

APPROVED



Lawrence Family Development Charter School

Minutes

LFDCS Finance Subcommittee Meeting

Date and Time

Thursday April 2, 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 left before the meeting adjourned

J. Henriquez

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 Apr 2, 2026 at 5:35 PM.

C.

Approve Minutes

D. DeFillippo made a motion to approve the minutes from Finance Committee Meeting on 03-05-26.

G. Lopez seconded the motion.

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

Roll Call

L. McRae Aye

G. Lopez Aye

C. Needham Aye

J. Henriquez Aye

D. DeFillippo Aye

II. Business Items

A. Finance Overview

J. Henriquez left at 6:43 PM.

Mark V. provided a detailed update on financial operations and organizational planning. He shared that the lease has been signed and officially recorded, marking an important milestone and that title insurance is now in place. Mark V. noted that work on the FY27 budget is underway, the QuickBooks implementation continues, and cash has been fully reconciled through the end of February 2026.

A major focus right now is the reconciliation of fixed assets and facilities-related expenses. Pedro M. is reviewing approximately \$1.05 million in facilities spending to determine what should be capitalized. Early analysis suggests that about \$602,000 may be reclassified from expenses to fixed assets. A placeholder entry has been recorded, but depreciation will not begin until the review is finalized. Pedro M. is also going back to July 1 to match all invoices to specific capital projects to ensure proper documentation and audit readiness.

Earlier in the day, the team also discussed improvements to the payroll system. Mark V. shared that leadership met with ADP to explore transitioning to a new system that would improve reporting, labor tracking, and forecasting. The current system does not integrate time and attendance with payroll, requiring manual processes and limiting visibility into labor costs. A new system would allow for more accurate forecasting, particularly around overtime.

Mark V. reported that the organization is currently operating in a cash burn position and is developing a plan to address it. Key cost drivers include IT, staffing increases, employee benefits, stipends, overtime, rent, and facilities expenses. Health insurance costs are running over budget, with approximately \$1.3 million spent year-to-date compared to a projected \$1.06 million. Stipends include extended day salaries and long-term substitute bonuses.

Mark V. also noted that paid family and medical leave usage has increased, with about 5–6% of staff on leave at any given time, contributing to higher benefit costs. The school is working with its food service and catering provider to better understand delays in state reimbursement, as well as to gain clearer insight into food and labor expenses.

Mark V. has been working with Hali C. and Sally S. to finalize a curriculum budget and is discussing the creation of a separate budget for instructional supplies and materials, which would be managed by heads of school across program areas. IT Director Tony S. is developing a tighter budget by reviewing software licenses and strengthening procurement practices, particularly around facilities and competitive bidding.

A budget working group, consisting of Darshan T., Mark V., Hali C., Caroline E., Sally S., and Yulissa R., has been established with the goal of positioning the school to acquire the campus. Mark V. explained that preliminary cost-saving measures include reducing stipends and overtime, postponing the renovation of 404 Haverhill Street, halting non-essential construction projects, and prioritizing instructional spending.

Chris N. asked whether there were concerns about procurement processes and controls given the lack of systems. Mark V. acknowledged that there are. Without proper systems in place, many decisions were made without standardized processes or competitive bidding, and budget controls were not consistently enforced, resulting in projects exceeding budgets. Mark V. emphasized that strengthening these processes is now a top priority.

Jose H. asked about facilities labor management. Mark V. explained that facilities payroll is approximately \$620,000 for a team of about 15 employees, with overtime making up a significant portion, estimated at around 20%. However, the exact drivers are unclear due to limited reporting. Mark V. and leadership emphasized the need for better tracking of labor hours, job functions, and productivity. Concerns were also raised about higher-than-expected usage of facilities supplies, particularly cleaning materials and contracted services.

Jose H. also asked about the food service provider's labor management. Mark V. explained that the provider operates under a pass-through model, managing its own labor, supplies, and operations while the school is reimbursed through DESE. The contract includes a \$40,000 annual profit guarantee, but the provider is not currently on track to meet it. Darshan T. noted that this guarantee was a key factor in awarding the contract. Although the vendor has agreed to waive its management fee for the remainder of the year, concerns remain about financial performance and reporting delays.

Mark V. further shared that billing delays, especially for catering, have been significant, with invoices submitted months late. While DESE reimbursements typically run about six weeks behind, vendor delays have further strained cash flow timing. A meeting is

scheduled with the provider to review performance, contractual obligations, and next steps if the profit guarantee is not met.

Chris N. asked Darshan T. about service quality, Darshan T. shared that food service has improved compared to last year, with no major complaints and generally positive student feedback. The provider has made progress in offering more culturally relevant menu options. However, improvements are still needed in food presentation and engagement during holidays and special events. Jose H. expressed the importance of documenting performance and setting clearer expectations for budgeting.

Mark V. added that oversight of the food service provider will increase, with meetings moving to a monthly or biweekly frequency through the end of the school year to improve transparency, billing timeliness, and accountability.

On the revenue side, Mark V. reported an unexplained decrease of approximately \$48,000 per month in DESE funding beginning in November, despite stable or increasing enrollment. DESE has not provided a clear explanation as to why.

Projected FY27 revenue is estimated at \$22.8–\$22.9 million, reflecting an enrollment growth of 20 students. However, uncertainty remains due to the possibility of up to a 15% reduction in federal funding. To help offset potential gaps, Mark V. shared that the school is considering increasing after-school program fees from \$60 to \$80 per week and returning summer program fees to pre-pandemic levels of \$240 per week. Even with these increases, pricing would remain below comparable programs in the area.

Mark V. emphasized that salaries and benefits continue to be the largest expense category, making up about 72% of revenue. The goal is to keep salary growth relatively flat, in the range of 2–3% annually. Careful budget planning will be essential to maintain long-term sustainability while meeting staffing needs.

Mark V. confirmed that catering services will be eliminated next school year, and fundraising efforts will become more aggressive. The school will shift to a classroom-based breakfast model and discontinue snacks due to no state reimbursement for snack expense. The 404 Haverhill Street building is expected to open as an 8th grade campus in the fall.

Mark V. also noted that the school plans to meet with Ramon Corporan of Ramon Transportation to review transportation costs, with the current contract for daily service totaling approximately \$635,000.

In IT, projected expenses for next year are about \$650,000, in addition to \$850,000 in capital investments for displays and Chromebooks, a portion of which will be capitalized. The team is also exploring E-rate reimbursements for equipment and internet costs.

Regarding rent, Mark V. shared that the school is exploring early termination of the lease for the 580 Haverhill Street gym, which costs about \$10,000 per month including utilities but provides no operational benefit. Termination may require a settlement.

Chris N. asked whether the school has any obligation to allow the Fund to use that space. Mark V. and Darshan T. confirmed there is no obligation and that access was provided as a courtesy, and reimbursement from the Fund for using that space is highly unlikely.

Chris N. also asked Mark V. if he has completed his procurement certification training. Mark V. shared that he has completed one required course and will complete the remaining two which are self-paced. DESE has requested updates on how the school will address audit findings related to controls, and Mark V. has already submitted the same information included in the audit. DESE has not reached out since.

Mark V. noted that Kelly Gilbert from LCW and Dan H. requested financial statements and inquired about a \$215,000 receivable. Chris N. commented that it is unlikely the Fund would be able to repay it. Mark V. agreed, noting the amount is fully reserved on the school's books and will likely factor into future acquisition discussions. The Fund is also expected to receive another audit finding related to going concern.

Chris N. asked whether the Fund's tone has shifted given the potential endowment tied to the school's building acquisition. Darshan T. said there has been some change, but it is not fully reliable.

Chris N. asked Mark V. if he is able to provide insight on how the end of the year will look for the school. Mark V. shared that once the March financials are closed, he will have a clearer picture of the school's year-end position. While EBITDA margins are currently thin, Mark V. expressed confidence that the school is in a stable position with a path forward through expense reductions and potential revenue adjustments.

Chris N. asked Darshan T. if he had heard any updates from the Legislature regarding funding for the next school year. Darshan T. shared that he has spoken with Representative Frank Moran, and he stated that there is ongoing advocacy for \$100 per pupil in facilities funding for charter schools. Advocacy efforts are pushing for \$200 per student, though it remains uncertain whether it will pass. This funding is included in the Governor's budget but has not yet been approved and is not reflected in current revenue projections. He also noted that charter schools have not seen increases in facilities funding in eight years, while district schools receive significantly more per student.

Mark V. indicated that the current budget figures are still preliminary, with more complete salary and benefits data expected by the next Finance Committee meeting in May. Chris N. asked if this would adversely affect renewal letters and retention. Darshan T. shared that he does not anticipate any impact on staff renewals or retention, as renewal notices will not go out until mid-June.

Chris N. asked if there have been any changes to Special Education funding. Darshan T. shared that as of now, no changes have been made to Special Education or Title 1 funding. Some smaller grants, such as those supporting summer school and after-school programs, have been eliminated.

III. Other Business

A. Next Steps

Chris N. asked for an update on the next steps of the acquisition now that the lease has been signed. Mark V. shared that the organization is in the process of engaging financial advisors with experience in tax-exempt financing and charter school transactions. One of the companies recommended by Krokidas & Bluestein and AAF was QPD. Preliminary advisory fees are estimated at around \$100,000, with total transaction-related costs, including legal, engineering, and consulting services, potentially exceeding \$500,000. Mark V. shared that they will reach out to more companies.

Mark V. explained that the acquisition strategy will depend heavily on demonstrating strong cash flow. The organization currently has approximately \$8.4 million in cash reserves, with about \$5 million potentially available for a future down payment while still preserving adequate working capital. He also noted that the value of the existing lease is expected to support and strengthen the organization's debt service capacity in financing discussions.

Mark V. is anticipating more discussions and next steps, such as selecting a financial advisor to continue once the budget is finalized in June.

IV. Closing Items

A. Adjourn Meeting

D. DeFillippo made a motion to adjourn.

G. Lopez seconded the motion.

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

Roll Call

G. Lopez Aye

L. McRae Aye

J. Henriquez Absent

C. Needham Aye

D. DeFillippo Aye

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 6:50 PM.

Respectfully Submitted,

Y. Rodriguez