

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

In re:	:	Chapter 11
	:	
Wordsworth Academy, <i>et al.</i> , ¹	:	Case No. 17- 14463 (AMC)
	:	
Debtors.	:	Jointly Administered
	:	

**FINAL ORDER AUTHORIZING DEBTORS' USE OF CASH COLLATERAL AND
GRANTING RELATED RELIEF**

Upon the Motion (the "Motion"), dated June 30, 2017, of Wordsworth Academy ("Wordsworth"), Wordsworth CUA 5, LLC ("CUA 5") and Wordsworth CUA 10, LLC ("CUA 10") and together with CUA 5 and Wordsworth, the "Debtors") for (1) entry of interim and final orders authorizing the Debtors to use cash collateral; and (2) granting adequate protection pursuant to 11 U.S.C. §§ 361, 362, and 363 of the Bankruptcy Code; and the Court having considered the Motion and the exhibits attached thereto; and finding due and proper notice of the Motion and final hearing having been given; and a final hearing to consider approval of the Motion on an final basis having been held and concluded on August 7, 2017; and upon the papers filed with the Court and the proceedings held before the Court; and, after due deliberation and good and sufficient cause appearing therefor,

THE COURT HEREBY FINDS AND CONCLUDES:

A. **The Debtors and the Bankruptcy Cases.** Each of the Debtors filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code on June 30, 2017 (the "Petition Date") and is presently operating as a debtor-in-possession in accordance with sections 1107 and

¹ 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.

1108 of the Bankruptcy Code. The Debtors' bankruptcy cases are jointly administered under case number 17-14463 (*In re Wordsworth Academy*). On July 14, 2017, the Acting United States Trustee for Region 3 appointed an Official Committee of Unsecured Creditors ("Creditors Committee"). Following an initial hearing on the Motion on July 6, 2017 (the "Interim Hearing"), this Court entered an Interim Order Authorizing Debtor's Limited Use of Cash Collateral and Granting Related Relief on July 6, 2017 [Docket Number 64] (the "Interim Order").

B. **Jurisdiction and Venue**. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(M). The statutory predicates for the relief requested herein are sections 105, 361, 362, and 363 of the Bankruptcy Code and Rule 4001(d) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

C. **Notice and Hearing**. Notice of the Motion pursuant to Federal Rule of Bankruptcy Procedure 9006(c) for the final hearing on the Debtor's use of cash collateral has been served in accordance with Section 102(1) of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 4001(b), or if by consent, under Federal Rule of Bankruptcy Procedure 4001(d) which notice is appropriate in the particular circumstances and is sufficient for all purposes under the Bankruptcy Code and the applicable Bankruptcy Rules in respect to the relief requested.

D. **Pre-Petition Debt**. Each of the Debtors admits, stipulates, acknowledges and agrees that:

1. Pursuant to a Credit Agreement dated April 8, 2015 ("Credit Agreement"), M&T made loans to the Debtors, including a \$4,000,000 line of credit, which subsequently increased to \$5,000,000 ("Line of Credit") and a \$6,000,000 term loan ("Term Loan" and together with the Line of Credit the "Loans"). To evidence the Debtors' obligations under the

Credit Agreement, the Debtors each executed and delivered to M&T, among other things, two promissory notes dated April 8, 2015 – a Daily Adjusting LIBOR Revolving Line Note in the maximum original principal amount of \$4,000,000 (as supplemented by a certain Addendum to Line of Credit Note dated April 8, 2015, the “Original LOC Note”), as amended from time to time, including by that certain Third Amended and Restated Daily Adjusting Libor Revolving Line Note dated September 7, 2016 in the maximum principal amount of \$5,000,000 (the “LOC Note”) and a Term Note in the original principal amount of \$6,000,000 (as supplemented by a LIBOR Rate Rider dated April 8, 2015, the “Term Note”).

2. Pursuant to a certain Mortgage dated April 8, 2015, in the original principal amount of \$10,000,000 (the “Mortgage”), to secure all of Wordsworth’s present and future indebtedness due and owing to M&T, Wordsworth granted M&T liens on and security interests in, the real property commonly known as (i) 100 Camp Hill Road, partly in Springfield Township and partly in Upper Dublin Township, Montgomery County, Pennsylvania (being known as Parcel Numbers 52-00-14044-007 and 54-00-03541-00-5); and (ii) Wenner Way, Upper Dublin Township, Montgomery County, Pennsylvania (being known as Parcel Number 54-00-03552-00-3), together with all buildings, structures, improvements, fixtures, equipment, easements, rights appurtenances, leases, rents contract rights erected, situate or installed upon, or used in the operation or maintenance thereof, and the proceeds thereof (collectively, as more particularly described in the Mortgage, the “Real Property Collateral”). The Mortgage was recorded in the office of the Recorder of Deeds for Montgomery County Pennsylvania on April 10, 2015, as Instrument Number: 2015024142, in Mortgage Book 13926, at pages 02908-02926.

3. Pursuant to a General Security Agreement dated April 8, 2015 (the “Loan Security Agreement”), to secure all of the Debtors’ present and future indebtedness due and owing to M&T, the Debtors granted to M&T liens on and security interests in, among other things, all of the Debtors’ personal property and fixtures, including, without limitation, all accounts, chattel paper, deposit accounts, documents, goods and equipment, general intangibles,

inventory and all proceeds and products thereof (collectively, as more particularly described in the Security Agreement, the “Personal Property Collateral” and together with the Real Property Collateral, the “Collateral”). M&T’s security interest in the Debtors’ Personal Property Collateral is perfected by virtue of M&T filing a UCC Financing Statements in the Office of the Secretary of the Commonwealth of Pennsylvania, on April 14, 2015, as file numbers 2015041502741 (naming Wordsworth as “Debtor”) and 2015041502791 (CUA 5 and CUA 10 as “Debtors”), and by virtue of the Debtors’ deposit accounts and the cash contained therein being located at M&T.

4. In addition to the Loans, pursuant to a certain Agreement for Visa® Charge Cards and Card Products dated May 28, 2015 by and among M&T and Wordsworth as supplemented by that certain Commercial Card Restriction Addendum to Visa Charge Card Agreement (collectively, the “Purchase Card Agreement”), M&T made available to Wordsworth a purchase card facility in the maximum amount of \$50,000 (the “Purchase Card Facility” and together with the Loans, the “Prepetition Credit Facilities”). Pursuant to a General Security Agreement dated May 28, 2015 by Wordsworth in favor of M&T (the “Purchase Card Security Agreement”), the Purchase Card Facility is secured by the Personal Property Collateral. Pursuant to the Mortgage the Purchase Card Facility also is secured by the Real Property Collateral.

5. Prior to the Petition Date, the Debtors were, and remain, in default of their obligations under the various documents evidencing the Pre-Petition Credit Facilities, including the Credit Agreement, LOC Note, Term Note, Purchase Card Agreement, Loan Security Agreement, Mortgage, Purchase Card Security Agreement (collectively, with all other documents executed in connection with the Loans and Purchase Card Facility, the “Prepetition Credit Facility Documents”), as a result of, among other things, certain representations and warranties in the Prepetition Credit Facility Documents no longer being true and correct, and as a result of material adverse changes in the Debtors’ financial condition.

6. As of the Petition Date, M&T asserts that the total amount due and owing to M&T by the Debtors under the Prepetition Credit Facilities was \$4,806,508.01 (the “Prepetition Claim Amount”), which amount is itemized as follows:

Loan	Term Loan	Line of Credit	Purchase Card Facility	Totals
Principal	\$4,700,000.00	\$0.00	\$0.00	\$4,700,000.00
Interest	\$18,220.66	\$0.00	\$0.00	\$18,220.66
Subtotal	\$4,718,220.66	\$0.00	\$0.00	\$4,718,220.66
Attorneys’ Fees and Costs	See Totals.	See Totals.	See Totals.	\$84,187.35
Appraisal Fee	See Totals.	See Totals.	See Totals.	\$4,100.00

In addition to the Prepetition Claim Amount, the Debtors are obligated to pay additional interest, fees, and expenses, including but not limited to attorneys’ fees and expenses, incurred in connection with the enforcement and collection of the Prepetition Credit Facilities, which accrued before or may accrue after the Petition Date (together with the Prepetition Claim Amount, the “Indebtedness”). The Debtors acknowledge and agree that, as of the Petition Date, the principal, interest and appraisal fees due and owing to M&T under the Prepetition Credit Facilities equaled \$4,700,000.00, \$18,220.66 and \$4,100.00, respectively.

7. The Indebtedness is secured by valid, perfected, first priority liens and security interests (collectively, the “Liens”) in the Collateral, including any cash or proceeds of the Collateral. The value of the Collateral is presently in excess of the Indebtedness and M&T is oversecured based on current market values. The Indebtedness is not subject to defense, offset or counterclaim of any kind or nature and the Indebtedness is and shall constitute an allowed, secured claim under Sections 506(a) and 502 of the Bankruptcy Code.

E. The agreements and acknowledgements in Section D above are binding solely upon the Debtors, their estates, and any successor-in-interest to the Debtors. The agreements and acknowledgements in this Section D are binding upon the Creditors Committee unless, on or before the sixtieth (60th) day following the entry of this Final Order, the Creditors Committee commences an adversary proceeding (or other appropriate proceeding) challenging such findings or provisions or asserting claims against the M&T (the “Challenge Proceeding”). If no Challenge Proceeding is commenced as of the sixtieth (60th) day following the entry of this Final Order, the foregoing provisions of Section D shall be deemed binding for all purposes on the Creditors Committee; provided, that if the Creditors Committee files a motion to obtain standing to pursue a Challenge Proceeding within sixty (60) days following the entry of this Final Order, the deadline to commence a Challenge Proceeding shall be five (5) business days after the date on which the Court issues an order resolving any such standing motion. To the extent a Challenge Proceeding is commenced, any final order resolving or granting any or all of relief sought in the Challenge Proceeding shall control the extent and binding effect of the matters challenged therein.

F. **Cash Collateral.** “Cash Collateral” (regardless of whether such term is capitalized) shall have the meaning ascribed to it in § 363(a) of the Bankruptcy Code and shall include but not be limited to: (a) all cash of the Debtors as of the Petition Date and (b) proceeds, products, offspring, rents, or profits of property and the fees, charges, accounts or other payments for the use or occupancy of rooms and other public facilities in hotels, motels, or other lodging properties subject to a security interest as provided in Section 552(b) and as the term “proceeds” is described in UCC Sections 9-102 and 9-315.

G. **Consent.** M&T consents to the Debtors’ proposed use of Cash Collateral solely on the terms and conditions set forth in this Final Order and solely to be used in accordance with the Budget (as hereinafter defined) and the terms and conditions set forth in this Final Order. The adequate protection provided herein and other benefits and privileges contained herein are

consistent with and authorized by the Bankruptcy Code and are required by M&T in order to obtain its consent. The Debtors and M&T believe that it is in the best interests of the Debtors, their estates, and their creditors that the Debtors be allowed to use Cash Collateral during their bankruptcy cases, subject to the terms of this Final Order and the Budget.

H. **Good Faith.** Based on the record before the Court, the terms of the use of Cash Collateral and adequate protection as provided in this Final Order have been negotiated at arms' length and in good faith.

I. **Need to Use Cash Collateral.** The Debtors have an immediate and critical need to use Cash Collateral in order to fund allowed expenses during their bankruptcy cases. The Debtors do not have sufficient unencumbered cash or other assets with which to continue to operate its business in the bankruptcy cases. The Debtors' use of cash collateral to the extent and on the terms and conditions set forth herein is necessary. Attached hereto as Exhibit "A" is a 13-week cash flow forecast (as may be extended or modified from time to time by the Debtors with the prior written consent of the Debtors, M&T, and the Creditors Committee, and Learn and Play t/a Play and Learn, to the extent that the obligations due and owing to Learn and Play t/a Play and Learn under its debtor in possession credit facility have not been repaid in full, without further order of the Court or notice to any other parties, the "Budget"). Notice of any proposed change to the Budget shall be provided to the Debtors, M&T, Learn and Play t/a Play and Learn no less than five (5) business days prior to the expiration of the Budget then in effect. The Debtors' use of Cash Collateral is subject to and governed by the terms of the Budget, and M&T and Creditors Committee shall have no obligation to permit the use of Cash Collateral other than in accordance with the Budget and as set forth in this Final Order.

J. **Relief Essential.** Based on the record before the Court, good, adequate, and sufficient cause has been shown to justify the immediate grant of the relief requested in the Motion to avoid irreparable harm to the Debtors' estates. The terms of the Debtors' use of Cash Collateral,

as more fully set forth herein, are (i) fair and reasonable under the circumstances, (ii) reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties, (iii) constitute reasonably equivalent value and fair consideration for M&T's consent thereto, and (iv) are essential and appropriate for the continued operation and management of the Debtors' business and the preservation of their assets and properties.

NOW, THEREFORE, IT IS HEREBY ORDERED AS FOLLOWS:

1. **Use of Cash Collateral.** Solely in accordance with the Budget and subject to compliance with the further terms and provisions of this Final Order, M&T consents and the Debtors are authorized to use Cash Collateral to meet the ordinary cash needs of the Debtors (and for such other purposes as may be approved in writing by M&T) for the payment of actual expenses of the Debtors necessary to (a) maintain and preserve the Debtors' assets, and (b) continue operation of its business, including approved payroll and payroll taxes, and insurance expenses as reflected in the Budget. M&T further consents and the Debtors are authorized to use Cash Collateral in accordance with the Budget, to pay fees and expenses of attorneys and financial advisers 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 (the "Professional Fees") provided, however, that the foregoing shall not be construed as consent to the allowance of any of the Professional Fees referred to above or in the Budget 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.

2. **Adequate Protection.** M&T is entitled, under sections 361, 363(c), and 363(e) of the Bankruptcy Code, to adequate protection of its interests in the Collateral, including to the extent applicable Cash Collateral, and to adequate protection on account of the imposition of the automatic stay, equal to the amount of M&T's Cash Collateral used by the Debtors and the

aggregate diminution in the value of M&T's interests in the Collateral (the "M&T Adequate Protection Obligations"). The Debtors shall be jointly and severally liable for the M&T Adequate Protection Obligations. As adequate protection for the interest of M&T in the Collateral (including Cash Collateral) on account of the Debtors' use of M&T's Cash Collateral or disposition or other depreciation of the Collateral, and on account of the imposition of the automatic stay, M&T is hereby provided with the following forms of adequate protection, which constitute part of the M&T Adequate Protection Obligations:

a. **Adequate Protection Payments**. As adequate protection and payment on account of M&T's allowed claims, the Debtors are authorized and directed to pay to M&T ongoing payments in cash on a current basis, no less than monthly, and including any amounts incurred prior to the Petition Date, equal to the amount of accrued and unpaid interest on the Term Loan for the respective month (at the non-default rate of interest specified in the Term Note), which payments shall be made on or before the first business day of each subsequent month. To the extent the Creditors Committee has any rights to contest appropriate rate of interest due and owing to M&T under 11 U.S.C. § 506(b), but without creating or enlarging any such rights, such rights are reserved and preserved.

b. **Replacement Liens and Superpriority Claim under § 507(b)**. M&T is hereby granted (i) valid, enforceable, non-avoidable, and fully perfected, first priority postpetition security interests and liens (effective and perfected upon the date of entry of this Final Order and without the necessity of execution by the Debtors of mortgages, security agreements, pledge agreements, financing statements, or other agreements or instruments) (the "Adequate Protection Liens") in and upon all property of the Debtors, now existing or hereafter acquired, including, without limitation, all accounts, accounts receivable, inventory, goods, contract rights, instruments, documents, chattel paper, patents, trademarks, copyrights and licenses therefor, intellectual property, general intangibles, payment intangibles, letters of credit, letter-of-credit rights, supporting obligations, machinery and equipment, vehicles, real property

(including all facilities), fixtures, leases, money, investment property, deposit accounts, securities accounts, books and records, all commercial tort claims and other causes of action (other than causes of action under chapter 5 of the Bankruptcy Code), all Cash Collateral, and all cash and non-cash proceeds, rents, products, substitutions, accessions, and profits of all of the foregoing, (collectively, the “Adequate Protection Collateral”), to the extent of any diminution in the value of the M&T’s interests in Collateral (including Cash Collateral) resulting from the Debtors’ use of Cash Collateral hereunder or the disposition or other depreciation of the Collateral, and on account of the imposition of the automatic stay. The Adequate Protection Liens (A) shall not be subject to sections 506, 510, 542, 549, 550, or 551 of the Bankruptcy Code or otherwise or the “equities of the case” exception of section 552 of the Bankruptcy Code (in the case of section 506(c) of the Bankruptcy Code and the “equities of the case” exception of section 552 of the Bankruptcy Code, subject to entry of the Final Order), (B) shall be senior in priority and right of payment to any lien that is avoided and preserved for the benefit of the Debtors and their estates under section 551 of the Bankruptcy Code or otherwise, and (C) shall be valid and enforceable against any trustee or any other estate representative appointed or elected in the Debtors’ bankruptcy cases, or in any other proceedings related to any of the foregoing (each, a “Successor Case”), and/or upon the dismissal of the Debtors’ bankruptcy cases. The parties reserve and preserve all rights under section 507(b) of the Bankruptcy Code. Nothing in this Order, including but not limited to the Adequate Protection Liens given to M&T herein, shall prejudice, impair or impact any bankruptcy or non-bankruptcy rights, claims, or priorities of M&T, the Debtors or Learn and Play t/a Play and Learn with respect to that certain lease Agreement dated July 7, 2003 by and between Play and Learn and the Debtor.

c. **M&T’s Rights of Inspection and Audit and Provision of Financial and Other Information.**

i. **Inspection.** Upon reasonable notice by the M&T, Debtors shall permit M&T and any of its agents reasonable and free access to the Debtors’ records and place of business during normal business hours to verify the existence, condition and location of

Collateral in which M&T holds a security interest and to audit Debtors' cash receipts and disbursements. At any reasonable time, Debtors shall permit M&T and any of its agents access to inspect the Collateral.

ii. **Reporting.** On or before the fifth (5th) day of each month during the Budget Period, the Debtors shall provide to M&T and the Creditors Committee, Notice of any proposed change to the Budget shall be provided to the Debtors, M&T, and Learn and Play t/a Play and Learn, no less than five (5) business days prior to the expiration of the current Budget. a consolidated report consisting of (i) a summary of receipts and disbursements for the immediately prior month, and (ii) an updated 13-week cash flow projection reflecting the projected cash flow for the upcoming 13-week time period, which reports shall be in form and substance satisfactory to M&T. In addition, the Debtors shall provide M&T and the Creditors Committee with all reports and information provided to any DIP lender (or prospective DIP lender) as and when so provided to such DIP lender.

d. **US Trustee Carve-Out.** The liens granted to the Secured Creditor under this Final Order are subject to payments due to the United States Trustee under 28 U.S.C. § 1930(a)(6).

e. **Further Adequate Protection.** Nothing in this Final Order waives any rights of M&T to request at any time that the Court provide additional or further protection of its interests in the Collateral (including Cash Collateral) or seeking further or additional adequate protection and the ability of the Debtors, Creditors Committee, Learn and Play t/a Play and Learn or any other party in interest to oppose any such relief.

3. **Events of Default.** The occurrence of any of the following shall constitute an event of default hereunder (an "Event of Default"):

a. Any Debtor shall fail to keep, observe, or perform any of its agreements or undertakings hereunder including, without limitation, all payment and covenant requirements and reporting provisions contained herein, provided that, with respect to any such requirements, covenants and obligations, the Debtors shall have a period of five (5) calendar days to cure such alleged violation(s) following receipt of written notice to the Debtors of the alleged violation(s), a copy of which shall be provided contemporaneously to the Debtors' and Creditors Committee's respective counsel, prior to such alleged violations becoming an Event of Default hereunder;

b. Any Debtor shall knowingly furnish or knowingly make any false representation, warranty, certificate, report, or summary in connection with or under this Final Order;

c. Any Debtor shall contest any lien or security interest of M&T or file any other claim, complaint, adversary proceeding, suit, demand, action, or cause of action against M&T, or shall seek to have the Court annul, modify, or amend any part of this Final Order, in each case without the prior written consent of M&T;

d. Solely to the extent that the Debtors do not defend any lien or security interest of M&T in any such action, any party, other than the Debtors, shall contest any lien or security interest of M&T, and such action is not dismissed, denied or otherwise overruled within thirty (30) days after the commencement of such action; provided, however, during such period the Debtors or M&T shall actively oppose any such action commenced;

e. Any Debtor shall suffer the appointment of a trustee or F examiner, except on a motion filed by M&T;

f. Any Debtor's chapter 11 case is converted to a case under chapter 7 of the Bankruptcy Code or any Debtor files a motion to convert its chapter 11 case to a case under chapter 7 of the Bankruptcy Code, except on a motion filed by M&T; or

g. Any Debtor shall contract or agree to sell any of the Collateral, whether obtained prior to or after the Petition Date, without the prior written consent of M&T or Court approval, unless any such sale will result in proceeds sufficient to repay the Indebtedness in full and the proposed order approving such sale requires the repayment of the Indebtedness at the closing of such sale;

h. The seizure or forfeiture of any material portion of the Collateral by any governmental authority.

4. **Rights and Remedies upon an Event of Default.** Upon the occurrence of an Event of Default, M&T shall have the right to move for relief from the automatic stay or to seek any other available remedy. M&T shall provide the Debtors and the Creditors Committee with notice and an opportunity to respond, consistent with the Federal Rules of Bankruptcy Procedure and Local Bankruptcy Rules, to any such motion filed by M&T.

5. **Expiration/Termination.** The Debtors' right to use Cash Collateral under this Final Order shall terminate on the earlier of the date ("Termination Date") on which any of the following occurs: (a) an Event of Default, (b) expiration of the Budget (which has not been amended or extended with consent of M&T), (c) entry of an Order by this Court otherwise terminating the Debtors' right to use Cash Collateral. Upon the Termination Date (as a result of the occurrence of an Event of Default or otherwise), this Stipulation and Order shall automatically and immediately terminate; provided that, the Debtors may seek an emergency

hearing before the Court to consider the Debtors' request for the continued use of Cash Collateral after the Termination Date; and unless otherwise ordered by the Court, the Debtors' right to use Cash Collateral shall automatically and immediately terminate. Upon the Termination Date, M&T may seek relief from any stay under § 362 or § 105 of the Bankruptcy Code or other restriction in the enforcement of their liens and security interests. M&T, the Debtors and the Creditors Committee agree that M&T or the Debtors may seek a hearing before the Court to consider the entry of such order upon five (5) business days (or if immediate and irreparable injury, loss or damage may occur, an emergency hearing within 48 hours) after certification by M&T of an Event of Default is sent to the Debtors, the United States Trustee, counsel for the Creditors Committee, any creditors who assert an interest in Cash Collateral, M&T, any taxing authorities to which the Debtors are indebted, and any parties requesting notice under Fed. R. Bankr. P. 2002. M&T may also request that any order entered granting M&T relief from the stay under § 362 or § 105 of the Bankruptcy Code or otherwise may also provide that M&T may deliver a notice to any depository bank of the Debtors that funds contained therein shall be immediately remitted and delivered to M&T (less any earned and unpaid ordinary and customary fees and costs of such depository bank); provided that and the Debtors and Creditors Committee reserve all rights to object to the grant of such a remedy. Upon the grant of any such remedy, the Debtors and Creditors Committee shall cooperate and not interfere with M&T's exercise of such remedy.

6. **No Modification of Creditor's Adequate Protection.** Nothing contained herein shall be deemed or construed to (a) limit M&T to the relief granted herein; (b) bar M&T from seeking other and further relief (including without limitation relief from the terms of this Final Order) for cause shown on appropriate notice to the Debtors and other parties-in-interest entitled

to notice of same; or (c) require M&T to make any further loans or advances to the Debtors. The Final Order may be modified for cause shown by the Debtors, M&T or any other party-in-interest on due notice. No such modification, however, shall deprive M&T of its interests in Debtor's Collateral, whether granted before or after the Petition Date, including pursuant this Final Order. The rights, powers, and remedies of M&T provided in this Final Order and the Pre-Petition Financing Documents are cumulative and not exclusive of any right, power or remedy provided by law or equity. No failure or delay on the part of M&T in the exercise of any right, power, or remedy shall constitute a waiver of such right, power, or remedy.

7. **Survival.** The obligations of the Debtors in respect of the Adequate Protection Obligations, and the claims and liens granted to or for the benefit of M&T pursuant to the Interim Order and this Final Order shall not be discharged upon the occurrence of any Event of Default or Termination Date, or by the entry of an order (i) 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); (ii) converting any of the Debtors' bankruptcy cases to a case under chapter 7 of the Bankruptcy Code, (iii) to the extent authorized by applicable law, dismissing any of the Debtors' bankruptcy cases, (iv) withdrawing of the reference of any of the Debtors' bankruptcy cases from this Court, or (v) providing for abstention from handling or retaining of jurisdiction of either of any of the Debtors' bankruptcy cases in this Court.

8. **Effectiveness.** Subject to Paragraph E above, this Final Order shall constitute findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052 and shall take effect and be fully enforceable nunc pro tunc to the Petition Date immediately upon entry of this Final

Order. Notwithstanding any Bankruptcy Rule or other applicable law, there shall be no stay of execution or effectiveness of this Final Order.

9. **Third Party Rights.** Except as explicitly provided for herein, this Final Order does not create any rights for the benefit of any third party, creditor, equity holder, or any other direct, indirect or incidental beneficiary. Except as explicitly provided for herein, nothing in this Final Order shall be deemed to waive or impair any the rights of any third party; all such third party rights are reserved except to the extent expressly provided herein.

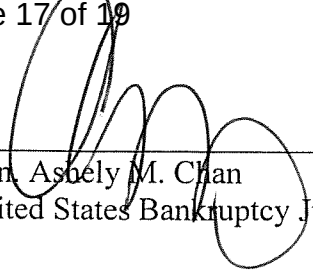
10. **Jurisdiction.** The Court has and will retain jurisdiction to enforce this Final Order according to its terms and applicable law.

11. **Integration/Amendments in Writing.** This Stipulation and Order constitutes the sole agreement of M&T, the Debtors and the Creditors Committee with respect to the subject matter hereof and supersedes all oral negotiations and prior writings with respect to the subject matter hereof. No amendment or extension of this Final Order, and no waiver of any one or more of the provisions hereof, shall be effective unless set forth in writing and signed by the M&T, the Debtors and the Creditors Committee; provided, that nothing herein shall preclude any party from seeking this Court's approval of such amendment or extension.

NOTICE ORDER

IT IS FURTHER ORDERED that the Debtors serve a copy of this Order and Notice by first class mail within two (2) business days from the date hereof, on the following: (1) the United States Trustee, (2) counsel for M&T and (3) any other interested party. Debtor shall promptly file with the Clerk of this Court a Certificate of Service of said mailing.

Dated: 8/7/17

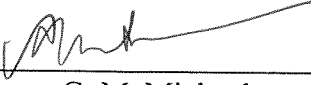


Hon. Ashley M. Chan
United States Bankruptcy Judge

SO STIPULATED AND AGREED:

DILWORTH PAXSON LLP

REED SMITH LLP

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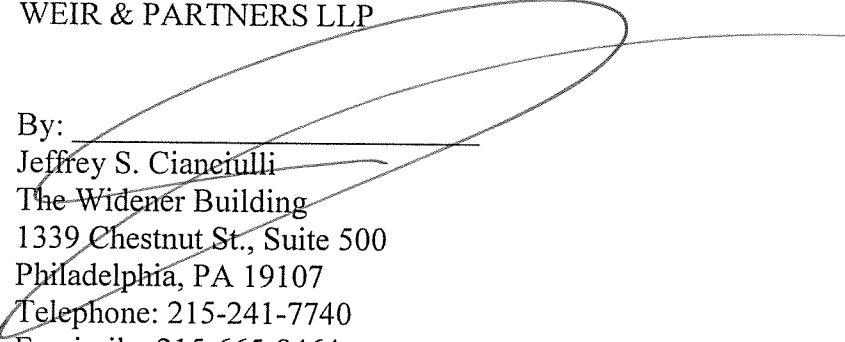
*Proposed Counsel for the Debtors and Debtors
in Possession*

Counsel for M&T Bank

Dated: August 7, 2017

Dated: August 7, 2017

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*Proposed Co-Counsel to the Official
Committee of Unsecured Creditors of
Wordsworth Academy, et al.*

Dated: August 7, 2017

Wordsworth Academy
Cash Flow Forecast & Actuals

	PR		PR		PR		PR		PR		PR		PR		PR		Total
	Actual W/E 07/15/17	Actual W/E 07/22/17	Actual W/E 07/29/17	Forecast W/E 08/05/17	Forecast W/E 08/12/17	Forecast W/E 08/19/17	Forecast W/E 08/26/17	Forecast W/E 09/02/17	Forecast W/E 09/09/17	Forecast W/E 09/16/17	Forecast W/E 09/23/17	Forecast W/E 09/30/17	Forecast W/E 10/07/17	Forecast W/E 10/14/17	Forecast W/E 10/21/17	Forecast W/E 10/28/17	
Deposits																	
CBH / Other MCOs	74,925	53,535	186,274	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	2,300,000
PA DOE	-	-	658,051	-	-	-	-	657,922	-	-	-	657,922	-	-	-	657,922	1,973,767
DHS - Regular & CUA Payments	8,065	19,073	9,371	30,000	100,000	30,000	30,000	100,000	30,000	30,000	100,000	30,000	30,000	100,000	30,000	30,000	670,000
DHS - CUA	-	-	413,363	3,823,502	-	-	-	1,500,000	-	-	-	-	1,500,000	-	-	-	6,823,502
SD of Philadelphia	-	15,955	319,480	159,740	192,850	258,825	-	-	-	-	-	-	-	300,000	-	-	1,230,895
Other Misc School Districts	5,403	54,370	56,560	70,000	70,000	70,000	90,000	70,000	70,000	70,000	90,000	70,000	70,000	70,000	90,000	90,000	990,000
Acute Partial Hospital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Term Debt Proceeds	936,028	-	500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Misc Deposits	5,998	17,543	3,264	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	190,000
Total Deposits	1,030,419	160,476	1,826,884	4,527,982	409,740	602,850	438,825	2,612,922	180,000	410,000	250,000	1,042,922	1,680,000	780,000	180,000	1,062,922	14,178,164
Operating Disbursements	6/25-7/8																
Payroll	(942,837)	-	(971,903)	-	(935,854)	-	(935,854)	-	(926,454)	-	(926,454)	-	(926,454)	-	(926,454)	-	(5,577,524)
403(b) Payment	-	(25,267)	-	(14,000)	-	(14,000)	-	(14,000)	-	(14,000)	-	(14,000)	-	(14,000)	-	(14,000)	(98,000)
Credit Cards (M&T)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debit Cards (TD Bank)	-	-	-	(5,000)	(5,000)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(37,500)
FSA Transfer	(1,714)	(5,713)	(4,414)	(2,000)	(2,000)	(2,000)	(10,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(34,000)
Employee Expenses	(9,001)	(13,552)	(10,190)	(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)	(260,000)
Petty Cash	(5,829)	(6,000)	(797)	(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)	(65,000)
Foster Care	(33,713)	(42,042)	(42,410)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(468,000)
CUA Subcontractors	(750,991)	(7,263)	(760,430)	(1,000,000)	(1,000,000)	(600,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(200,000)	-	-	(5,800,000)
Benefits	-	(27,109)	(208,395)	-	-	(10,000)	(294,500)	-	-	(10,000)	-	(294,500)	-	(10,000)	-	(294,500)	(913,500)
Insurance	(217,288)	(17,666)	-	-	(235,000)	-	-	(235,000)	-	(235,000)	-	(235,000)	-	(235,000)	-	(235,000)	(705,000)
Operating	(35,457)	(23,067)	(27,396)	(75,000)	(75,000)	(100,000)	(100,000)	(150,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(1,300,000)
Acute Partial Hospital Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent	(131,207)	-	-	(131,600)	-	-	-	(106,600)	-	-	-	-	(106,600)	-	-	-	(344,800)
Staffing	(103,115)	-	(67,711)	(75,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(675,000)
Utilities	(12,631)	(8,856)	(7,132)	(25,000)	(15,000)	(47,000)	(5,000)	(5,000)	(15,000)	(47,000)	(5,000)	(5,000)	(15,000)	(15,000)	(47,000)	(15,000)	(261,000)
Professional	(3,400)	-	(14,000)	(2,325)	(2,325)	(7,325)	(2,325)	(2,325)	(2,325)	(2,325)	(2,325)	(2,325)	(2,325)	(2,325)	(2,325)	(2,325)	(40,225)
Total Operating Disbursements	(2,247,183)	(176,535)	(2,114,778)	(1,390,925)	(2,146,179)	(1,128,825)	(1,961,179)	(893,425)	(1,659,279)	(1,023,825)	(1,654,279)	(1,031,325)	(1,265,879)	(691,825)	(1,191,279)	(541,325)	(16,579,549)
Net Operating Cash Flow	(1,216,764)	(16,059)	(287,894)	3,137,057	(1,736,439)	(525,975)	(1,522,354)	1,719,497	(1,479,279)	(613,825)	(1,404,279)	11,597	414,121	88,175	(1,011,279)	521,597	(2,401,385)
Non-Operating and Restructuring Disbursements																	
Term Loan (P&I)	(20,106)	-	-	(19,000)	-	-	-	(19,000)	-	-	-	(19,000)	-	-	-	-	(57,000)
LOC Interest / Bank Fees	(2,607)	-	-	-	(2,500)	-	-	-	-	(2,500)	-	-	(2,500)	-	-	-	(7,500)
New Term Debt Interest	-	-	-	(4,375)	-	-	-	(8,750)	-	-	-	-	(8,750)	-	-	-	(21,875)
New LOC Interest	-	-	-	(2,058)	-	-	-	(1,910)	-	-	-	-	(3,087)	-	-	-	(7,055)
New Bank Fees	-	-	-	-	(100,000)	-	-	(2,033)	-	-	-	-	(2,033)	-	-	-	(104,066)
Professional Fees - Restructuring	-	-	-	-	-	-	(315,000)	-	-	-	-	(340,000)	-	-	-	-	(655,000)
PHMC Management Fee	-	-	-	-	-	-	(117,127)	-	-	-	-	(117,127)	-	-	-	-	(234,254)
Trustee Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,000)	-	(20,000)
Adjustments	-	(102,176)	61,990	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Operating & Chap 11 Disb	(22,713)	(102,176)	61,990	(25,433)	(102,500)	-	(432,127)	(31,693)	-	(2,500)	-	(457,127)	(32,870)	(2,500)	(20,000)	-	(1,106,750)
Total Disbursements	(2,269,896)	(278,711)	(2,052,787)	(1,416,358)	(2,248,679)	(1,128,825)	(2,393,306)	(925,118)	(1,659,279)	(1,026,325)	(1,654,279)	(1,488,452)	(1,298,749)	(694,325)	(1,211,279)	(541,325)	(17,686,299)
Weekly Net Cash Flow	(1,239,477)	(118,235)	(225,904)	3,111,624	(1,838,939)	(525,975)	(1,954,481)	1,687,804	(1,479,279)	(616,325)	(1,404,279)	(445,530)	381,251	85,675	(1,031,279)	521,597	(3,508,135)
W/E Balance	1,018,564	900,329	674,426	3,786,050	1,947,111	1,421,136	(533,345)	1,154,459	(324,820)	(941,145)	(2,345,424)	(2,790,953)	(2,409,702)	(2,324,027)	(3,355,306)	(2,833,709)	(2,833,709)

	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	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	10/07/17	10/14/17	10/21/17	10/28/17		
Credible New Billings	411,078	368,736	162,506	352,561	180,158	153,367	150,433	305,239	341,583	402,919	425,053	392,982	392,982	377,103	416,839	416,839	4,308,055	
Other New Billings	-	3,829,758	13,090	713,301	15,000	1,500,000	117,650	713,301	15,000	1,500,000	16,121	66,142	672,922	1,500,000	16,121	16,121	6,861,679	
Total New Billings	411,078	4,198,494	175,597	1,065,862	195,158	1,653,367	268,083	1,018,540	356,583	1,902,919	441,174	459,124	1,065,904	1,877,103	432,960	432,960	11,169,734	
Credible Adjustments	(2,699)	(1,778)	(728)	(12,698)	(1,175)	(1,662)	(10,832)	(1,081)	(2,373)	(2,248)	(1,082)	(39,834)	(385)	(2,053)	(48,356)	(48,356)	(172,135)	
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Adjustments	(2,699)	(1,778)	(728)	(12,698)	(1,175)	(1,662)	(10,832)	(1,081)	(2,373)	(2,248)	(1,082)	(39,834)	(385)	(2,053)	(48,356)	(48,356)	(172,135)	
Total Payments	91,392	151,705	1,325,252	4,522,982	394,740	597,850	433,825	2,607,922	165,000	405,000	245,000	1,037,922	1,665,000	775,000	175,000	1,057,922	14,083,164	
AR Balance	4,615,599	8,660,611	7,510,228	4,040,410	3,839,652	4,893,507	4,716,933	3,126,470	3,315,679	4,811,350	5,006,443	4,387,810	3,788,328	4,888,378	5,097,982	4,424,663	4,424,663	

Line of Credit Availability

Accounts Receivable - Gross	4,615,599	8,660,611	7,510,228	4,040,410	3,839,652	4,893,507	4,716,933	3,126,470	3,315,679	4,811,350	5,006,443	4,387,810	3,788,328	4,888,378	5,097,982	4,424,663	
Less: Ineligibles	(627,722)	(1,177,843)	(1,021,391)	(549,496)	(522,193)	(665,517)	(641,503)	(425,200)	(450,932)	(654,344)	(680,876)	(596,742)	(515,213)	(664,819)	(693,326)	(601,754)	
Accounts Receivable - Net	3,987,878	7,482,768	6,488,837	3,490,914	3,317,460	4,227,990	4,075,430	2,701,270	2,864,747	4,157,006	4,325,566	3,791,068	3,273,116	4,223,559	4,404,656	3,822,909	
Advance Rate - 80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	
Availability	3,190,302	5,986,214	5,191,070	2,792,731	2,653,968	3,382,392	3,260,344	2,161,016	2,291,797	3,325,605	3,460,453	3,032,854	2,618,493	3,378,847	3,523,725	3,058,327	

Line of Credit

Opening Balance	-	-	-	-	-	-	-	533,345	-	-	941,145	2,345,424	2,790,953	2,409,702	2,324,027	3,355,306	
Advances	-	-	-	1,416,358	2,248,679	1,128,825	2,393,306	925,118	1,659,279	1,026,325	1,654,279	1,488,452	1,298,749	694,325	1,211,279	541,325	
Repayments	-	-	-	4,527,982	409,740	602,850	438,825	2,612,922	180,000	410,000	250,000	1,042,922	1,680,000	780,000	180,000	1,062,922	
Adjustments	-	-	-	3,111,624	(1,838,939)	(525,975)	1,421,136	1,154,459	(1,479,279)	324,820	-	-	-	-	-	-	
Ending Balance	-	-	-	-	-	-	533,345	-	-	941,145	2,345,424	2,790,953	2,409,702	2,324,027	3,355,306	2,833,709	
Excess/(Deficity) Availability	3,190,302	5,986,214	5,191,070	2,792,731	2,653,968	3,382,392	2,726,999	2,161,016	2,291,797	2,384,460	1,115,029	241,901	208,790	1,054,820	168,419	224,618	