APPROVED

Veritas Preparatory Charter School

Minutes

Finance Committee Meeting

Date and Time
Thursday September 18, 2025 at 4:00 PM

Location
Veritas Prep Charter School 1st Floor Conference Room or Dial-In Number: 866-848-2216, Conference Code: 7783935205, Leader Code: 2356

Join Zoom Meeting
ID: 82384629673
Passcode: 966439

(US) +1 929-205-6099
Passcode: 966439

Committee Members Present
D. Ford (remote), D. Fuller (remote), M. Landon (remote)

Committee Members Absent
A. Martínez, R. Martin

Guests Present
Kimoy Phillpotts (remote), L. Goncalves (remote), N. Gauthier, N. Reilly (remote), R. Romano (remote)

I. Opening Items

A. Record Attendance

B. Call the Meeting to Order

D. Ford called a meeting of the Finance Committee of Veritas Preparatory Charter School to order on Thursday Sep 18, 2025 at 4:04 PM.

C. Approve Minutes

M. Landon made a motion to approve the minutes from Finance Committee Meeting on 08-21-25.
D. Fuller seconded the motion.
The committee **VOTED** unanimously to approve the motion.
M. Landon made a motion to approve the minutes from Finance Committee Meeting on 08-21-25.
D. Fuller seconded the motion.
The committee **VOTED** unanimously to approve the motion.

II. Finance

A. Audit Draft Presentation – AAFCPAs

Presentation of Audit Drafts
Nichole from AAFCPAs presented the FY25 audit results and provided updates on new accounting standards and compliance requirements.

GASB Accounting Standards Updates
Nichole reviewed upcoming GASB 103 and 104 standards, both effective in FY26. GASB 103 will require more detailed MD&A sections in audit reports, and GASB 104 will expand capital asset reporting for assets held for sale. While neither change is expected to dramatically alter reporting, they will add complexity to disclosures and footnotes.

Federal Audit Threshold Changes
Nichole explained that the federal audit threshold will rise from $750,000 to $1 million in FY26. Veritas currently spends ~$1.2 million in federal funds, primarily Title I, so will remain above the threshold. She noted that schools fluctuating in and out of audits cannot qualify for low-risk status, which impacts the level of federal funds tested.

Clean Audit Results
Veritas received an unmodified opinion for both the school and the foundation—reflecting a clean audit. Federal testing of Title I funds revealed no issues, and a previously identified significant deficiency was resolved.

Financial Position Analysis

Total assets remained steady at $8.5 million, while net position rose by ~$300,000 to $2.8 million. Unrestricted equity increased from $1 million to $1.3 million, improving the current ratio and lowering the debt-to-equity ratio.

Revenue and Expense Trends
Per-pupil tuition revenue increased with 90 additional students, while government grant revenue dropped with the end of ESSER funding. Personnel costs rose by $1 million due to COLA increases and retention strategies. Overall, tuition revenue now covers 87% of expenses, up from 75% last year.

Investment Classification Discussion
Denise raised concerns about classifying $665,000 in liquid investments as long-term assets. Nichole clarified that GASB requires classification by intended purpose, not liquidity. The committee suggested adding disclosure language to explain that investments can be liquidated if needed.

Student and Cost Metrics
Tuition revenue per student is ~$20,000, or $22,700 including grants. Total expense per student declined from $25,000 to $23,000, showing efficiency gains. Personnel and direct student costs also decreased year-over-year.

Reserve Position
Veritas holds ~$1.7 million in unrestricted reserves, equal to ~1.5 months of operating expenses—below the four-month sector average but improved from last year. Nichole noted reserves are expected to tighten sector-wide as ESSER funding ends.

Lease Accounting Adjustments
One corrected misstatement was recorded with no P&L impact. An uncorrected misstatement related to small equipment leases (e.g., copiers) was below materiality but documented for transparency.

Federal Compliance Supplement Delay
The OMB has delayed release of the final federal compliance supplement until at least September. This may affect the October 31 DESE deadline. Options include a DESE extension or issuing financial statements without the federal report, though the latter presents complications.

HR Challenges and Personnel Management
Rachel shared ongoing HR challenges including increased unemployment and MCAD discrimination claims stemming from pandemic-era hires. Lynne continues to manage and contest these claims, which are burdensome and time-consuming.

Teacher Compensation Strategy

Leadership plans to propose teacher salary increases at the November Finance Committee meeting, with implementation in January. This strategy would move away from the current salary scale and include sign-on bonuses to attract SPS teachers. Higher compensation will require offsetting reductions in FTEs to preserve classroom quality.

B. Diversification of Cash Accounts

Investment Policy for Excess Cash
The committee discussed diversifying cash deposits beyond People's Bank due to FDIC limits. Options include Treasury bills, money market funds, or ETFs such as BIL/SHV for easier Treasury exposure. Lynne and Steve will draft revised policy language for review.

C. Monthly Financial Reports

Covered in the above audit discussion.

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 5:30 PM.

Respectfully Submitted,
D. Ford

Documents used during the meeting

- Veritas Preparatory Charter School Board Report Draft 9.10.2025 (1).pdf
- Veritas Preparatory Charter School Management Letter Draft 9.10.2025 (1).pdf
- Veritas Preparatory Charter School Ratios Draft 9.10.2025.pdf
- Veritas Preparatory Charter School Financial Statements Draft 9.10.2025 (1).pdf
- factsheet-us-en-bil.pdf
- sp11.pdf
- Financial Reports to Finance Committee September.pdf