APPROVED

Veritas Preparatory Charter School

Minutes

Finance Committee Meeting

Date and Time
Tuesday October 21, 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), R. Martin (remote)

Committee Members Absent
A. Martínez

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

I. Opening Items

A.

Record Attendance

B. Call the Meeting to Order

M. Landon called a meeting of the Finance Committee of Veritas Preparatory Charter School to order on Tuesday Oct 21, 2025 at 4:02 PM.

C. Approve Minutes

D. Fuller made a motion to approve the minutes from Finance Committee Meeting on 09-18-25.
M. Landon seconded the motion.
The committee **VOTED** unanimously to approve the motion.

II. Finance

A. Monthly Financial Reports

The meeting began with a Federal Compliance Supplement status update. The federal office has not yet released the OMB Federal Compliance Supplement required to complete the fiscal year audit. The Department of Education is still determining its approach, and this delay could push final audit submission to January. Auditors will likely have the Board Chair sign authorization for the draft audit even though the final version cannot yet be released. Despite the delay, all financial record submissions will proceed as planned by October 31.

The committee then discussed debt covenant compliance. The organization’s debt covenant requires audit submission within 120 days of the fiscal year end. Lynne has reached out to PeoplesBank to discuss a potential waiver or extension due to the federal delay. Bank representatives will hold a call with Lynne and Nichole to determine the most appropriate approach to maintain compliance.

Next, the committee reviewed first quarter financial performance. Costs were high as expected in the first quarter, but overall financial health is trending in a positive direction. Cash flow continues to perform well, with all payables processed on time, and the organization has not yet needed to draw on its line of credit.

Lynne then shared updates on grant funding delays and their impact on cash flow. Several grant applications remain pending with no clear timeline for payment, and nearly $1.5 million in grant funds may be delayed until December or January. Title I funding from last year is still covering associate teacher salaries through October, but cash flow impacts are expected in November and December as current grants close and new funding has not yet begun.

To prepare, the committee reviewed contingency plans for possible grant payment delays. If funding is delayed beyond January, the organization will use the line of credit to

cover second payroll each month. Approximately $100,000 would be drawn monthly to support Title I and special education salaries. These draws would occur before month-end payroll and be repaid when tuition payments arrive, following a similar strategy used in prior years.

A budget analysis of professional development and instructional materials followed. Professional development costs appear high early in the year due to front-loaded annual expenses, including the $55,000 One Goal program. Instructional materials follow a similar pattern, with larger purchases occurring early in the school year. General supplies remain steady throughout the year and are aligned with expected spending timelines.

The committee then turned to enrollment management. Fifth-grade enrollment has improved significantly after sustained recruitment efforts, while sixth grade is currently over-enrolled with a strong waiting list. Middle school enrollment supports overall numbers well, though high school enrollment will require close monitoring. Two eighth-grade seats are being offered based on expected student departures.

A discussion on enrollment capacity and waiting lists followed. The school currently operates at 760 funded seats, with total enrollment at 771 students. Some grades lack waiting lists, making it challenging to backfill departures. Tenth grade has a limited waiting list, while eleventh grade is at full capacity. Recruitment for next year launched this week, focusing on increasing ninth-grade applications.

Finally, the committee reviewed the capital asset threshold policy. The current threshold of $5,000 per item no longer aligns with the federal grants threshold of $10,000. After discussion, members agreed to raise the organizational threshold to $10,000 to match federal standards, simplify asset tracking, and reflect inflationary changes in costs.

B. Fiscal Policies and Procedures Update

Lynne presented a red-lined version of the updated Fiscal Policies and Procedures document, reflecting recent system changes related to Bill.com and Divvy. The committee reviewed updates noting that federal and state grant policies take precedence over organizational policies, with current compliance requirements outlined in Appendix A. Updates to the chart of accounts were also incorporated as additional appendices. The committee agreed that the document still requires further refinement before being presented to the Board, particularly regarding debarment procedures and threshold updates.

During the discussion, Denise raised concerns about the document language and internal controls. She noted an excessive use of “should” statements and “periodically” phrasing, which weakens procedural clarity. The committee discussed the importance of stronger internal controls, particularly given the level of combined financial authority held by the CEO and CFO, and emphasized the need for more definitive, directive language.

Members also suggested separating policies and procedures into two distinct documents to provide clearer guidance for implementation and accountability.

Lynne also reviewed current debarment verification procedures. She explained that she checks SAM.gov for contractor suspension or debarment status when entering contracts over $35,000 using federal funds, and that notifications are in place to flag any future changes for approved contractors. The committee agreed that this section of the policy requires clearer documentation around the timing and frequency of required verifications. Examples such as James Levine Associates, paid through special education grant funds, were used to illustrate how the verification process is currently implemented.

C. Investment of Excess Deposits

The committee then discussed the organization's investment strategy for excess cash. Currently, more than $250,000 remains in operating accounts for roughly 22 days each month. The group explored ways to generate higher returns on these idle funds through money market funds and Treasury bill options. An automatic transfer system was proposed, allowing funds to move into investment vehicles when tuition payments arrive and return to the operating account in time for payroll. Steve, from the organization's investment services partner, would facilitate the setup and management of the selected investment options.

In reviewing potential investment vehicles, the committee agreed to begin conservatively with one option—most likely a money market fund—with an initial investment of approximately $1 million. Money market funds were favored due to their stable share prices and fast liquidity within one to two business days. While Treasury bill ETFs provide comparable returns, they can experience minor price fluctuations and settlement delays. The committee identified the Vanguard money market fund as the preferred initial vehicle, with a courtesy account setup to be coordinated through Steve.

Per existing fiscal policies, board approval is required to open any new bank or investment accounts. The committee plans to present the investment proposal at the December board meeting for formal approval, with implementation beginning in January following board authorization and account setup. This approach would allow the organization to pilot the investment strategy before allocating additional funds.

The committee also revisited the capital asset threshold policy. The current threshold is $5,000 per item, while the federal grants threshold has increased to $10,000. To simplify asset management and align with federal guidelines, the committee discussed raising the organizational threshold to match. Members agreed that cost inflation has made the $5,000 threshold less practical for tracking individual assets. The committee reached consensus to increase the capital asset threshold to $10,000, bringing it into alignment with federal grant requirements.

III. Other Business

A. Next Steps/Action Items

Audit and Compliance

- Lynne to complete the financial record portion of the audit submission by October 31 as requested by the Department of Education.
- Lynne to have a phone call with PeoplesBank along with Nichole to determine the resolution for the debt covenant compliance issue.

Fiscal Policies and Procedures

- Rachel and Lynne to review and revise the fiscal policies document, replacing “should” statements with definitive “will” or “will not” statements and clarifying vague terms such as “periodically” with specific timeframes.
- Lynne to deliver the revised fiscal policies document to committee members with adequate time for review before the next meeting.
- Nicole to send the revised policies and procedures document early to ensure members can review ahead of the fiscal policies discussion.
- Lynne to add the revised fiscal policies and procedures item to the December Finance Committee agenda.

Investment Strategy

- Rachel and Lynne to firm up details with Steve regarding the investment amount and specific fund selection before presenting to the board for approval.
- Rachel and Lynne to bring the money market investment proposal to the board for approval at the December meeting.
- Lynne to open the investment account with Steve in January, following board approval in December.

IV. 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 5:10 PM.

Respectfully Submitted,
M. Landon

Documents used during the meeting

- Financial Reports to Finance Committee October.pdf
- Veritas Fiscal Policies & Procedures Oct 2025.pdf

- Appendix M - Chart of Accounts.pdf
- Appendix X - Credit Card Accounts and Authorized Users Oct 2025.pdf
- factsheet-us-en-bil.pdf
- sp11.pdf