CHROMA EARLY LEARNING ACADEMY LLC

SECTION 125 CAFETERIA PLAN DOCUMENT & ADOPTION RESOLUTION

Formally Established Pursuant to IRC § 125, § 79, § 105(b), § 106, § 223 & ACA § 2713 • Effective November 1, 2026

Plan Sponsor & Employer: Chroma Early Learning Academy LLC (25 Campuses)	**ERISA Plan Number:** 501
Principal Office: 2309 Parklake Dr NE #250, Atlanta, GA 30345 (EIN: 58-2940191)	**Plan Year:** Nov 1, 2026 – Oct 31, 2027
Strategic Advisor: Shielded Horizons LLC (GA Producer Lic #19559059 / NPN #839439)	**Major Med TPA:** Marpai Health (CHS Cigna)

ARTICLE I — PLAN ESTABLISHMENT AND STATUTORY PURPOSE

1.1 Establishment of Plan. Chroma Early Learning Academy LLC ("Employer" and "Plan Sponsor") hereby establishes the Chroma Early Learning Academy Flexible Benefits Plan ("Plan"), effective November 1, 2026.

1.2 Statutory Safe Harbor. The Plan is designed to qualify as a "Cafeteria Plan" under Section 125 of the Internal Revenue Code of 1986, as amended ("Code"), granting an absolute safe harbor from the doctrine of constructive receipt. It enables eligible W-2 employees to elect between taxable cash compensation and qualified non-taxable welfare benefits, generating mutual FICA payroll tax exemptions under Code § 3121(a)(5)(G).

ARTICLE II — ELIGIBILITY AND PARTICIPATION

2.1 Eligible Employees. Any active full-time W-2 employee regularly scheduled to work thirty (30) or more hours per week at any of the Employer's twenty-five (25) licensed Georgia campus locations is eligible to participate on the first day of the calendar month following thirty (30) days of continuous active service. 1099 independent contractors and non-employee owners are strictly excluded.

2.2 Open Enrollment & Elections. Prior to the beginning of each Plan Year, each eligible employee shall execute an electronic or written Benefit Election Form or Waiver Form. Elections become irrevocable for the entire 12-month Plan Year pursuant to Treasury Regulation § 1.125-4, absent a Qualifying Life Event.

ARTICLE III — QUALIFIED COMPONENT BENEFITS & CENSUS COHORTS

The Plan integrates three distinct statutory benefit tiers, ensuring comprehensive major medical access, certified clinical preventive coverage, and catastrophic life protection:

- **Component A (Major Medical & HSA Integration — IRC § 106 & § 223):** Qualified High Deductible Health Plan (HDHP) coverage under the **HSA VL 1750 Plan** administered by **Marpai Health TPA** utilizing the national **CHS Cigna Network**. Includes pre-tax conversion of employee-paid premium contributions and up to **$25.00/month** in pre-tax Health Savings Account (HSA) salary reductions under Code § 223.
- **Component B (Clinical Preventive Anchor — Apex-MEC™ under IRC § 105(b) & ACA § 2713):** Certified Minimum Essential Coverage (MEC) delivering 63+ mandated clinical preventive screenings, routine adult/pediatric physicals, comprehensive lab panels, and 24/7 telemedicine through the nationwide MultiPlan / PHCS PPO network at **$0 copay**. Establishes bona fide medical care satisfying IRS Chief Counsel Advice (CCA) 202323006 and shields the Employer from ACA § 4980H(a) Penalty A ($2,970/worker/year).
- **Component C (Group Term Life Protection — ManhattanLife under IRC § 79 & § 125(f)):** 100% Guaranteed-Issue **$50,000 Group Term Life Insurance** underwritten by ManhattanLife Insurance Company. 100% exempt from income and FICA taxation with zero imputed income on Form W-2 (Code C not required).

Plan Cohort Classification	Component Benefits Package	Pre-Tax Deduction Structure	Statutory Authority
Tier 1: Comprehensive Major Medical + HSA	• HSA VL 1750 (CHS Cigna / Marpai TPA) • $25.00/mo HSA Contribution (§ 223) • ManhattanLife $50k Group Life (§ 79) • Apex-MEC™ Preventive Care (§ 105b)	Cost-shared per carrier tier + $25 HSA + $15 MEC + $19.80 Life	IRC § 106 IRC § 223 IRC § 79 ACA § 2713
Tier 2: Core Section 125 Cafeteria Anchor ***(Staff waiving Major Medical)***	• ManhattanLife $50k Group Life (§ 79) • Apex-MEC™ MultiPlan Preventive (§ 105b) • Shielded Horizons Turnkey ASO Servicing	**$129.00 – $163.80 / month** *($59.54 – $75.60 bi-weekly)* Zero net take-home pay reduction	IRC § 125(f) IRC § 79 IRC § 105(b) CCA 202323006

ARTICLE IV — CONTRIBUTIONS, PAYROLL MECHANICS & ASO SERVICING

4.1 Pre-Tax Payroll Mechanics. The Employer shall configure its payroll processing system (ADP, Gusto, Paychex, or equivalent) to deduct authorized pre-tax salary reductions on a pro-rata bi-weekly basis. In accordance with federal tax law, all qualifying salary reductions shall be treated as follows:

- **IRS Form 941 (Employer Quarterly Federal Return):** Deductions are excluded from Line 2 (Total Wages), Line 5a (Taxable Social Security Wages), and Line 5c (Taxable Medicare Wages).
- **Permanent FICA Tax Recapture:** Pursuant to Code § 3121(a)(5)(G), the Employer is legally exempt from paying the 6.2% Social Security and 1.45% Medicare tax (7.65% total) on all qualifying pre-tax salary reductions, permanently capturing substantial cash tax savings.
- **IRS Form W-2 Reporting:** Employee taxable wages in Box 1 (Wages), Box 3 (Social Security), and Box 5 (Medicare) are reduced by the full annual amount of Section 125 salary reductions.

4.2 Administrative Services Only (ASO) Fee & Carrier Remittance. Out of the pre-tax salary reduction pool authorized by participating employees, Shielded Horizons LLC, acting as Administrative Services Organization (ASO), shall coordinate the direct remittance of wholesale insurance premiums and administrative costs as follows:

1. **ManhattanLife Insurance Co. Premium:** $19.80 monthly ($9.14 bi-weekly) for $50,000 Group Term Life Insurance coverage.
2. **Apex-MEC™ / MultiPlan Clinical Preventive Fee:** $15.00 monthly ($6.92 bi-weekly) for certified ACA § 2713 preventive medical access.
3. **Shielded Horizons ASO Servicing Fee:** Retained for non-fiduciary plan administration, census audits, digital enrollment portal maintenance, and compliance audit binder defense.

ARTICLE V — IRREVOCABILITY OF ELECTIONS & QUALIFYING LIFE EVENTS

5.1 Statutory Irrevocability. In strict compliance with Treasury Regulation § 1.125-4, elections made under this Plan are irrevocable for the entire 12-month Plan Year, except upon the occurrence of a recognized Qualifying Life Event ("QLE").

5.2 Recognized Qualifying Life Events (QLE). A participant may modify or revoke an election during a Plan Year only if the change is consistent with one of the following events and written or digital notice is delivered within thirty (30) days:

- **Change in Legal Marital Status:** Marriage, death of spouse, divorce, legal separation, or annulment.
- **Change in Number of Dependents:** Birth, adoption, placement for adoption, or death of a dependent child.
- **Change in Employment Status:** Termination or commencement of employment, switch between part-time and full-time, or unpaid leave.
- **Significant Coverage or Cost Changes:** Material coverage adjustments imposed by Marpai / Cigna or ManhattanLife.
- **Medicaid / CHIP Special Enrollment:** Loss of eligibility or entitlement to premium assistance (60-day statutory notice rule applies).

ARTICLE VI — PLAN ROLES & GOVERNANCE

6.1 Named Plan Administrator (Employer). Chroma Early Learning Academy LLC is the named Plan Administrator within the meaning of ERISA § 3(16)(A) and possesses exclusive discretionary authority to interpret Plan terms and determine eligibility.

6.2 Strategic Advisory & ASO Administrator. Shielded Horizons LLC acts exclusively as an independent strategic advisor and licensed insurance agency (GA Lic #19559059 / NPN #839439). Shielded Horizons LLC does not act as an ERISA § 3(21) fiduciary and does not hold plan assets.

6.3 Third-Party Administrators & Carriers. Major Medical claims are adjudicated by Marpai Health TPA under the CHS Cigna Network. Group Term Life claims are adjudicated directly by ManhattanLife Insurance Company. Clinical preventive care is delivered via the MultiPlan / PHCS PPO Network.

ARTICLE VII — NONDISCRIMINATION TESTING & SAFE HARBORS

The Plan satisfies all statutory nondiscrimination testing standards of Code § 125(b):

- **Eligibility Test:** Available uniformly to all full-time W-2 employees across all 25 Georgia campus locations.
- **25% Key Employee Concentration Test:** Aggregate qualified benefits provided to Key Employees (Code § 416(i)(1)) shall not exceed 25% of total aggregate qualified benefits. Given Chroma's 300+ non-key teacher workforce, this test is mathematically guaranteed to pass.

ARTICLE VIII — CLAIMS PROCEDURES, AMENDMENT & GOVERNING LAW

8.1 Carrier Claims Submission. All major medical claims shall be filed with Marpai Health TPA pursuant to the master group contract. Life insurance claims shall be filed with ManhattanLife Insurance Company. Preventive care inquiries are serviced via MultiPlan PHCS.

8.2 Amendment and Termination. The Employer reserves the right to amend, suspend, or terminate this Plan at any time by formal corporate resolution, provided that no action shall retroactively diminish salary reductions already executed.

8.3 Governing Law. This Plan shall be construed, administered, and enforced according to the Internal Revenue Code and the laws of the State of Georgia, to the extent not preempted by ERISA.

CORPORATE RESOLUTION OF THE MANAGING MEMBERS

CHROMA EARLY LEARNING ACADEMY LLC

WHEREAS, it is in the paramount interest of Chroma Early Learning Academy LLC ("Company") and its valued instructional and campus personnel across all twenty-five (25) Georgia campuses to establish a Section 125 Cafeteria Plan to enable eligible staff to obtain qualified major medical health coverage (HSA VL 1750), HSA tax savings, certified Apex-MEC™ preventive care, and guaranteed-issue $50,000 group term life insurance on a pre-tax basis; and

WHEREAS, the adoption of this Plan secures permanent corporate payroll tax savings under IRC § 3121(a)(5)(G), fully insulates the Company against ACA § 4980H(a) Penalty A liabilities, and provides guaranteed catastrophic protection at zero net employer out-of-pocket cost;

NOW, THEREFORE, BE IT RESOLVED, that the Chroma Early Learning Academy LLC Section 125 Cafeteria Plan (Plan 501), set forth herein, is hereby approved, adopted, and established effective as of **November 1, 2026**;

RESOLVED FURTHER, that the executive officers of the Company be, and hereby are, authorized and directed to execute all master carrier agreements with Marpai / CHS Cigna and ManhattanLife, establish pre-tax payroll deduction mapping in the Company's payroll system, distribute the Summary Plan Description to all eligible staff, and maintain this formal Plan Document permanently in the corporate fiduciary records of the Company.

EMPLOYER & PLAN SPONSOR: **CHROMA EARLY LEARNING ACADEMY LLC** _____ **Managing Partner** Date: _____, 2026 *Corporate Fiduciary Record Copy*	**STRATEGIC BENEFITS ADVISOR:** **SHIELDED HORIZONS LLC** _____ **Robert Hill**, Managing Director GA Producer Lic #19559059 • NPN #839439 Date: _____, 2026 *Licensed Benefits Advisory Agency*