

# MEETING MINUTES

## Finance Subcommittee Meeting

Date: October 16, 2024.

### Attendees:

Derek Paiva (Board Member), In-person

Adam Earle (Board Member), Zoom

Rachel Babcock (Board Member), In-person

Josh Charpentier (Board Member), In-person

Liza Veto (Chair), Zoom

### **1. Call to Order/Attendance**

#### **a. Public Comment**

There were no public comments.

### **2. New Business**

#### **a. Charter School Finance Training Presentation**

Josh Charpentier provided a high-level overview of how charter school finances work. He explained that for each student enrolled at a Commonwealth Charter school, a tuition amount is calculated by the Commonwealth of Massachusetts, based on a per-pupil rate.

Derek Paiva checked his understanding that the state pays Map Academy directly; the student's sending district does not get that funding. Josh agreed and added that the sending district is also not educating that student and the Commonwealth also has a formula for reimbursing the sending district – which starts at 100% in the first year and trends downward. He also mentioned that Map Academy serves students from approximately 39 different towns, and the state applies this funding formula to each student, in every town.

Josh Charpentier added that the funding was based on a per-pupil amount from the Commonwealth, amounting to \$6.9 million in FY25, but also includes state and federal grants – the largest entitlement grant, special education, is around \$190,000 in FY25 – and private grants through a non-profit 501c3 foundation, Map Education Inc. He explained that because some funders may be unwilling to donate directly to a school, the sole purpose of Map Education Inc. is to raise funds for the school. Hence, Map Education Inc. is audited as a part of Map Academy as a component unit.

Josh Charpentier indicated that timely state data submission is crucial, as it directly impacts the disbursement of tuition funds for the school. He explained that throughout the year, disbursements are initially determined by projected enrollment figures, which are then revised once actual enrollment data is available. From July to November, rates are based on projections from the pre-enrollment report,

submitted in March. The March 2024 report will allow the DESE to assess Map Academy's projected enrollment, factoring in the number of students and their communities. In December, the state uses the October 1 SIMS data to update the March projections with actual figures. This data is drawn from the student information system, which is directly linked to DESE. After October 1, the state conducts a secondary audit, comparing the actual numbers against the initial projections to ensure accuracy. By June, the data is fully reconciled based on the actual school-year information. Josh Charpentier emphasized the importance of timely projections in March to ensure smooth disbursements.

Rachel Babcock also stressed the importance of submitting accurate and timely enrollment data.

Liza Veto pointed out that enrollment at Map Academy is maintained at a very high level. The school has been continuously fully enrolled since it opened.

Josh Charpentier outlined the annual filing requirements for charter schools. He explained that the independent audit is due each year on November 1 and the end-of-year finance report on December 1. He highlighted the FY24 audit is the most important item on the agenda for the 21 October meeting. A copy of the completed audit was available and will be circulated to board members ahead of the October meeting.

Adam Earle asked whether Map Education Inc. underwent a separate audit. Josh Charpentier clarified that it is audited as part of Map Academy as a component unit. He also noted that neither he nor Rachel Babcock or any other people receive any funds from Map Education, Inc.

Rachel Babcock further explained that although she and Josh Charpentier founded Map Education, Inc., it was created solely as a school foundation unit to raise funds for Map Academy. Josh added that the funds within Map Education, Inc. are typically unrestricted, as they do not include state or federal grants. Rachel also mentioned that, while Map Academy does not actively fundraise, the 501c3 exists to allow private organizations or individuals to make donations.

Josh Charpentier outlined the uses of the Charter School End-of-Year Financial Report (CSEOFYFR). He explained that the CSEOFYFR was used mainly for; populating the charter school financial dashboard, populating various published reports including surplus reports, informing transportation reimbursement, informing financial monitoring and informing facility and building holdings and leases.

The data displayed the financial risk indicators, and Josh Charpentier highlighted that in the five years of data displayed, the school is seen to be at low risk. He explained that the only moderate risk label in 2023 was a percentage of the program paid by tuition, which changed a bit in FY23 because of COVID funding being sunset.

Rachel Babcock added that the financial indicator dashboard was public and that the financial stability of Map Academy could be illustrated by going online and comparing their risk indicators to those of other charter schools.

Josh Charpentier showed that the dashboard indicators relating to the audit had always been green with no findings of non-compliance or incidences. The school's five year average for all indicators indicated low risk.

Josh Charpentier displayed a chart of the net financial position starting from zero in FY17 to \$3.719 million in FY24.

Josh Charpentier explained that the school budget is always built based on 95% of the expected per pupil tuition funding in order that any fluctuations in tuition can be absorbed.

### **FY24 Draft Audit Preview**

Josh Charpentier previewed the FY24 draft audit and stated that there were no adverse findings.

Derek Paiva asked about a prior year adjustment. Josh Charpentier explained that that had been in the FY23 audit.

Josh Charpentier displayed the end-of-year position of \$3,719,915.

The biggest fixed assets at this time were furniture and computers as the school does not yet own the building, although they plan to purchase it in the future in order to give Map Academy control over its premises.

Josh Charpentier drew attention to the change in net position of \$426,018 when looking at only the school. He explained that having a capital plan to purchase the building allows the school to carry forward larger sums than would otherwise be the case and stated he would be proposing a deposit into the capital account at the full board meeting.

Josh Charpentier explained that the school has four bank accounts: operating, payroll, money market and capital.

Derek Paiva asked about the time frame for purchasing the building. Josh Charpentier indicated that an appraisal of the building had been done by BBEG Real Estate and the report was expected imminently. Rachel Babcock clarified that the appraisal was for informational purposes and they were aware that a client-commissioned appraisal would not be binding in relation to the building purchase.

Liza Veto asked if there was value in putting more aside for the capital account given the timeline for the purchase of the building. Josh Charpentier actioned to contact the bank and inquire about the suggestion.

Derek Paiva asked about the availability of funds across the various accounts in relation to Map Academy's usual monthly expenses. Josh Charpentier and Rachel Babcock explained that the primary goal of the capital plan was to save funds to purchase the building.

The board discussed both the substantial operating cash and the available cash reserves for Map Academy. Derek Paiva stressed the importance of distinguishing between operating funds and cash on hand. Rachel Babcock added that, based on current projections, purchasing the building may be more cost-effective than continuing to pay rent.

Josh Charpentier stated that he would get the rates for a future meeting and circulate the audit immediately after the meeting.

The meeting was adjourned at 4:36 pm.