

# Career Resources, Inc.

Board of Directors Meeting

Friday, September 21, 2018

8:00 am to 9:30 am

## AGENDA

- I. **Call to order and Approval of Minutes** (Lisher)
- II. **Finance Report** (Wilderman)
  - Budget Updates
    1. FY19
  - Audit Updates
- III. **October 25 “JobToberfest!”** (Wilderman)
  - Updates and Requests
  - Need FULL BOARD INVOLVEMENT!
    - a. Honoring Bob Francis, RYSAP and Bank of America
- IV. **Strategy Discussion** (Wilderman)
  - i. **Overview on Strategy Development Process & Consultants-**
    1. Board Assessment Process - Danosky
  - ii. **Short Term Board Actions-** (Lisher)
    1. Increase Board Size: Financial Professional, Legal, Isaiah Adds
    2. Fill Immediate Skill Gaps: Finance/ Development, Legal, Waterbury/ New Haven Policy
    3. Starting Financial Development Plan
    4. Need 100% Give: Get Board participation for grants
  - iii. **Isaiah House Merger Update-** (Wilderman)
    1. Legal Closing Target: October 1
    2. Admin Due Diligence: Director, Facility, Etc.
    3. DOC Issues to address
    4. Board Vote: Required Prior to Close
- V. **Agency Updates** (Wilderman)
  - Fatherhood
  - Visit from Ned Lamont
  - Secure Jobs Event
  - Fall into a Suit Day
  - Job Fair
  - Waterbury Staff Appreciation Day
- VI. **Adjournment**

**CAREER RESOURCES, INC.**  
**BOARD OF DIRECTORS MEETING**  
 July 12, 2018

**MEMBERS PRESENT**

Heriberto Cajigas*	James Horan*	Homero Villarreal*
Richard Dupont*	James Lisher*	
Victor Fuda*	Roger McKenzie*	

**MEMBERS ABSENT**

Crystal Engram	Sharon Martinez
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**STAFF PRESENT**

Carmen Arbelo	James Perkins*	Scott Wilderman
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\*Conference Call

**EXECUTIVE SESSION**

The Board Meeting commenced at 9:01am. Victor Fuda motioned to approval the May 11th Minutes. Roger McKenzie seconded the motion.

**FINANCIAL REPORT**

James Perkins stated we are slowly moving toward finalizing all the grants. Once all the grants are closed, final reports are submitted to the respective agencies. CRI can then conclude the financial report for fiscal year 7/1/2017 to 6/30/2018. This process may take several more weeks. The WorkPlace owes us a substantial amount of money. STRIVE National owes \$115,000 of which \$34K will be paid today and \$14K next week. New invoices to STRIVE National for May and June payments are being submitted for the New Haven (\$35K), Waterbury (\$15K), and Hartford (\$50K) sites.

Next year's finances project a break-even budget. Per Scott, the budget is a conservative one which doesn't account for (potential) monies earned for performance. One of our youth grants is a program where CRI can earn money as the contract is 60% cost reimbursement and 40% performance. This grant is for \$450K and it is anticipated it can generate \$80K for the agency. Last year, the agency met most of the performance measures. Mr. Perkins is waiting for vacation accruals and invoices to come in. Scott mentioned the Waterbury contract has some cash left over. Homero suggested James Perkins prepare a fiscal report comparing 2016, 2017, and the 2018 new budget in order to give the new Board Members a historical perspective. Homero motioned accepting the budget as proposed and Jim Lisher seconded the motion.

**BOARD OFFICERS VOTING**

The following Board positions require voting:

Jim Lisher-Board Chair  
 Homero Villarreal-Vice Chair/Treasurer  
 Eddie Cajigas-Secretary

Richard Dupont motioned to approve the Officers and Victor Fuda seconded the motion. Motion carries.

**ADJOURMENT**

The meeting adjourned at 9:28am.

# CAREER RESOURCES, INC.

## BALANCE SHEET

June 30, 2018

### ASSETS

Cash	215,813
Grant Receivables	866,065
Accounts Receivable	24,749
Prepaid Expenses	76,820
Security Deposit & Other Assets	26,436
Furniture & Equipment - Net of Depreciation	26,509
Computer Software - Net of Depreciation	0
<b>Total Assets:</b>	<b><u>1,236,394</u></b>

### LIABILITIES

Accrued Vacation & Personal Time	93,371
Accrued Wages, Taxes & Benefits Payable	180,816
People's Bank Line of Credit	340,737
Refundable Grant Advances	18,174
Accrued Expenses & Accounts Payable	118,528
Agency Liability-PRIDE, PR Relief	4,613
<b>Total Liabilities:</b>	<b><u>756,239</u></b>

### NET ASSETS

Unrestricted Net Assets	
Net Investment in Equipment	26,509
Board of Directors designations	242,709
Undesignated	176,842
Temporarily Restricted	34,094
<b>Net Assets:</b>	<b><u>480,154</u></b>
<b>Total Liabilities and Net Assets:</b>	<b><u>1,236,394</u></b>

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**CAREER RESOURCES, INC.**

**STATEMENT OF REVENUE AND EXPENSE**  
12 Months ended June 30, 2018

<b>REVENUE</b>	<b>Operating BUDGET YTD</b>	<b>Operating ACTUAL YTD</b>	<b>VARIANCE Favorable (Unfavorable)</b>	<b>APPROVED ANNUAL BUDGET</b>
Grant Revenue	6,676,257	6,462,071	(214,186)	6,676,257
Ticket to Work & GED Testing	33,000	7,218	(25,782)	33,000
Donations/Contributions (Unrestricted)	25,000	247,590	222,590	25,000
Job Fair & Other Events	4,500	6,166	1,666	4,500
Other Income	7,250	58,318	51,068	7,250
Net Assets Released from Restrictions	100,000	86,401	(13,599)	100,000
<b>TOTAL REVENUE</b>	<b>6,846,007</b>	<b>6,867,763</b>	<b>21,756</b>	<b>6,846,007</b>
<b>EXPENSE</b>				
Salaries	4,550,276	4,390,645	159,631	4,550,276
Employee Benefits	996,236	1,005,476	(9,240)	996,236
Payroll Taxes	459,853	446,907	12,946	459,853
Rent/Parking Costs	269,646	264,808	4,838	269,646
Marketing/Advertising/Job Fair	20,000	16,327	3,673	20,000
Telephone/Internet	50,000	45,200	4,800	50,000
Office Supplies	30,000	29,770	230	30,000
Postage	6,000	5,822	178	6,000
Legal / Audit / 401K / Planning	24,000	21,250	2,750	24,000
Program Contract Service	34,000	79,147	(45,147)	34,000
Payroll/Accounting Service	128,300	127,739	561	128,300
Travel/Mileage/Auto	55,000	55,345	(345)	55,000
Insurance	22,000	24,586	(2,586)	22,000
Dues/Subscriptions/Memberships	23,000	10,513	12,487	23,000
Equip Leases & Small Purchases	45,000	34,016	10,984	45,000
R&M & Technology Supplies	20,800	24,299	(3,499)	20,800
Conferences/Meeting/Training	20,000	24,100	(4,100)	20,000
Participant Costs	100,000	97,479	2,521	100,000
LOC Interest Costs	0	13,515	(13,515)	0
Miscellaneous Expense	500	404	96	500
Depreciation	25,000	21,254	3,746	25,000
<b>TOTAL EXPENSES</b>	<b>6,879,611</b>	<b>6,738,603</b>	<b>141,008</b>	<b>6,879,611</b>
<b>Change in Unrestricted Net Assets</b>	<b>(33,604)</b>	<b>129,160</b>	<b>162,764</b>	<b>(33,604)</b>

UNRESTRICTED NET ASSETS AS OF 6/30/17  
UNRESTRICTED NET ASSETS AS OF 6/30/18

316,900  
446,060

TEMPORARILY RESTRICTED NET ASSETS

Restricted Donations/Contributions  
Net Assets Released from Restrictions  
Change in Temporarily Restricted Net Assets

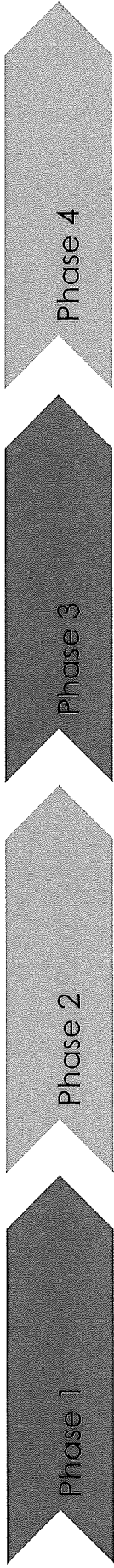
63,584  
(86,401)  
(22,817)

TEMPORARILY RESTRICTED NET ASSETS AS OF 6/30/17  
TEMPORARILY RESTRICTED NET ASSETS AS OF 6/30/18

56,911  
34,094

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# Career Resources and Isaiah Merger Human Resources Timeline



Phase 1	Phase 2	Phase 3	Phase 4
(9/4/18 - 9/7/18) Staff Orientation	(9/10/18 - 9/14/18) Staff one-on-one Interview	(9/17/18 - 9/21/18) Benefit Selection and Enrollment	(9/24/18 - 9/28/18) Transfer and Notification
(1 hour sessions)	Hand-out revised job descriptions	Attend (1 hour) orientation at CRI	Offers letters released
Meet with staff	Meet with every staff member (30 min)	Enroll on-line with Cigna	Benefits Finalized
Review HR Policies	Notify staff of physical and/drug screen	Set-up Paylocity Profile	Physical/Drug Screen/Back Ground Completed
Review Benefits	Background/Educational Emp. Check	Answer Questions	
Pass out new hire forms	Answer Questions		
Review job descriptions			
Comments:			
Comments:			

(4)

September [●], 2018

SCOTT SEMPLE  
COMMISSIONER  
CONNECTICUT DEPARTMENT OF CORRECTION  
24 WOLCOTT ROAD  
WETHERSFIELD, CT 06109

Re: **STATE OF CONNECTICUT PURCHASE OF SERVICE CONTRACT** effective as of **JULY 1, 2014** by and between **ISAIAH 61:1, INC.** ("Isaiah 61:1") and **THE CONNECTICUT DEPARTMENT OF CORRECTION**, together with any amendments and schedules thereto (the "Agreement").

Dear Commissioner Semple:

We are writing in response to your letter dated July 24, 2018, attached hereto as **EXHIBIT A**, regarding Isaiah 61:1's discussions with **CAREER RESOURCES, INC.** ("Career Resources") regarding Career Resources' proposed acquisition of Isaiah 61:1 by merger (the "Merger").

Career Resources is a transformative leader in workforce development and is excited to acquire the existing properties and operations of Isaiah 61:1. In connection with the closing of the Merger (the "Closing"), which is expected to occur on October 1, 2018, Career Resources, as the surviving entity, will be assuming the Agreement (the "Assignment"). With your prior approval, Career Resources will assume, and dutifully perform, all of the rights and obligations which had previously belonged to Isaiah 61:1 pursuant to the Agreement and do so in compliance with the terms and conditions described in the July 24 letter.

To the extent required by its terms, we kindly request your consent to the Assignment effective as of and subject to the Closing (the "Effective Date"), along with an acknowledgement that the Transaction referenced above will not give rise to a termination or default under the Agreement. Such consent and acknowledgement may be effected by executing and dating a copy of this letter in the space provided below and returning the signed PDF copy by email to me at [wilderman@careerresources.org](mailto:wilderman@careerresources.org). Please find attached as **EXHIBIT B** a draft version of the merger agreement by and between Isaiah 61:1 and Career Resources. Your prompt reply would be greatly appreciated.

Following the Assignment, all notices provided pursuant to the terms of the Agreement should be directed to Career Resources at the following address or such other address or person as Career Resources may from time to time specify in writing: 350 Fairfield Avenue, Bridgeport, CT 06604.

If your office has any questions with regards to the Merger, the Assignment, or any aspect of this letter, please do not hesitate to contact Ed Davis by phone at [●] or by e-mail at [●].

[Signature Page to Follow]

(5)

IN WITNESS WHEREOF, this letter has been executed and is effective as of the Effective Date.

**ISAIAH 61:1, INC.**

\_\_\_\_\_  
Ed Davies, Director

**CAREER RESOURCES, INC.**

\_\_\_\_\_  
Scott Wilderman, President and CEO

**THE CONNECTICUT DEPARTMENT OF  
CORRECTION**

By: \_\_\_\_\_  
Name: Scott Semple  
Title: Commissioner

⑥

**EXHIBIT A**

**July 24, 2018 Letter**

⑦



**EXHIBIT B**  
**Merger Agreement**

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## AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this “**Agreement**”) is entered into as of the 1<sup>st</sup> day of October, 2018 (the “**Effective Date**”) by and between

CAREER RESOURCES, INC. (“**Career Resources**”), a Connecticut nonstock corporation with offices at 350 Fairfield Ave., 3<sup>rd</sup> Floor, Bridgeport, CT 06605

and

ISAIAH 61:1, INC. (“**Isaiah**”), a Connecticut nonstock corporation with offices at 944 Fairfield Ave., Bridgeport, CT 06605.

Career Resources and Isaiah are collectively referred to in this Agreement as the “**Parties.**”

### BACKGROUND

- A. Career Resources is a Connecticut nonstock corporation exempt under section 501(c)(3) of the Internal Revenue Code (the “**Code**”) that, among other things, is a transformative leader in workforce development providing comprehensive, innovative and practical solutions for employers and job seekers by strengthening the family unit.
- B. Isaiah is a Connecticut nonstock corporation exempt under section 501(c)(3) of the Code that, among other things, maintains a center of hospitality, whose services are offered to all in need, regardless of race, color, creed, faith, sex, or social status, as a witness of concern for the impoverished, the oppressed, the addicted, the confused, the alienated, lonely and unloved in our midst; which provides shelter, companionship, and a place of sharing and caring, meals, clothing referrals and all other feasible services for ex-offenders and others who seek aid.
- C. Subject to the terms of this Agreement, Career Resources and Isaiah at this time deem it to be consistent with, and in furtherance of, their respective charitable purposes and missions to have Isaiah merge with and into Career Resources.

### AGREEMENT

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and conditions contained herein, the Parties hereby agree as follows:

## ARTICLE I

### THE MERGER

1.1. The Merger. Upon the terms and subject to the conditions of this Agreement, and in accordance with the laws of the State of Connecticut, at the Effective Time (as defined below in Section 1.3), Isaiah shall be merged with and into Career Resources (the “**Merger**”), whereupon the separate corporate existence of Isaiah shall cease, and Career Resources shall continue as the surviving corporation (the “**Surviving Corporation**”) and shall succeed to and assume all the rights and obligations of Isaiah in accordance with Connecticut law.

1.2. Closing. The closing of the Merger (the “**Closing**”) shall take place by means of an exchange of executed documents as attachments in .PDF or similar format to electronic mail messages at 9:00:00 a.m. Eastern time on the Effective Date, or at such other time and place as the Parties shall agree.

1.3. Effective Time of the Merger. Not later than three (3) business days prior to the Effective Date, Career Resources shall pre-file and pre-clear a Certificate of Merger in the form attached hereto as Exhibit A with the Secretary of the State of the State of Connecticut, in accordance with the relevant provisions of the Connecticut Revised Nonstock Corporation Act (the “**Act**”). The Certificate of Merger shall specify that the Merger be effective as of 9:00:00 a.m. the Effective Date, which shall be the “**Effective Time**”.

1.4. Effects of the Merger. The Merger shall have the effects set forth in § 33-1158 of the Act. Without limiting the generality of the foregoing, at the Effective Time, all the property (including, without limitation, all investments), rights, privileges, powers and franchises of Isaiah shall be vested in the Surviving Corporation; and all debts, liabilities and duties of Isaiah shall become the debts, liabilities and duties of the Surviving Corporation.

1.5. Name. The name of the Surviving Corporation is not being changed as a result of, or in connection with, the Merger.

1.6. Certificate of Incorporation and Bylaws of the Surviving Corporation. The Certificate of Incorporation and the Bylaws of the Surviving Corporation are not being amended as a result of, or in connection with, the Merger.

1.7. Directors of the Surviving Corporation. As of the Effective Time, the individuals who were the directors of Career Resources immediately prior to the Effective Time shall continue as directors of the Surviving Corporation with the same terms of office they held immediately prior to the Effective Time. All persons who were directors of Isaiah as of immediately prior to the Effective Time shall cease to hold such office, effective as of the Effective Time.

1.8. Officers of the Surviving Corporation. As of the Effective Time, the individuals who were officers of Career Resources immediately prior to the Effective Time shall continue as officers of the Surviving Corporation with the same terms of office they held immediately prior

to the Effective Time. All persons who were officers of Isaiah as of immediately prior to the Effective Time shall cease to hold such office(s), effective as of the Effective Time.

1.9. Committees. As of the Effective Time, the individuals who were the members and chairs of the applicable committees of the board of directors of Career Resources, if any (the “**Board Committees**”), immediately prior to the Effective Time shall continue as the members and chairs of the Surviving Corporation’s Board Committees.

1.10. Charitable Funds. As of the Effective Time, all charitable funds held by Career Resources or Isaiah that are restricted to a specific purpose shall continue to be held by the Surviving Corporation for such purpose and no other, in accordance with the terms of the applicable gift instrument. It is understood by the parties that after the Closing there may be bequests and gifts directed by the donor or other third party to Isaiah. Such bequests or gifts may be unrestricted or may include “use” restrictions (use of the funds for specific purposes or programs), or endowment restrictions (treating the corpus of the gift intact as a “true endowment”), or a combination of both. The Parties agree that nothing contained in or contemplated by this Agreement (including future operations of Career Resources) is intended in any manner to affect the receipt of such post-Closing bequests and gifts, that such bequests and gifts will be used in the manner articulated by their donors, that any such bequests or gifts in the name of Isaiah will be directed to Career Resources, and that Career Resources shall take all action as may be required under applicable law to notify the applicable testator or donor of the foregoing, in each case as promptly as practicable following the Closing and solely to the extent any such action has not already been taken on or prior to the Effective Date.

1.11. Subsequent Actions. If, at any time after the Effective Time, the Surviving Corporation shall determine or be advised that any deeds, bills of sale, assignments, assurances or any other actions or things are necessary or desirable to vest, perfect or confirm of record or otherwise in the Surviving Corporation its right, title or interest in, to or under any of the rights, properties or assets of Isaiah acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger or otherwise to carry out this Agreement, the officers and directors of the Surviving Corporation shall be authorized to execute and deliver, in the name and on behalf of Isaiah, all such deeds, bills of sale, assignments and assurances, and to take and do, in the name and on behalf of Isaiah, all such other actions and things as may be necessary or desirable to vest, perfect or confirm any and all right, title and interest in, to and under such rights, properties or assets in the Surviving Corporation or otherwise to carry out this Agreement.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES OF ISIAIAH

2.1. Representations and Warranties. As an inducement to Career Resources to enter into this Agreement and to consummate the transactions contemplated hereby, Isaiah hereby represents and warrants to Career Resources that, to the best of its knowledge and belief, the statements set forth in this Section 2.1 are true and correct as of the Effective Date.

2.1.1. Authority to Enter into this Agreement; Enforceability. It has full corporate power and authority to enter into and to carry out the terms and provisions of

this Agreement, and the transactions contemplated hereby, without obtaining the approval or consent of any other party or authority (other than any regulatory approvals required under Connecticut law); all corporate proceedings have been taken and all corporate authorizations have been obtained by Isaiah which are necessary to authorize the execution and delivery of this Agreement; and this Agreement is a legal, valid and binding obligation of Isaiah enforceable in accordance with its terms. **Section 2.1.1** of the Disclosure Schedules lists each jurisdiction in which Isaiah is licensed or qualified to do business.

2.1.2. Organization and Existence. It is a non-stock corporation duly organized and validly and legally existing under the laws of the State of Connecticut. Such corporation has all requisite corporate power and authority to own, lease, and operate its properties and to carry on its business as it is now being conducted. Complete and correct copies of the Certificate of Incorporation and Bylaws (and all other applicable corporate documents) of Isaiah, as amended to date, have been delivered to Career Resources.

2.1.3. Compliance with Laws and Other Instruments. To the best of its knowledge, the business and operations of Isaiah have been and are being conducted in substantial accordance with all applicable laws, ordinances, and rules and regulations of all authorities, the violation of which, individually or in the aggregate, would materially and adversely affect Isaiah's business or operations. Neither the execution and delivery of this Agreement, nor the consummation of the Merger contemplated hereby, will conflict with, result in a violation or breach of any term or provision of, or constitute a default under the corporate documents of Isaiah, or any statute, order, judgment, writ, injunction, decree, license, permit, rule or regulation of any court or any governmental or regulatory body, or any indenture, mortgage, lease, contract, agreement, instrument, commitment or other arrangement to which Isaiah is a party or by which it is or may be bound, which conflict, violation, breach or default would materially and adversely affect its operations.

2.1.4. Tax Matters.

(a) Isaiah is exempt from federal income tax under section 501(c)(3) of the Code and is classified as other than a private foundation under section 509(a) of the Code. It has been and is currently operating in accordance with its determination letter. There exists no basis (and the consummation by it of the transactions contemplated by this Agreement will not constitute a basis) for challenging its status as an exempt organization that is not a private foundation or for asserting that it has any current liability for unrelated business income tax.

(b) There is no dispute or claim concerning any tax liability of Isaiah either claimed or raised by any authority in writing, except where the dispute or claim would not have a material adverse effect on its overall financial condition.

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2.1.5. Assets; Obligations. Isaiah has made available to Career Resources information regarding: (a) its personal property and assets (including its furniture, fixtures, equipment and bank and investment accounts); (b) its endowment and similar funds; (c) loans and grants to Isaiah and grant applications; (d) its patents, service marks and trademarks; (e) all insurance policies currently in force and effect; (f) its contracts with and/or commitments to third parties (including, without limitation, loans made by it); (g) wages and benefits for all employees; and (h) a description of any limitations on the use, transferability or assignability of any of the foregoing, in the case of (a) – (h) above, solely to the extent any such information exists. Isaiah represents that there is not presently any material breach or default, nor any basis for claiming any such breach or default, by it or any other party under any loan, grant, benefit plan, contract, mortgage, promissory note, or other agreement, document or instrument to which it is a party.

2.1.6. Intellectual Property. Isaiah has not interfered with, infringed upon, misappropriated, or violated any intellectual property rights of third parties in any material respect. No third party has interfered with, infringed upon, misappropriated, or violated any of Isaiah's intellectual property rights in any material respect.

2.1.7. Financial Statements. Isaiah has made available to Career Resources unaudited balance sheets and unaudited operating statements for its three (3) most recent fiscal years (the "**Financial Statements**"). Such balance sheets and operating statements fairly and accurately present, subject to the notes of the accountants or other preparers thereto, the financial condition and assets and liabilities of Isaiah as of the respective dates thereof and the results of Isaiah's operations for the respective periods covered thereby.

2.1.8. Undisclosed Liabilities. Except (a) as and to the extent shown or reflected on its Financial Statements, and (b) as otherwise disclosed on **Section 2.1.8** of the Disclosure Schedules, Isaiah does not have any liabilities or obligations, whether absolute, accrued, contingent or otherwise, and whether due or to become due, that would individually or in the aggregate have a material adverse effect on Isaiah's overall financial condition, and there is no basis for the assertion against Isaiah of any such liability or obligation. Isaiah is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it or the operation of its business as currently conducted makes such licensing or qualification necessary, except where the failure to be so qualified or in good standing would not reasonably be expected to have, individually or in the aggregate, any event, occurrence, fact, condition or change that is, or could reasonably be expected to become, individually or in the aggregate, materially adverse to (a) the business, results of operations, condition (financial or otherwise) or assets of Isaiah, or (b) the ability of Isaiah to consummate the transactions contemplated hereby on a timely basis.

2.1.9. Loans, Donations, Grants and Guarantees.

(a) The terms of all loans, grants and gifts to Isaiah have been complied with in all material respects, and there exists no basis for any liability

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for, or any repayment, refund or disgorgement of, any loan, grant, or gift funding or any discontinuance of future funding of open loans, grants or gifts.

(b) Isaiah has provided or made available to Career Resources all material information in its possession regarding all open and prospective grants. Isaiah is not aware of: (a) any restrictions or conditions of any loan, donation or grant in which it has any right or interest that would be violated by the Merger with Career Resources; (b) any objection on the part of any current lender, donor or grantor to the Merger or any such transfer; or (c) the intent of any current lender, donor or grantor to terminate funding of any open loan or grant or to withhold future donations or support from the Surviving Corporation after the Merger.

(c) None of Isaiah's obligations or liabilities are guaranteed by any other person, firm or entity, and Isaiah has not guaranteed the obligations or liabilities of any other person, firm or entity.

2.1.10 Insurance. Isaiah has continuously maintained and currently maintains fire, casualty, liability, professional liability and all other insurance (including self-insurance) coverage necessary in its business and operations. Such insurance policies or programs cover the property, business, and operations of Isaiah in amounts and against losses and risks such as are generally maintained for comparably situated businesses. Isaiah has not received any notice of cancellation or notice of a material amendment of any such insurance policy. Isaiah has described any open material claim in reasonable detail to Career Resources.

2.1.11. Absence of Certain Changes. Since the date of its most recent Financial Statements, except for the Merger or as otherwise disclosed, Isaiah has entered into no material transaction not in the ordinary course of business, and there has been no material adverse change in its overall condition, financial or otherwise, or in the condition or value of any of its material assets, except as disclosed to Career Resources.

2.1.12. Material Contracts.

(a) **Section 2.1.12** of the Disclosure Schedules lists each of the following contracts of Isaiah (such contracts, together with all contracts concerning the occupancy, management or operation of any real property owned, leased or subleased by Isaiah, together with all buildings, structures and facilities located thereon (the "**Real Property**") disclosed in **Section 2.1.13** of the Disclosure Schedules and all Order Processing contracts, being "**Material Contracts**"): (i) each contract of Isaiah involving aggregate consideration in excess of \$25,000 and which, in each case, cannot be cancelled by Isaiah without penalty or without more than ninety (90) days' notice; (ii) all contracts that require Isaiah to purchase its total requirements of any product or service from a third party or that contain "take or pay" provisions; (iii) all contracts that provide for the assumption of any obligation of any person; (iv) all contracts that relate to the acquisition or disposition of any material assets or businesses, a material amount of equity interests or assets of any other person or any

real property (whether by merger, sale of equity interests, sale of assets or otherwise); (v) all employment agreements and contracts with independent contractors or consultants (or similar arrangements) to which Isaiah is a party and which are not cancellable without material penalty or without more than ninety (90) days' notice; (vi) all contracts relating to indebtedness (excepting any agreements or terms and conditions regarding credit card accounts); (vii) all contracts that limit or purport to limit the ability of Isaiah to compete in any line of business or with any person or in any geographic area or during any period of time, or that restricts the right of Isaiah to sell to or purchase from any person or to hire any person, or that grants the other party or any third person "most favored nation" status or any type of special discount rights; (viii) any contracts to which Isaiah is a party that provide for any joint venture, partnership or similar arrangement by Isaiah; (ix) all contracts between or among Isaiah on the one hand and any governmental authority on the other hand (a "Government Contract"); and (x) any other Contract that is material to Isaiah and not previously disclosed pursuant to this Section 2.1.12.

(b) Each Material Contract is valid and binding on Isaiah in accordance with its terms and is in full force and effect. Neither Isaiah nor, to Isaiah's knowledge, any other party thereto is in breach of or default under in any material respect, and has not provided or received any notice of any breach or default of or intention to terminate, any Material Contract. To Isaiah's knowledge, no event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any Material Contract or result in a termination thereof or would cause or permit the acceleration or other changes of any material right or material obligation or the loss of any material benefit thereunder. Complete and correct copies of each Material Contract (including all modifications, amendments and supplements thereto and waivers thereunder) have been made available to Buyer.

2.1.13. Title to Assets; Real Property. Isaiah has good and valid title to, or a valid leasehold interest in, all Real Property and personal property and other assets. All such properties and assets (including leasehold interests) are free and clear of encumbrances.

2.1.14. Legal Proceedings; Governmental Orders. Other than those matters listed on **Section 2.1.14** of the Disclosure Schedule, there are no material actions pending or, to Isaiah's knowledge, threatened (i) against or by the Isaiah affecting any of its properties or assets or (ii) against or by Isaiah that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. To Isaiah's knowledge, no event has occurred or circumstances exist that is reasonably likely to give rise to, or serve as a basis for, any such action. There are no outstanding order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any governmental authority and no unsatisfied judgments, penalties or awards to which Isaiah or any of its properties or assets is subject.

2.1.15. Employment Matters.

(c) **Section 2.1.15** of the Disclosure Schedules lists all persons who are employees, independent contractors or consultants of Isaiah as of the date hereof,



including any employee who is on a leave of absence of any nature, paid or unpaid, and lists for each such individual the following: (i) name; (ii) title or position (including whether full or part time); (iii) hire date; (iv) current annual base compensation rate; (v) commission, bonus or other incentive-based compensation; and (vi) a description of any fringe benefits provided to each such individual that are not generally available to all employees. As of the date hereof, all compensation payable to all employees, independent contractors or consultants of Isaiah for services performed on or prior to the date hereof have been paid in full and there are no outstanding agreements, understandings or commitments of Isaiah with respect to any compensation, including commissions or bonuses, that have not been disclosed on the Disclosure Schedules. Isaiah is not currently, and has never been, a party to, bound by, or negotiating any collective bargaining agreement or other Contract with a union, works council or labor organization (collectively, "Union"). To Isaiah's knowledge, there is not, and has not been for the past five (5) years, any Union representing or purporting to represent any employee of Isaiah, and, to Isaiah's knowledge, no Union or group of employees is seeking or has sought to organize employees for the purpose of collective bargaining. There has never been, nor has there been any threat of, any strike, slowdown, work stoppage, lockout, concerted refusal to work overtime or other similar labor disruption or dispute affecting Isaiah or any of its employees.

(d) All individuals characterized and treated by Isaiah as independent contractors or consultants are properly classified and treated as independent contractors or consultants under all applicable laws. All employees of Isaiah classified as exempt under the Fair Labor Standards Act and state and local wage and hour laws are properly classified. There are no actions against Isaiah pending, or to Isaiah's knowledge, threatened to be brought or filed, by or with any governmental authority or arbitrator in connection with the employment of any current or former applicant, employee, consultant or independent contractor of Isaiah, including any claim relating to unfair labor practices, employment discrimination, harassment, retaliation, equal pay, wage and hours or any other employment-related matter arising under applicable laws.

(e) Isaiah is in material compliance with all applicable laws with respect to employment and employment practices, including with respect to terms and conditions of employment, health and safety, wages and hours, child labor, immigration, employment discrimination, disability rights or benefits, equal opportunity, plant closures and layoffs, affirmative action, workers' compensation, labor relations, employee leave issues and unemployment insurance.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES OF CAREER RESOURCES

3.1. Representations and Warranties. As an inducement to Isaiah to enter into this Agreement and to consummate the transactions contemplated hereby, Career Resources hereby represents and warrants to Isaiah that, to the best of its knowledge and belief, the statements set

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forth in this Section 3.1, as well as each corresponding schedule, are true and correct as of the Effective Date.

3.1.1. Authority to Enter into this Agreement; Enforceability. It has full corporate power and authority to enter into and to carry out the terms and provisions of this Agreement, and the transactions contemplated hereby, without obtaining the approval or consent of any other party or authority (other than any regulatory approvals required under Connecticut law); all corporate proceedings have been taken and all corporate authorizations have been obtained by Career Resources which are necessary to authorize the execution and delivery of this Agreement; and this Agreement is a legal, valid and binding obligation of Career Resources enforceable in accordance with its terms.

3.1.2. Organization and Existence. It is a corporation duly organized and validly and legally existing under the laws of the State of Connecticut. Such corporation has all requisite corporate power and authority to own, lease, and operate its properties and to carry on its business as it is now being conducted. Complete and correct copies of the Certificate of Incorporation and Bylaws (and all other applicable corporate documents) of Career Resources, as amended to date, have been delivered to Isaiah.

3.1.3. Litigation. There are no suits, actions, or legal, administrative, arbitration or other proceedings or governmental investigations pending, filed, or initiated by, or to the best of its knowledge, threatened against or directly involving Career Resources that may materially and adversely affect Career Resources' operations, financial status or tax exempt status or ability to perform hereunder.

3.1.4. Compliance with Laws and Other Instruments. To the best of its knowledge, the business and operations of Career Resources have been and are being conducted in substantial accordance with all applicable laws, ordinances, and rules and regulations of all authorities, the violation of which, individually or in the aggregate, would materially and adversely affect Career Resources' business or operations. Neither the execution and delivery of this Agreement, nor the consummation of the Merger, will conflict with, result in a violation or breach of any term or provision of, or constitute a default under the corporate documents of Career Resources, or any statute, order, judgment, writ, injunction, decree, license, permit, rule or regulation of any court or any governmental or regulatory body, or any indenture, mortgage, lease, contract, agreement, instrument, commitment or other arrangement to which Career Resources is a party or by which it is or may be bound, which conflict, violation, breach or default would materially and adversely affect the operations of Career Resources.

3.1.5. Tax Matters. Career Resources is exempt from federal income tax under section 501(c)(3) of the Code and is classified as other than a private foundation under section 509(a) of the Code. It has been and is currently operating in accordance with its determination letter. There exists no basis (and the consummation by it of the transactions contemplated by this Agreement will not constitute a basis) for challenging

its status as an exempt organization that is not a private foundation or for asserting that it has any current liability for unrelated business income tax.

## ARTICLE IV

### CONFIDENTIALITY

4.1. Confidential Information. For purposes of this Agreement, “**Confidential Information**” shall mean (i) any information, including, without limitation, patient names and related information, business plans and strategies, financial information and other business information and materials, in whatever form, that has been or may be disclosed by or among the Parties in the course of review and discussion of, or otherwise in connection with, the Merger, and (ii) any analyses, compilations, studies or documents prepared by the receiving Party, its representatives or employees that summarize any such information of the providing Party.

4.2. Protection of Confidential Information. The Parties agree to protect the Confidential Information of the other Party from disclosure to anyone other than their directors, officers, employees or representatives who have a business-related need to have access to such Confidential Information in connection with the Merger, and who agree to be bound by the confidentiality provisions of this Agreement to the same extent that the receiving Party is bound. The Parties further agree promptly to advise the other Party in writing of any unauthorized misappropriation, disclosure or use by any person of the Confidential Information of the other Party which may come to their attention and to take all steps reasonably requested by the providing Party to limit, stop or otherwise remedy such misappropriation, disclosure or use.

4.3. Exceptions. Notwithstanding anything to the contrary contained in this Agreement, no Party shall have any obligation with respect to any Confidential Information of the other Party which, as evidenced by written records: (i) is or becomes part of the public domain or the subject of public knowledge through no wrongful act of the receiving Party; (ii) is lawfully obtained by the receiving Party from a third party without any obligation to keep such information confidential; (iii) was known by the receiving Party prior to disclosure without any obligation to keep it confidential; or (iv) is independently developed by the receiving Party without reference to or use of any Confidential Information of the other Party.

4.4. Disclosures Required by Law. If a receiving Party or any of its representatives is required by law or administrative or judicial order to disclose any Confidential Information of the other Party, the receiving Party shall promptly and in any event prior to disclosure, notify the providing Party (unless prohibited by law from doing so) so that the providing Party may seek a protective order or waive the duty of non-disclosure; provided that in the absence of such order or waiver, if the receiving Party shall, in the opinion of its counsel, stand liable for contempt or be likely to suffer other penalty for failure to disclose, disclosure pursuant to the applicable law or administrative or judicial order may be made by the receiving Party or its representatives without liability under this Agreement.

4.5. Survival. Notwithstanding anything to the contrary contained in this Agreement, Article IV of this Agreement shall survive termination of this Agreement and the receiving

Party's obligations with respect to Confidential Information shall continue indefinitely, in accordance with applicable laws.

## ARTICLE V

### COVENANTS

5.1. Employees. It is understood and agreed that, as of the Effective Time, all employees of Isaiah in good standing immediately prior to the Effective shall become employees of Career Resources on such conditions and at such salary or wage rates as determined by Career Resources in its sole discretion and, accordingly, will not incur a termination of employment. It is further understood and agreed that (a) nothing herein shall constitute any commitment, contract or understanding (expressed or implied) of any obligation on the part of Career Resources to a continuing post-Closing employment relationship of any fixed term or duration or upon any terms or conditions other than those that Career Resources may establish pursuant to individual offers of employment, and (b) such employment, unless otherwise agreed to by Career Resources in writing, shall be "at will" and may be terminated by Career Resources or by an employee at any time for any reason (subject to any written commitments to the contrary made by Career Resources or an employee and any applicable legal requirements).

5.2. Notice and Consents. Prior to the Closing, Isaiah shall make or obtain all such consents, approvals, and notifications required to be given or made to any authority or to any person in connection with the execution, delivery, and performance of this Agreement and the Merger.

## ARTICLE V

### GENERAL PROVISIONS

6.1. Strict Compliance. No failure by either Party to insist upon the strict performance of any covenant, agreement, term or condition of this Agreement shall constitute a waiver of any such breach of such covenant, agreement, term or condition. No waiver of any breach shall affect or alter this Agreement, but each and every covenant, agreement, term and condition of this Agreement shall continue in full force and effect.

6.2. Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail of a .PDF document (with confirmation of transmission) or (d) on the third (3<sup>rd</sup>) day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 6.2):

If to Career Resources:

Scott Wilderman  
President & CEO  
Career Resources, Inc.  
350 Fairfield Avenue  
Bridgeport, CT 06604

With a copy to:

James P. Greifzu  
Wiggin and Dana LLP  
Two Stamford Plaza  
281 Tresser Blvd.  
Stamford, CT 06901

If to Isaiah:

With a copy to:

6.3. Amendments. Except as provided herein, neither this Agreement nor any term or provision hereof may be changed, waived, discharged or terminated except by written agreement of the Parties.

6.4. Publicity. The Parties agree that no public announcement(s) about the Merger will be made by either Party without the other's prior consent and agreement as to the timing, manner and content of such announcement(s). This provision shall not preclude confidential disclosure of the substance of the discussions contemplated by this Agreement to each Party's governing board, senior management and internal committees formed for the purpose of evaluating options in connection with the Merger, provided that any further disclosure shall be subject to the mutual agreement of the Parties.

6.5. Captions. The captions to this Agreement are for convenience of reference only and in no way define, limit or describe the scope or intent of this Agreement or any part hereof, nor in any way affect this Agreement or any part hereof.

6.6. Assignment. This Agreement shall not be assignable by either Party.

6.7. Controlling Law. This Agreement shall be construed, and the rights and liabilities of the Parties hereto determined, in accordance with the internal laws of the State of Connecticut; provided, however, that the conflicts of law principles of the State of Connecticut shall not apply to the extent that they would operate to apply the laws of another state.

6.8. Severability. If any provision of this Agreement shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid or unenforceable provision were omitted.

6.9. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Parties hereto, and their respective successors and permitted assigns.

6.10. Expenses. Each Party agrees to pay its own expenses incurred in connection with the Merger.

6.11. Remedies. In addition to other remedies available at law or provided for herein, the Parties shall be entitled to restraint by injunction of the violation, or attempted or threatened violation, of any condition or provision of this Agreement, or to a decree specifically compelling performance of any such condition or provision.

6.12. Entire Agreement. This Agreement, including all attached exhibits and schedules, constitutes the entire agreement between the Parties with respect to the subject matter hereof.

6.13. Cross References. Unless otherwise stated, all references in the text of this Agreement to exhibits and schedules are references to the exhibits and schedules of this Agreement.

6.14. Execution in Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same Agreement.

[THE NEXT PAGE IS THE SIGNATURE PAGE]

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**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date written above.

**CAREER RESOURCES, INC.**

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

**ISAIAH 61:1, INC.**

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

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**EXHIBITS AND SCHEDULES**

**Exhibits**

Exhibit A: Certificate of Merger to be filed with the Secretary of the State of the State of Connecticut

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**EXHIBIT A**

**CERTIFICATE OF MERGER**

**OF**

**ISAIAH 61:1. INC.**

**WITH AND INTO**

**CAREER RESOURCES, INC.**

**(Under Connecticut General Statutes Section 33-1157  
of the Connecticut Revised Non-stock Corporation Act)**

Each of the parties to the merger hereby certifies that:

1. The names of the parties to the merger are as follows:
  - (a) Isaiah 61:1, Inc., a Connecticut non-stock corporation; and
  - (b) Career Resources, Inc., a Connecticut non-stock corporation.
2. Upon completion of the merger Career Resources, Inc. shall be the "Surviving Corporation" (the "*Surviving Corporation*").
3. The date and time on which the merger is to be effective is as of 9:00:00 a.m. October 1, 2018.
4. The Agreement and Plan of Merger was approved by Career Resources, Inc., and Isaiah 61:1, Inc. as of 9:00:00 a.m. October 1, 2018.
5. Isaiah 61:1, Inc., and Career Resources, Inc., do not have members and, therefore, the Agreement and Plan of Merger was not required to be approved by members. The Agreement and Plan of Merger was duly approved by the boards of directors of Isaiah 61:1 Inc. and Career Resources, Inc., in the manner required by Sections 33-1000 to 33-1290, inclusive, of the Connecticut General Statutes and by each corporation's Certificate of Incorporation.

[THE NEXT PAGE IS THE SIGNATURE PAGE]

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IN WITNESS WHEREOF, the parties hereto have caused this Certificate of Merger to be executed by their respective duly authorized officers as of this 1<sup>st</sup> day of October, 2018.

**CAREER RESOURCES, INC.**

(a Connecticut Non-Stock Corporation)

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

**ISAIAH 61:1, INC.**

(a Connecticut Non-Stock Corporation)

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

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