APPROVED

Lawrence Family Development Charter School

Minutes

Finance Committee Meeting

Date and Time
Thursday March 5, 2026 at 5:30 PM

Location
Zoom

Committee Members Present
C. Needham (remote), D. DeFillippo (remote), G. Lopez (remote), J. Henriquez (remote), L. McRae (remote)

Committee Members Absent
None

Committee Members who arrived after the meeting opened
G. Lopez, 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

C. Needham called a meeting of the Finance Committee of Lawrence Family Development Charter School to order on Thursday Mar 5, 2026 at 5:35 PM.
G. Lopez arrived at 5:39 PM.

C. Approve Minutes

J. Henriquez made a motion to approve the minutes from LFDCS Finance Committee Meeting on 02-09-26.
D. DeFillippo seconded the motion.
The committee **VOTED** to approve the motion.

Roll Call

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

II. Business Items

A. Lease Update

Finance Director Mark V. provided the committee with an update on the lease. The final documents have been signed and submitted to Krokidas & Bluestein. The lease is currently in escrow pending the Fund's signature. Katie Gravaglia was informed that the Fund would not proceed until all schools' signatures were collected and placed in escrow. That step has now been completed, leaving only the Fund's signature outstanding. The Fund has committed to completing this within the week, with the expectation that the lease will be finalized and registered with the Register of Deeds by the week of March 16.

The school's attorney, Anthony Cichello, worked closely with the Fund's attorney, Wayne Simmins, to ensure there were no disagreements regarding the terms. No issues were reported by the Fund.

Darshan T. reported that he is scheduled to meet with Dan H. the following Monday. Mark V. also shared that during his last interaction with Dan H., Dan expressed his apologies for his treatment of Darshan T. during the lease negotiations.

Chris N. expressed interest in reopening communication with the Fund's Board and would like to meet with them in preparation for the purchasing process.

B. Title Insurance

Krokidas & Bluestein provided a quote for title insurance with a premium of $45,000. Mark V. explained that purchasing title insurance at this stage offers several advantages, including saving time and identifying any potential issues before seeking financing for the property purchase. The premium is based on a purchase valuation of $25 million or more and would also eliminate the need for a second title review. Additionally, the policy includes a 24-month credit, provided the school completes the purchase within that timeframe, allowing for a portion of the premium cost to be credited back.

Mark V. recommended that the Finance Committee vote to proceed and bring a recommendation to the full Board to approve the purchase of the title insurance premium.
J. Henriquez made a motion to to recommend to the board that they authorize purchase of leasehold title insurance policy of $45k.
D. DeFillippo seconded the motion.
The committee **VOTED** to approve the motion.

Roll Call

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

C. Audit Findings

Mark V. provided the committee with a recap of the 2025 audit findings.

The auditors identified issues with the timely reconciliation of accounting records to bank statements. Mark V. noted that the Fund recorded multiple transactions as bulk payments, which was deemed inappropriate by the auditors. The school has since addressed this by implementing a new QuickBooks Online system. Bank statements have been reconciled through December 2025, and Mark V. confirmed that January and February will be reconciled by the next Finance Committee meeting in April 2026.

A second finding related to general ledger maintenance, as there was no documented evidence of balance sheet account reconciliations for assets and liabilities in FY25. To address this, the new QuickBooks system has been implemented, with cash already reconciled and fixed assets and accruals currently in progress as part of the conversion. Moving forward, the school will conduct hard closes on December 31, 2025, March 21, 2026, and monthly thereafter.

The auditors also noted that MTRS payment remittances to the state were submitted late and not reported by the 10th of each month. Since October 2025, the school has been submitting these payments on time.

Additionally, the school did not have a procurement officer in FY25. Mark V. has since completed a two-day training course and passed the first exam, with the remaining two exams scheduled for April.

Lastly, the auditors reviewed 20 personnel files and found missing I-9 and W-2 forms. These files belonged to employees who transferred from the Fund prior to the implementation of an electronic HR management system. Since then, no incomplete files

have been identified. The HR team will review all personnel files before the next audit to ensure completeness and will digitize records.

Chris N. noted that it appears all audit findings will be addressed and resolved by the end of April. Mark V. confirmed this is accurate, with the exception of payroll items. He added that the HR team is aware of the remaining work and plans to complete it by the end of the fiscal year in preparation for the next audit.
Dave D. commended the work by Mark V. and team on getting the school to where it is.

D. Finances 6 month review through 12/31/2025.

L. McRae arrived at 5:55 PM.
Mark V. reviewed the Statement of Cash Flows for the period of July 2025 through December 2025. The most significant takeaway was a decrease in net cash of $2.2 million. A major contributor to this decline was $928,843.42 in fixed asset spending, largely driven by technology investments, including Promethean boards for all classrooms, Chromebook upgrades totaling $872,358.64. Operationally, the net change was relatively modest at $123,463.89. Mark V. emphasized that the primary drivers of spending were technology, facilities, and payroll.

Chris N. asked whether cybersecurity protections had been reviewed. Mark V. confirmed they were addressed during the audit and noted that future costs are expected to decrease, aside from minor updates. A significant anticipated technology cost for next year will be related to the expansion to 404 Haverhill Street, with a large portion expected to be covered by E-rate funding.

Darshan T. added that state-required security upgrades have been released and are being managed by the IT Director, Tony Schumann and that Chromebook upgrades are necessary to meet updated state testing requirements.

Regarding the Profit and Loss statement, the school received $10,302,875 in tuition reimbursements through December 2025 and $148,255.68 in federal grants, with an additional $700,000 in outstanding grant funding.

Chris N. asked if auditors were satisfied with the grants accounting. Mark V. confirmed there were no issues with the CIFA, though they commented on it had not been reviewed regularly. Going forward, it will be included in the monthly closing packet.

Federal nutrition reimbursements totaled $384,037.45, with Stock Pot Malden providing invoices to DESE directly. Student program fees, including Extended Day and Opening Doors, generated $137,820, while fundraising brought in $5,902.51. Fundraising did pick up in January 2026. Total income for the period was $10,978,890.90.

Chris N. inquired about the balance of the scholarship fund held by the Fund. Mark V. stated that Dan H. acknowledged a balance of $1.4 million in the scholarship account and indicated that an agreement could be made for the school to receive interest earnings. The long-term goal is to transfer control of the account to the school.

Wage expenses totaled $6,517,758.18 (60% of revenue), primarily driven by teachers and paraprofessionals. Benefits, including health insurance, retirement contributions, and workers' compensation, were $1,250,054.63 (11.4% of revenue), with health insurance costs significantly exceeding projections. Professional services, including audit and legal fees, totaled $228,684, with future acquisition-related expenses expected to be capitalized moving forward and included in the financing.

Administrative expenses, including insurance, banking fees, staff appreciation, memberships, conferences, payroll services, and printer leases, totaled $487,361.72.

Special education expenses were $117,804.25, well below the $700,000 budgeted amount. Mark V. clarified that prior higher figures were due to misclassification of 1099 vendor expenses, such as landscaping, and that the reported amount now reflects true service costs like occupational and speech therapy.

Darshan T. expressed concern about the impact on maintenance of effort reporting form for special education, noting that amount cannot be changed beyond a certain percentage point. The school has been accounting more in special ed grants for services instead of allocating the money to salaries. How the school reports on the future years for special ed can be tedious and will require explaining to DESE the inaccuracies of finance reporting.

Professional development expenses were $102,685.85, including tuition reimbursement and a partnership with Merrimack College. Instructional supplies totaled $600,717.21, including curriculum, and Mark V. is considering implementing a structured budget process next year for teacher supply ordering.

Student services expenses were $923,856.39, covering transportation, nutrition, and related costs. Software licenses and subscriptions, including systems like PowerSchool, totaled $120,071.11.

Campus expenses, including rent for school buildings and 580 Haverhill Street, were $1,060,565.75. The lease with the Lawrence Housing Authority expires at the end of 2027, and there is interest in exiting early since the Fund currently uses the space and not the school. The Fund previously agreed to reimburse the school for the exspense, but has not done so.

Facilities expenses, excluding payroll, totaled $947,255.35 and included cleaning supplies, maintenance, fuel, uniforms, and contracted services. Mark V. noted a

significant increase compared to prior years and has requested further clarification from the Facilities Director. He also indicated that many of these costs, particularly building improvements, may be capitalized as leasehold improvements, potentially offsetting losses by approximately $825,000.

Darshan T. added that many of these costs stem from deferred maintenance and required upgrades, including making classrooms ALICE-compliant. The goal is to align invoices with completed projects before capitalizing expenses.

Chris N. asked about the approval process for facilities projects. Mark V. explained that proposals are reviewed by a facilities group, with final approval by Darshan T. before initiation.

Chris N. also inquired about net operating income and the impact of capitalization, noting typical summer revenue declines. Mark V. confirmed this pattern and added that payroll and accrued health insurance costs are currently ahead due to self-funding. He also noted that GASB 101 will require accruals for unused sick time, even if not paid out, which may impact financials. Darshan T. stated the school will explore options to limit sick time accruals.

Chris N. highlighted financial shortfalls through December and asked about forecasting for year-end. Mark V. stated that he, along with Sally S., Darshan T., and Hali C., will present a preliminary budget in April, with a final budget expected in May. Chris N. emphasized that salary projections are typically reviewed and approved during the April preliminary budget.

Mark V. noted that GASB 87 has not yet been calculated due to the lease not being finalized, making it difficult to project the school's year-end position. He added that once January and February are reconciled, projections will be clearer.

Dave D. asked for clarification on facilities expenses, specifically whether services are handled internally or contracted. Mark V. confirmed that the school has its own facilities team and is currently reviewing payroll, overtime, and responsibilities to better understand and potentially reduce costs.

III. Closing Items

A. Adjourn Meeting

D. DeFillippo made a motion to adjourn.
L. McRae seconded the motion.
The committee **VOTED** to approve the motion.

Roll Call

G. Lopez Aye

Roll Call

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

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 7:30 PM.

Respectfully Submitted,
Y. Rodriguez

Documents used during the meeting

None