

APPROVED



# Lawrence Family Development Charter School

## Minutes

### LFDCS Finance Subcommittee Meeting

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#### Date and Time

Wednesday August 6, 2025 at 5:30 PM

#### Location

Zoom

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#### Committee Members Present

C. Needham (remote), D. DeFillippo (remote), G. Lopez (remote), J. Henriquez (remote), L. Perez (remote)

#### Committee Members Absent

L. McRae

#### Committee Members who arrived after the meeting opened

G. Lopez, L. Perez

#### Guests Present

D. Thakkar (remote), M. Ventre (remote), Y. Rodriguez (remote)

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### 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 Aug 6, 2025 at 5:36 PM.

#### C.

### **Approve Minutes from 06.04.25 Finance Meeting**

D. DeFillippo made a motion to approve the minutes from LFDCS Finance Subcommittee Meeting on 06-04-25.

J. Henriquez seconded the motion.

The committee **VOTED** to approve the motion.

#### **Roll Call**

J. Henriquez Aye

G. Lopez Absent

C. Needham Aye

D. DeFillippo Aye

L. McRae Absent

G. Lopez arrived at 5:50 PM.

L. Perez arrived at 5:30 PM.

## **II. Business Items**

### **A. Revised Budget**

Mark V. presented the adjusted budget for Fiscal Year 2026. Chris N. reminded the group that the budget will be reviewed again at the next board meeting.

Mark V. reported that he met with Susan Perry the previous day to discuss closing out Fiscal Year 2025. He noted that the conversion from Netsuite to QuickBooks had not been ideal. Using preliminary figures, he was able to make adjustments to the FY26 budget.

Revenue projections are stable, although some grant funding tied to federal sources poses a potential risk, estimated at approximately \$100,000. Several line items require clarification or resolution, which Mark V. outlined as follows:

4170: Contributions from MTRS Pension – The budget allocates \$1.2 million, representing LFDCS's share of the state trust plan. There is also a separate entry under Line 5270 for the same amount. Clarification will be needed.

4700: Interest Income – The original budget allocated \$30,000, while FY25 actuals reached \$160,000. Despite lower current cash balances, projections suggest approximately \$150,000 in FY26.

Expenses:

Payroll has increased due to the school's absorption of the IT Department and Facilities Department, as well as stronger teacher hiring this year. This resulted in \$1,242,892.99 in additional payroll expenses. Mark V. also added a \$300,000 line item for Open Positions/Overtime as a cushion. Savings were noted in paraprofessional salaries, while stipends are currently \$80,000 more than last year's numbers.

Mark V. emphasized a strategic shift toward having department heads develop and defend their own budgets moving forward.

5205: Employer FICA, Medicare, MA UI – Increased to \$726,177.27 due to higher salaries, though savings of \$150,000–\$200,000 are anticipated since teachers are exempt from Social Security taxes.

Health insurance may also yield savings once updated projections from ALERA are reviewed. Historically, the school has achieved up to 98% accuracy against projections.

5301: Contract Services – Reduced to \$0 for IT since the department is now in-house. Accounting fees are expected to rise to \$30,000. Legal fees increased significantly from \$25,000 to \$150,000, largely due to lease negotiations.

IT expenditures require further review. Mark V. plans to meet with IT Director Tony S. to justify expenses, which totaled \$1.1 million last year. He noted that many such costs could be reclassified as capital improvements and depreciated rather than expensed.

Special Education contracted services are projected at \$750,000, about \$80,000 higher than last year. Mark V. will work with Special Ed Director Sean Reardon for further analysis.

5432: Educational Supplies – Increased to \$250,000, aligned with last year's spending.

5514: Building Supplies (Maintenance) – Reduced from \$960,000 to \$150,000, reflecting only building supplies since facilities are now school-managed. Mark V. will collaborate with Facilities Director Pedro Macario to refine this line.

Rent increased by \$149,095, though negotiations are ongoing. The amount includes 580 Haverhill Street, which the school does not occupy. LFD is expected to reimburse rent and utilities for that site.

Chris N. asked about the projected bottom line. Mark V. responded that savings should result in a surplus of approximately \$100,000, comparable to IBTA. Chris N. emphasized the importance of this surplus in relation to potential building purchases.

Darshan T. noted that IT infrastructure costs should decline in the coming years due to recent investments. He also shared that the school received an e-rate of \$200,000 not currently included in the budget. Additionally, he expects stipend expenses to decrease, as prior curriculum-related work in ELA, Math, and Science has already been completed.

Dave D. highlighted the value of requiring department heads to justify their budgets, which enhances accountability and creates opportunities for savings.

Mark V. recommended leaving the budget in its current form, with updates provided as refinements are made.

Dave D. asked whether auditors would accept this approach. Mark V. confirmed that auditors will review the budget but will focus primarily on historical spending and ensuring the school demonstrates a clear plan moving forward.

## **B. Lease**

Mark V. reported on the lease, noting that Attorney Kathy recently sent correspondence with a revised draft reflecting the school's response to LFD's latest proposal. In the interim, the lease automatically renewed on July 1, although not signed, and the school has paid two months at the new rate in good faith.

He further explained that once the lease is signed work will begin on the purchase option. In accordance with the lease terms, the school will engage a surveyor to prepare property descriptions and lot lines for all buildings and parking areas. Additionally, the school plans to retain an engineering firm to develop a 10-year maintenance and capital improvement plan. Advisors will also be engaged to guide purchase and financing strategies.

## **C. Key Metrics: Student Enrollment and Staff Headcount**

Mark V. emphasized that two critical metrics for the school are student enrollment, which drives revenue, and staff headcount, which drives expenses. He noted that these factors will be closely monitored and incorporated into future budget discussions.

## **D. Auditors**

Mark V. reported that there are two audit firms under consideration. The first is Grassi (formerly Anstiss & Co.), with whom the school has worked for the past five years. The second is AAF, a firm that works with approximately 50% of the charter schools in the state and has also partnered with the Massachusetts Charter School Association and DESE. Mark V. and Darshan T. will be meeting with AAF in the coming week.

Chris N. asked whether the Board would vote on the selection of an audit firm once a final recommendation is made. Mark V. confirmed that this is the plan.

Chris N. also noted that there has been interest in changing audit firms, as the school felt that Anstiss (now Grassi) had not adequately addressed potential conflicts of interest in past reviews. However, he cautioned that switching firms this year, given the financial changes and complexities related to the separation from LFD, could raise management questions.

Dave D. agreed with Chris N., suggesting that it may be more prudent to consider changing audit firms next year, particularly as the school prepares to move forward with the potential purchase of its buildings.

### **E. Purchase Financing**

Chris N. reported that he and others held a call this week with Elka Sachs from Krokidas & Bluestein. Elka Sachs will serve as the school's legal advisor on financing matters in addition to overseeing the survey process. He noted that the financing process will involve several considerations, including environmental reviews. There is also the potential for the school to apply for a New Market Tax Credit after purchasing the property. The school will likely engage three to four lenders, with the purchase process expected to take at least 180 days. Additionally, the school should be eligible for tax exemption on any financing.

Jose H. raised a concern regarding whether the lease had been finalized, referencing an email from Germinudy Rosario. Chris N. confirmed that the lease is not yet finalized. While the major terms have been agreed upon, the details are still under negotiation. Germinudy R. expressed concern about a potential deadline and the risk of incurring fees if the school is not in compliance.

Darshan T. clarified that the previous lease contained a "holdover tenant" clause, which required tenants without a renewed lease to pay double rent. However, LFD has not invoked this provision, and negotiations have been ongoing for several months. He emphasized that the new lease terms have been agreed upon in principle but have not yet been fully documented.

Linette P. asked about the timeline. Darshan T. explained that attorneys from both organizations are still negotiating. From DESE's perspective, there is no strict deadline, but the school hopes to finalize the lease as soon as possible. Chris N. added that the key unresolved issues are the right of first refusal and the purchase option. Specifically, LFD's counsel has proposed a 90-day deadline for completing a purchase, which the school views as unreasonable; the school requires at least 180 days.

Linette P. then asked whether the lease would likely be signed before the start of the school year on August 27. Darshan T. responded that he hopes it will, though the purchase terms remain under negotiation. Regardless, he assured that students will have a school building when the academic year begins.

## **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 6:17 PM.

Respectfully Submitted,

Y. Rodriguez

D. DeFillippo made a motion to adjourn the meeting.

J. Henriquez seconded the motion.

The committee **VOTED** to approve the motion.

**Roll Call**

C. Needham Aye

L. Perez Aye

J. Henriquez Aye

D. DeFillippo Aye

G. Lopez Aye

L. McRae Absent