APPROVED

Lawrence Family Development Charter School

Minutes

LFDCS Finance Subcommittee Meeting

Date and Time
Wednesday October 1, 2025 at 5:30 PM

Location
ZOOM

Committee Members Present
D. DeFillippo (remote), G. Lopez (remote), J. Henriquez (remote)

Committee Members Absent
C. Needham, L. McRae

Guests Present
D. Thakkar (remote), M. Ventre (remote), S. Stukuls (remote), Y. Rodriguez (remote)

I. Opening Items

A. Record Attendance

B. Call the Meeting to Order

G. Lopez called a meeting of the Finance Committee of Lawrence Family Development Charter School to order on Wednesday Oct 1, 2025 at 5:47 PM.

C. Approve Minutes

D. DeFillippo made a motion to approve the minutes from LFDCS Finance Committee Meeting on 09-03-25.
G. Lopez seconded the motion.

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

Roll Call

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

II. Business Items

A. Lease

Mark V. informed the committee that the lease terms have been mutually agreed upon by both LFDCS and LFD. The only outstanding item is the completion of the survey. The school's attorney, Anthony C., will contact LFD's counsel to propose executing the lease with a placeholder provision for the survey results. Should the survey identify any issues, those matters can be addressed separately; however, the agreed-upon lease terms will remain unchanged.

The survey began on Monday and is expected to be completed by next Tuesday. Feldman also conducted a demonstration for the 8th-grade students as part of the process. Mark V. noted that the final report is anticipated by October 20 and will be presented at the next board meeting following its receipt.

The goal is to present and vote on the final lease agreement at next week's board meeting. Anthony C. clarified that the Fund's Board has already reviewed and approved the lease terms.
Mark V. added that no issues are expected as a result of the survey. In the event the Fund identifies concerns, they retain the option to commission their own survey; however, he emphasized the objectivity and rigor of the current process.

Darshan T. highlighted that the lease agreement had reached a similar point a few weeks prior and could have been executed then. He also expressed that involving the 8th-grade students in the survey demonstration was a valuable educational opportunity, exposing them to real-world applications of civil engineering and potentially inspiring interest in the field.

Dave D. commended all involved for their efforts and diligence throughout the lease negotiation process.

Dave D. then referenced last month's meeting minutes, *which stated that although five items remained unresolved, the Fund would not sign the lease without a completed survey*. He asked whether that remained the case. Mark V. confirmed that this is still the Fund's position, but noted that Anthony C. will discuss with the Fund's counsel the

possibility of reconsidering and signing the lease now. Darshan T. added that the Fund may be more inclined to proceed given that the school initiated the survey, reflecting the school's commitment to moving the process forward. Initially, the Fund's attorney expressed reservations about this approach, but after continued discussions with Anthony C., acknowledged the reasonableness of doing so.

B. Auditing Update

Mark V. provided an update on the audit and financial review. He explained that while the Fund was managing the school's finances, they used three different accounting systems at various points: QuickBooks Desktop, NetSuite, and QuickBooks Online. The school recently gained access to NetSuite, and after reviewing the system, Mark V. found that the information in it was incomplete and unreliable. NetSuite was used from November 2024 to June 2025, but the setup was never fully completed and bank reconciliations were not performed. As a result, the system showed a negative cash balance of approximately $495,000, an unusual $155,000 debit balance in accounts payable, and a $75,000 debit balance in opening equity. Based on what he reviewed, it appears NetSuite was only used for payroll and accounts payable while other transactions continued in QuickBooks Desktop, leading to inconsistent records.

When the Fund transitioned to QuickBooks Online, those issues carried over. In reviewing QuickBooks Online, Mark V. identified a $250,000 intercompany receivable on the school's books that he believes stems from a data conversion error. He confirmed that all FY25 payments from the school to the Fund were processed correctly and acknowledged by the Fund. Mark V. also noted a possible $95,000 overpayment for food service, though he emphasized that this appears to be due to incomplete record-keeping rather than intentional action. He will continue to review transactions with the Fund and collect supporting documentation.

At the end of last school year, the school's financial records showed $366,000 owed to the Fund, including $180,000 for janitorial supplies and $183,000 for food service salaries from January through June 2024. Mark noted this was unexpected because historically, the Fund would withdraw funds directly from the school's bank account when expenses were owed.

Mark V. also explained that the school's previous audit firm applied nonprofit accounting standards (FASB) instead of public-sector standards (GASB) when valuing the school's capital leases. The new auditors, AAFCPAs, must correct this, resulting in an additional cost of about $4,000–$5,000.

The finance team is closing fiscal year 2025 while completing the audit, which is an accelerated schedule compared to a typical year. The goal is to have a draft audit ready by October 29 and submit the final report to DESE by October 31. Current projections show a possible loss of up to $1 million, compared to an earlier projection of a $150,000

surplus. This may result in follow-up questions from DESE, although the school has historically operated with financial surpluses. The auditors will also be noting certain internal control issues.

Mark V. cautioned that there is still a risk the audit deadline may not be met. If that happens, the school and AAFCPAs will communicate directly with DESE, and AAFCPAs has supported other schools through similar situations. He also noted that if the school reports a loss, the Fund may be in breach of its covenant, which could indirectly affect the school and may motivate the Fund to finalize the lease soon.

Mark V. explained that the immediate priorities are finalizing the lease and completing the audit. If needed, adjustments will be made to the FY26 budget to avoid ending the year with a deficit. Darshan T. added that GASB standards are required for public schools and the Fund's use of FASB standards contributed to the corrections now being made.

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 6:27 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

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

Documents used during the meeting

None