APPROVED

Springfield Prep
CHARTER SCHOOL

Springfield Prep

Minutes

Finance Committee Meeting

Date and Time
Monday February 26, 2024 at 7:30 AM

Location
This meeting will take place remotely, via Zoom.

Committee Members Present
A. Piela (remote), M. Frodema (remote), R. Molina-Brantley (remote)

Committee Members Absent
None

Guests Present
B. Spirer (remote), J. Callan (remote), M. Velazquez (remote), M. Wagner (remote)

I. Opening Items

A. Record Attendance

B. Call the Meeting to Order

A. Piela called a meeting of the Finance Committee of Springfield Prep to order on Monday Feb 26, 2024 at 7:34 AM.

C. Approve previous Finance Committee Minutes

M. Frodema made a motion to approve the minutes from Finance Committee Meeting on 01-22-24.
A. Piela seconded the motion.
The committee **VOTED** unanimously to approve the motion.

Roll Call

A. Piela	Aye
M. Frodema	Aye
R. Molina-Brantley	Abstain

D. Approve previous Finance Committee meeting minutes

A. Piela made a motion to approve the minutes from Finance Committee Meeting on 10-23-23.
M. Frodema seconded the motion.
The committee **VOTED** unanimously to approve the motion.

Roll Call

R. Molina-Brantley	Aye
M. Frodema	Aye
A. Piela	Aye

E. Approve previous Finance Committee meeting minutes

R. Molina-Brantley made a motion to approve the minutes from Finance Committee Meeting on 09-25-23.
A. Piela seconded the motion.
The committee **VOTED** unanimously to approve the motion.

Roll Call

R. Molina-Brantley	Aye
A. Piela	Aye
M. Frodema	Abstain

F. Monthly Financials

1. There are no significant changes from last month when we reviewed the financials. We have drawn down on some grants so we see an increase in the cash balance. There was an issue with state grant payments but that is fixed so we are seeing an increase in revenue now. State tuition payments for January will come in during February, so we will see double tuition payments in February. Payments were two days late.
2. Amy asked about whether there were improvements on busing and whether that's impacted breakfast participation. Meghan explained that there were no major updates on busing and breakfast participation — we are still anticipating a somewhat decreased projection across the year. She noted that we had our National School Lunch Program audit last month so we will be able to provide related updates next month once that audit is finalized and we have more information.

II. Finance Items

A.

Audit Presentations

Matt McGinnis and Dave Kelleher joined the meeting to present for AAF.

- Matt co-runs the firms affordable housing practice. Helps developers through complicated tax structure deals (e.g., New Market Tax Credits) and advises community development organizations. Also works in education practice. Has worked with MA charter schools for 18 years and more recently has worked with out-of-state charter management organizations.
- Dave presented on behalf of AAF. He outlined the benefits he believed they would provide:
    - Have worked with the school since we were founded and know our work very well.
    - Worked very closely with charter organizations and in the charter sector.
    - Able to help with the unwind of the NMTC transaction.
    - Firm has other services — e.g., wealth management and IT consulting — if needed.
    - Dave named that he would be shifting to the consulting partner, with Matt as the lead.
    - Matt noted that a partner rotation provides a fresh look without losing the institutional knowledge and without having the pains of using a new firm. He noted the benefits of their experience when there are complicated financing packages.
- Amy asked how they approach increasing efficiency. Matt shared that with the new partner assigned to the audit, a fresh set of eyes would enable the firm to see additional areas for efficiency in terms of which areas of risk to focus on. Dave mentioned a new audit standard this fiscal year that will require a different look at what constitutes a “significant risk”. He also noted that they are piloting a new audit software and technology this year that uses AI. It will be a 2-year implementation.
- Ron asked about why they would be a good fit, especially with a new lead partner. Matt shared his experience working with MA charter schools, with complex financing structures, working with schools near the surplus cash limits. He talked about reaching out on a quarterly basis during the year, not just during the audit season to be aware of ongoing issues.
- Matt and Dave left the meeting.

Romina Mameli joined to present for Powers & Sullivan.

- She has been with P&S for 23 years. As of Feb. 1, they were acquired by Marcum and she is now a Director at Marcum. Romina has worked with Community Charter School of Cambridge for 18 years. She has worked with others as well - Francis Pope, PVPA, etc.
- She described P&S's process. Fieldwork can be onsite or remote, up to entity. They do a planning process in spring, typically in mid-May to mid-June. Audit will

go through the engagement quality review process then present at the board meeting if we would like that. She asked about whether we would expect a single audit in FY24 and then described the process for doing that, which would entail.
- Amy asked about the firm's experience and expertise with NMTQ transactions. Romina explained that she has prepared the 990s for schools and Marcum has tax specialists. Romina said P&S has a very small tax practice but they have done a few dozen nonprofits.
- Ron asked about how the merger would impact the work on our end. Romina explained that the merger was very positive and the resources that Marcum provides will bolster what they can provide. P&S had 7 partners and had challenges that many clients have, with staffing, etc. They have already reviewed the entire audit calendar with Marcum. The biggest unknown is the specific timing. They believe that so far their transition has been great and that it won't affect their audits because they are maintaining their audits as they have already done them. Romina noted that Marcum had acquired Milansen and learned from this transition.
- Bill asked about how their charter work differs from their municipal work, which clearly makes up the bulk of their practice. Romina explained that when they approach charter school audits, they use the state's charter school guide and view charters as a smaller municipal audit. They're fantastic at single audits because they do most of these for their municipality audits. Sometimes there is a different software but they are looking for the same thing.
- Romina left the meeting.

The committee debrief the presentations.

- Bill shared his view that while he believes Powers & Sullivan would do a good job, he is unsure about P&S's experience with nonprofits and complex financing structures like our NMTC structure. With a recent attorney change, we have relied on AAF for nonprofit and tax guidance and he worried about making two significant changes at once.
- Meghan highlighted that it seems like the lift would be lower with P&S but that she'd be more comfortable with AAF given how knowledgeable they are about the charter sector.
- Mary Kate agreed with Bill about avoiding changing too much at once (e.g., attorney and auditor) and expressed concern about the buyout.
- Amy agreed and said she didn't think it would be worth the risks of engaging a firm that may undergo significant changes because of an upcoming merger.
- Ron agreed. He shared his view that AAF would be a safer bet despite the increased cost.
- Jean agreed and felt like her response to Bill's question about NMTC financing was a red flag.
- There is consensus that the committee recommends that we should try to move forward with AAF, but that we should seek flexibility in their rate.

B. 403b Plan Selection

- Amy noted that she would be okay moving forward. Mary Kate's only issue is the 1.53% fee. She thinks it's worth pushing back on the advisor fee. Meghan said she could ask directly.
- Ron said that he was okay moving forward.
- Bill talked about our flexibility in moving the plan provider at some point if needed. Mary Kate explained that we could move the plan or renegotiate the fee as needs change.
- Ron asked what a better fee would be. Mary Kate said that it could be under 1% but in that case, the employer would likely fund more of it. But this is a unique space (e.g., 401ks are often at .5%, but 403(b)'s are much more complex).
- The committee talked about how many staff members would participate and Amy shared that it would likely be a relatively small amount invested within the first few years so we should really focus on optionality when communicating about the plan (you can choose a no-fee, no-advisor option or a fee-option with an advisor).
- The committee agreed that we should recommend moving forward but that we seek to reduce the fee.

III. Closing Items

A. Adjourn Meeting

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 8:57 AM.

Respectfully Submitted,
A. Piela

B. Next meeting

Documents used during the meeting

- 0. SP FY24 January Financial Dashboard.pdf
- 1. SPCS FY24 January Details.pdf
- 2. SPCS FY24 January Summary.pdf
- 3. SP Friends Details.pdf
- 4. SP Realty FY24 January Details.pdf
- 5. SP FY24 January SNP.pdf
- 6. SPCS FY24 January Cash Flow.pdf
- MEMO. Audit Firm RFP Response Review.pdf

- MEMO. 403(b) Plan Review (1).pdf