APPROVED

Lawrence Family Development Charter School

Minutes

LFDCS Finance Subcommittee Meeting

Date and Time
Wednesday October 2, 2024 at 5:30 PM

Location
Zoom

Committee Members Present
C. Needham (remote), D. DeFillippo (remote), J. Henriquez (remote)

Committee Members Absent
G. Lopez, L. McRae

Guests Present
D. Thakkar (remote), Douglas French (remote), Jayne Andrews (remote), S. Perry (remote), Y. Rodriguez (remote)

I. Opening Items

A. Record Attendance

B. Call the Meeting to Order

C. Needham called a meeting of the Finance Committee of Lawrence Family Development Charter School to order on Wednesday Oct 2, 2024 at 5:36 PM.
D. DeFillippo made a motion to approve the minutes from September 4,2024 meeting. September Finance Subcommittee Meeting on 09-04-24.
J. Henriquez seconded the motion.
The committee **VOTED** to approve the motion.

Roll Call

D. DeFillippo	Aye
C. Needham	Aye
L. McRae	Absent
G. Lopez	Absent
J. Henriquez	Aye

II. Finance

A. Draft Audit report

Jayne Andrews and Douglas French from ANSTISS presented the Audit draft. The auditors did not encounter any difficulties in performing the audit and did not have any disagreements with management on accounting issues. The committee requested a management representation letter to be dated after the full board meeting.

Douglas F. went over the Financial Statements. There was an increase of approximately $3.5 million for FY24 compared to FY23. Douglas discussed the fluctuations in the financial statements, highlighting the increase in cash and cash equivalents, accounts receivable, and prepaid expenses. He also noted the decrease in occupancy and equipment lease assets. The increase in program expenses and General and Administrative (G&A) expenses was expected due to increased revenues and headcounts. The allocation of expenses remained consistent at 87% for the program and 13% for G&A. Douglas also provided a detailed breakdown of the expenses, including salaries, rent, depreciation, management fees, supplies, repairs, utilities, and bus service.
Darshan asked about the increase in depreciation, which Susan Perry attributed to overall expenditures, including technology, building improvements, and vehicles.
Chris N. asked why the pension revenue went down. S Perry stated that in 2023 the head count was down.
Chris N. asked how the program, which is 87%, and the G&A, is 13%, compared to other charter schools. Susan Perry said she would investigate this since Charter Schools must report it.
Darshan T. asked about depreciation. S Perry said this reflects all items in one such as vehicles, and other items.
Chris N. asked what is driving the surplus. Susan P. said this is due to an increase in the tuition rate.
Chris N. is asking if there are any nonrecurring items that we don't have to anticipate in 2025. Susan P. said no due to the tuition rate the reduction in head count and not having to pay those salaries contributed to the surplus.
Chris N. asked how many certified positions are filled compared to FY23. Darshan T. said for this current school year, most positions have been filled by certified teachers and not as many by paras.

Susan P. said the ESSR fund will be going away in FY 25. The school had received a grant for $1.9 million and another for $3 million. This will reflect a drop in the next few years.
Chris N. asked if there are certain spending that won't be done due to losing these grants. Darshan T. said that we used the funds to supplement the existing programs and did not increase any positions. Therefore, we will not have to cut anything due to not having the funds. The committee agreed that the surplus would not be sustained in the long term, as the grants would no longer be available.

Darshan T. had some questions on the audit draft report that he wanted to bring to their attention. Darshan T. asked in the area of Basis of Presentation, he wanted some clarification on the term business activity. Susan P. said it was a generic term.

Darshan T. also had questions about net assets with donor restrictions and if it was supposed to be in that position and Jayne A. said yes.
Darshan T. also suggested a grammatical error be removed in the next paragraph.
Douglas F. reported a change made to Note 9-Related Party Transactions to reflect $1,233,000 (difference of $2,000, a payment made to S. Earabino as consulting fee).
Jayne A. and Douglas F. will update the draft audit report, correcting the noted errors and making the discussed changes, including the related party transaction amount adjustments.

B. Capital Improvement and Surplus Utilization Plan

Susan P. asked if the auditors saw any concerns with the plan of using the surplus for capital improvements as long as the state approves the usage of those funds for those purposes. The auditors said no they don't see a concern, it would just be an additional line in the report for the expenses and liabilities.

Chris N. asked if the auditors have seen other schools in a similar situation using their surplus for improvements such as this. Auditors replied no they have not but they also don't have much experience working with schools.

Susan P. said DESE said only 8 out of 73 charter schools have a management company. DT said that originally 14 charter schools had a management company and now only 8 out of those 14 have one today. This used to be a requirement when obtaining a charter and now it is no longer required.

Chris N. said that Ralph Carrero's departure caused a division of both organizations and has changed the dynamic.

Susan P. reported that the surplus funds can be stored in a cash account with a capital plan connected to it. The surplus exists as of June 30, 2024. Chris N. expressed this surplus needs to be on a separate line on the balance sheet or a separate footnote.

The annual report needs to be amended to include the capital improvement plans. Darshan T. said that wouldn't be a problem since he already has to make an amendment that was reported by the state to him. He will follow up on making an additional one.

Chris N. and Jose H. said they will work with the nonprofit in the next several months about the lease.

III. Update on Management Services Agreement

A. Discussion

Susan P. mentioned she will incorporate the job descriptions to formulate the management services agreement. The service agreement would talk about the services rendered and the functions but not the person executing those responsibilities. An example was given about the ticket system utilized by the charter school when requesting assistance from the IT Department.

IV. Other Business

A. Treasurer role succession

Chris N. has been working with Jose H. as a potential successor. This isn't a formal transition of the role. Chris N. has been including Jose H. in the work such as with the nonprofit. Chris N. said this is no indication of his plan to leave the board but it is good to have a succession plan.

Susan P. mentioned that the Corporate Resolution needs to be signed by Chris N. He will be doing a scan signature.

Chris N. asked how long much longer is he able to serve. According to the bylaws, Chris H. can serve up to 4 terms, her is currently on his third. Jose H. is in his second term.

V. Closing Items

A. Adjourn Meeting

J. Henriquez made a motion to adjourn the meeting.
D. DeFillippo seconded the motion.
The committee **VOTED** to approve the motion.

Roll Call

D. DeFillippo	Aye
C. Needham	Aye
J. Henriquez	Aye
G. Lopez	Absent
L. McRae	Absent

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 6:34 PM.

Respectfully Submitted,
Y. Rodriguez