIATION AND CONSUMMATION OF THE DIP FACILITY, THE LOAN DOCUMENTS, ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN OR THE ACTUAL OR PROPOSED USE OF THE PROCEEDS OF THE LOANS, EXCEPT TO THE EXTENT SUCH CLAIM, DAMAGE, LOSS, LIABILITY, COST, OR EXPENSE IS FOUND IN A FINAL, NONAPPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED FROM SUCH INDEMNIFIED PARTY’S NEGLIGENCE OR WILLFUL MISCONDUCT. IN THE CASE OF AN INVESTIGATION, LITIGATION, OR OTHER PROCEEDING TO WHICH THE INDEMNITY IN THIS SECTION 7.2 APPLIES, SUCH INDEMNITY SHALL BE EFFECTIVE WHETHER OR NOT SUCH INVESTIGATION, LITIGATION, OR PROCEEDING IS BROUGHT BY BORROWER, ITS DIRECTORS, MEMBERS, OR CREDITORS OR AN INDEMNIFIED PARTY OR ANY OTHER PERSON OR ANY INDEMNIFIED PARTY IS OTHERWISE A PARTY THERETO. WITHOUT PREJUDICE TO THE SURVIVAL OF ANY OTHER AGREEMENT OF BORROWER HEREUNDER, THE AGREEMENTS AND OBLIGATIONS OF BORROWER CONTAINED IN THIS SECTION 7.2 SHALL SURVIVE THE PAYMENT IN FULL OF THE LOANS AND ALL OTHER AMOUNTS PAYABLE UNDER THE LOAN DOCUMENTS.

**Set-Off.** If an Event of Default exists, Lender shall be entitled to exercise the rights of offset and/or banker’s Lien against each and every account and other property, or any interest therein, which Borrower may now or hereafter have with, or which is now or hereafter in the possession of, Lender to the extent of the full amount of the Obligations.

**Amendments and Waivers.** No amendment, modification, termination or waiver of any provision of this Agreement, and no consent to any departure by Borrower therefrom, shall in any event be effective without the written consent of Lender. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on Borrower in any case shall entitle Borrower to any other or further notice or demand in similar or other circumstances.

**Independence of Covenants.** All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or would otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

**Notices.** Unless otherwise specifically provided herein, any notice or other communication herein required or permitted to be given shall be in writing and may be personally served or sent by telefacsimile or United States mail or courier service and shall be deemed to have been given when delivered in person or by courier service or upon receipt if sent by telefacsimile or by the United States mail with postage prepaid and properly addressed. For the purposes hereof, the address of each party hereto shall be as set forth under such party's name on the signature pages hereof.

## **7.2 Survival of Representations, Warranties and Agreements.**

(a) **Representations and Warranties.** All representations, warranties and agreements made herein shall survive the execution and delivery of this Agreement and the making of the Loans hereunder.

(b) **Continuing Obligations.** Notwithstanding anything in this Agreement or implied by Law to the contrary, the agreements of Borrower set forth in Sections 2.4, 7.2 and 7.3 shall survive the payment of the Loans, the cancellation or expiration of any letter of credit supported by DIP Facility proceeds and the reimbursement of any amounts drawn thereunder, and the termination of this Agreement.

**Failure or Indulgence Not Waiver; Remedies Cumulative.** No failure or delay on the part of Lender in the exercise of any power, right or privilege hereunder or under any other Loan Document shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other power, right or privilege. All rights and remedies existing under this Agreement and the other Loan Documents are cumulative to, and not exclusive of, any rights or remedies otherwise available.

**Severability.** In case any provision in or obligation under this Agreement or any Note shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

**Headings.** Section and subsection headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect.

**Applicable Law.** THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES AND, TO THE EXTENT APPLICABLE, THE BANKRUPTCY CODE.

**Successors and Assigns.** This Agreement shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of the parties hereto and the successors and assigns of Lender (it being understood that Lender's rights of assignment are subject to Section 7.1). Borrower may not assign its rights or delegate its obligations hereunder or any interest herein without the prior written consent of Lender.

**Consent to Jurisdiction and Service of Process.** ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST BORROWER ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY OBLIGATIONS THEREUNDER, MAY BE BROUGHT IN THE BANKRUPTCY COURT, AND IF THE BANKRUPTCY COURT DOES NOT HAVE (OR ABSTAINS FROM) JURISDICTION, ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE CITY OF PHILADELPHIA, PENNSYLVANIA. BY EXECUTING AND DELIVERING THIS AGREEMENT, BORROWER, FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, IRREVOCABLY (A) ACCEPTS GENERALLY AND UNCONDITIONALLY THE NONEXCLUSIVE JURISDICTION AND VENUE OF SUCH COURTS; (B) WAIVES ANY DEFENSE OF *FORUM NON CONVENIENS*; (C) AGREES THAT SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDING IN ANY SUCH COURT MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO BORROWER AT ITS ADDRESS PROVIDED IN ACCORDANCE WITH SECTION 7.6; (D) AGREES THAT SERVICE AS PROVIDED IN CLAUSE (C) ABOVE IS SUFFICIENT TO CONFER PERSONAL JURISDICTION OVER BORROWER IN ANY SUCH PROCEEDING IN ANY SUCH COURT, AND OTHERWISE CONSTITUTES EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT; AND (E) AGREES THAT THE PROVISIONS OF THIS SECTION 7.13 RELATING TO JURISDICTION AND VENUE SHALL BE BINDING AND ENFORCEABLE TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAWS.

**Waiver of Jury Trial.** EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS LOAN TRANSACTION OR THE LENDER/BORROWER RELATIONSHIP THAT IS BEING ESTABLISHED. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including contract claims, tort claims, breach of duty claims and all other common law and statutory claims. Each party hereto further warrants and represents that it has reviewed this waiver with its legal counsel and that it knowingly and voluntarily waives its jury trial rights following consultation with legal counsel.

**Confidentiality.** Lender shall hold all non-public information obtained pursuant to the requirements of this Agreement which has been identified as confidential by Borrower in accordance with Lender's customary procedures for handling confidential information of this nature and in accordance with prudent lending or investing practices, it being understood and agreed by Borrower that in any event Lender shall be permitted to disclose such information (a) to Affiliates of Lender or disclosures reasonably required by any actual or potential assignee, transferee or participant in connection with the contemplated assignment or transfer by Lender of its Loans or any participations therein; provided that such actual or potential assignee, transferee or participant agrees in writing to be bound by the provisions of this Section 7.15, (b) to such of its respective officers, directors, employees, agents, affiliates and

representatives as need to know such information, (c) to the extent requested by any regulatory authority, (d) to the extent otherwise required by applicable Laws and regulations or by any subpoena or similar legal process or disclosures, (e) in connection with any suit, action or proceeding relating to the enforcement of its rights hereunder or under any other Loan Document or (f) to the extent such information (i) is or becomes publicly available other than as a result of a breach of this Section 7.15 or (ii) is or becomes available to Lender on a nonconfidential basis from a source other than Borrower.

### **7.3 Maximum Amount.**

(a) **Maximum Amount.** Regardless of any provision contained in any Loan Document, Lender shall not be entitled to contract for, charge, take, reserve, receive, or apply, as interest on all or any part of the Obligations, any amount in excess of the maximum rate permitted by applicable Law (the “**Maximum Amount**”), and, if Lender ever does so, then such excess shall be deemed a partial prepayment of principal and treated hereunder as such and any remaining excess shall be refunded to Borrower. In determining if the interest paid or payable exceeds the maximum rate permitted by applicable Law, Borrower and Lender shall, to the maximum extent permitted under applicable Law, (i) characterize any non-principal payment as an expense, fee, or premium rather than as interest, (ii) exclude voluntary prepayments and the effects thereof, and (iii) amortize, prorate, allocate, and spread the total amount of interest throughout the entire contemplated term of the Obligations.

(b) **Application of Excess.** If under any circumstances Lender shall receive an amount which would exceed the Maximum Amount, such amount shall be deemed a payment in reduction of the principal amount of the applicable Loans and shall be treated as a voluntary prepayment under Section 2.4(a), or if such amount exceeds the unpaid balance of the applicable Loans and any other Indebtedness of Borrower in favor of Lender, the excess shall be deemed to have been a payment made by mistake and shall be refunded to Borrower.

**Counterparts; Effectiveness.** This Agreement and any amendments, waivers, consents or supplements hereto or in connection herewith may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. This Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto and receipt by Borrower and Lender of written or telephonic notification of such execution and authorization of delivery thereof.

**Patriot Act Notice.** Lender hereby notifies Borrower that, pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow Lender to identify Borrower in accordance with the Patriot Act.

**SECTION 8.**  
**BORROWING AGENCY; JOINT AND SEVERAL OBLIGATIONS**

**8.1 Borrowing Agency Provisions.**

(a) Each Borrower hereby irrevocably designates Borrowing Agent to be its attorney and agent and in such capacity to (i) borrow, (ii) request an Advance, (iii) submit a request for an Advance, (iv) sign and endorse notes, (v) execute and deliver all instruments, documents, applications, security agreements, reimbursement agreements and letter of credit agreements for an Advance and all other certificates, notice, writings and further assurances now or hereafter required hereunder, (vi) make elections regarding interest rates, (vii) give instructions regarding an Advance and (viii) otherwise take action under and in connection with this Agreement and the other Loan Documents, all on behalf of and in the name such Borrower or Borrowers, and hereby authorizes Lender to pay over or credit all loan proceeds hereunder in accordance with the request of Borrowing Agent.

(b) The handling of this credit facility as a co-borrowing facility with a Borrowing Agent in the manner set forth in this Agreement is solely as an accommodation to Borrower and at its request. Lender shall not incur liability to Borrower as a result thereof. To induce Lenders to do so and in consideration thereof, each Borrower hereby indemnifies Lender and holds Lender harmless from and against any and all liabilities, expenses, losses, damages and claims of damage or injury asserted against Lender by any Person arising from or incurred by reason of the handling of the financing arrangements of Borrower as provided herein, reliance by Lender on any request or instruction from Borrowing Agent or any other action taken by Lender with respect to this Section 8.1 except due to willful misconduct or gross (not mere) negligence by the indemnified party (as determined by a court of competent jurisdiction in a final and non-appealable judgment).

(c) All Obligations shall be joint and several, and each Borrower shall make payment upon the maturity of the Obligations by acceleration or otherwise, and such obligation and liability on the part of each Borrower shall in no way be affected by any extensions, renewals and forbearance granted by Lender to any Borrower, failure of Lender to give any Borrower notice of borrowing or any other notice, any failure of Lender to pursue or preserve its rights against any Borrower, the release by Lender of any Collateral now or thereafter acquired from any Borrower, and such agreement by each Borrower to pay upon any notice issued pursuant thereto is unconditional and unaffected by prior recourse by Lender to the other Borrowers or any Collateral for such Borrower's Obligations or the lack thereof. Each Borrower waives all defenses of suretyship.

**Waiver of Subrogation.** Each Borrower expressly waives any and all rights of subrogation, reimbursement, indemnity, exoneration, contribution of any other claim which such Borrower may now or hereafter have against the other Borrowers or any other Person directly or contingently liable for the Obligations hereunder, or against or with respect to any other Borrowers' property (including, without limitation, any property which is Collateral for the Obligations), arising from the existence or performance of this Agreement, until termination of this Agreement and repayment in full of the Obligations.

[Signature Page Follows]



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers hereunto duly authorized as of the date first written above.

**BORROWER:**

WORDSWORTH ACADEMY

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

WORDSWORTH CUA 5, LLC

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

WORDSWORTH CUA 10, LLC

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

Notice Address for Borrower:

Wordsworth Academy  
3300 Henry Avenue  
Philadelphia, PA 19129  
Attention: [Chief Financial Officer]  
Facsimile: [\_\_\_\_\_]

with copies to (which shall not constitute notice):

Dilworth Paxson LLP  
1500 Market Street, Suite 3500E  
Philadelphia, PA 19103  
Attention: Larry McMichael  
Facsimile: (215) 575-7200  
Email: lmcmicahel@dilworthlaw.com



**LENDER:**

LEARN AND PLAY

By: \_\_\_\_\_

Name:

Title:

Notice Address:

Learn and Play t/a Play and Learn  
200 Camp Hill Road  
Fort Washington, PA 19034

Attn: [\_\_\_\_\_]

Tel: [\_\_\_\_\_]

Fax: [\_\_\_\_\_]

Email: [\_\_\_\_\_]

with a copy to:

[\_\_\_\_\_]

[\_\_\_\_\_]

[\_\_\_\_\_]

Attn: [\_\_\_\_\_]

Tel: [\_\_\_\_\_]

Fax: [\_\_\_\_\_]

Email: [\_\_\_\_\_]

Funding and Payment Office Address:

Learn and Play t/a Play and Learn  
200 Camp Hill Road  
Fort Washington, PA 19034

Attn: [\_\_\_\_\_]

Tel: [\_\_\_\_\_]

Fax: [\_\_\_\_\_]

Email: [\_\_\_\_\_]