Collaborative for Educational Services
Finance Committee Meeting
March 23, 2021 at 8 AM
Minutes (Approved)

Zoom Meeting: https://collaborative.zoom.us/j/82439942308
Meeting ID: 824 3994 2308

In Attendance:

Committee Members: Dan Hayes, Jennifer Mallette, Richard Martin
CES Attendees: Karen Reuter, Barbara Siegel, Sarah Molloy

Materials provided.

1. Call to order, welcome, introductions

The meeting was called to order at 8:03 AM.

2. Presentation of Financial Statements for the period ending 1.31.21

a. Changes in Fund Balance

Barbara Siegel gave an overview of the Changes in Fund Balance document that was emailed to the committee and linked above. She noted that in comparison to the last year, things have improved. She then directed them to the “Program Net Amounts” at the bottom of the page and noted the following:

- Shortfall of $13,500 in Operations & Business Development as of January 31st. Last year there was a surplus.
  - Right now there is a deficit in Operations & Business Development by year end. It's around $150,000 but she really thinks it's possible that is very high for what we might be able get to by June. Departments have done a great job at being careful this year and reducing expenses. There is a great consciousness about not being wasteful.
- Birth to Age 22 has a shortfall of about $201,000 with a little of that (about $6,000) being from the Early Childhood department and that could break even by end of school year.
- Related Services has about a $12,000 shortfall, but we had a surplus at HEC Academy this summer (about $15,000) so that's keeping that shortfall in Related Services at bay.
- Mt. Tom has a small shortfall of about $5,000 because two students graduated early. If those districts kept paying tuition, we would have broken even.
- As of January 31st, HEC Academy has a shortfall of about $198,000. We know COVID Is culprit. That’s equivalent to three non-member district students. Had we been able to
have those three students we wouldn’t be having this conversation about a deficit. If we’re back in school after April vacation we have an opportunity to bring in more students. There are students in the pipeline that could help chip away at that deficit if we have them for the full two months.
● Professional Services are even and there is nothing to report. It’s a great swing for them compared to last year.

A conversation then followed that included:

● The biggest concern is HEC Academy, but this year it’s easier to point and say COVID is the cause of their shortfall.
● The CDC’s new guidance stating students can be three feet apart.
  ○ Karen noted that the commissioner suggested families have the opportunity to keep their students at home so they are currently polling families. She estimates it will be a 50/50 split so they are working out how to use the space effectively and keeping the most distance possible.
  ○ They have about five to six students in the high priority category so they will be almost doubling.
  ○ There are a couple of new students who joined recently and there are three in the pipeline as they are getting a lot of interest in HEC Academy. Due to the hard work around remediation she believes HEC Academy and Mount Tom Academy are going to recover well.
● Operations continues to bear the costs of PPP (about $95,000).
● The $225 fees that districts received per student form the CARES Act were itemized in district tuition for HEC Academy.
● There are no grants that we are aware of for PPP expenses, but FEMA might be relaxing their regulations. MOEC is looking into this. They could potentially back date reimbursements for expenses. We did receive $1,500 from the state of MA and will receive another $1,500 in April. The funds were deposited into that expense account.

b. Statement of Activities

Barbara proceeded to review the Statement of Activities document that was also emailed to committee members and linked above. She explained that this report is to look at the individual areas more closely and how we’re doing based on that current period. She brought everyone’s attention to the column “Changes to Date to Budget” where there are a few numbers where there are shifts, including the following:

● Reduction in Operations & Business Development’s revenue by $160,000. They spent time talking with every department to see where we think they’re going to land and to do a thorough assessment.
● Several projects will be carried over into FY22 because the deliverables couldn’t be completed by the end of June. This includes:
  ○ The Library of Congress work, which will go into the end of September
  ○ Recovery High School, which was a recent award
○ Young Adult Empowerment Collaborative (YAEC) work, which is a Healthy Families & Communities grant that is being deferred into the Summer.
○ Together it’s around $160,000 with consideration that we might not spend all of the DYS money and therefore wouldn’t get all the indirect.

- Our indirect is a monthly line item and we bill monthly 1/12 of our indirect.

*Rick Martin* joined the meeting.

Barbara directed the committee to the “Changes to Date to Budget” and noted the following:

- Reduction of $450,000 in budget expenditures for Operations & Business Development. It’s made up of a combination of every line item. There were some savings in salary and fringe. For the fringe we have to budget for our HRA support we provide with health insurance. Everyone who has an HMO plan has access, but it only goes into effect when someone taps their insurance. We have some in reserve we don’t think we’ll spend.
- Regarding office supplies – we trimmed and thought it would be steady, but the spending is way down.
- Regarding our consulting costs - there are projects we haven’t moved forward with.
- Depreciation is going to be lowered based on a new method of taking contracts off our books and only including things CES owns.
- Utility costs are way down due to limited office use.
- There were a couple of COVID capital expenditures we were able to use the money for before the school year ended.
  ○ There are a couple of other things planned, but they probably wouldn’t happen until the new fiscal year. One thing is to make the main entrance door hands-free. The security system is hands free now, but opening it is not.

*Rick was now able to join audio to speak.*

There was a brief conversation regarding Rick’s school, Franklin County Tech, and their increase in enrollment.

Barbara then continued reviewing the Statement of Activities and noted the following:

- Under the Special Revenue Fund, the Birth to Age 22 had an increase.
  ○ The Special Education Department received a new nursing grant and an increase to an existing grant. They also received a small SPED improvement grant.
  ○ Overall, there was about a $36,000 increase for Birth to Age 22.
- Professional Services received early literacy grants, which we have had for 20 years, but this is the latest we received the funding.
- For the Recovery High School grant, most will be deferred. Until they can determine what they can do, we have to include that here.
- Barbara directed the committee’s attention to the column on the far right, “Period Budget vs Actual.”
  ○ This column indicates how we are doing within this particular budget period with spending and revenue.
In each individual department, while the numbers fluctuate, what percentage the spending and revenue are on pace with one another. There are no big gaps so it’s what we want to see and the cash flow is good. That picture is excellent.

Barbara asked if there were any questions - there were none.

The following topics were then mentioned:

- The impact that COVID had on the revenue for direct services work and the way that working remotely had such a positive impact on reducing expenditures.
- Regarding indirect – we are long past meeting our goal for the year, but the original goal was to get an additional $25,000 of indirect into the budget. We had adjusted it to totalling about $14,000 and new revenues at about $47,000 for a total of $61,780 brought in beyond what we budgeted. There was a $14,000 increase from the last report so should expect that will be even more.
- The Operational Continuity Team, which was formed when the pandemic hit to look at operations to make sure we can perform essential functions during a pandemic, has morphed into a group that is managing the finances of the organization in a much more active way and it's proven to be beneficial.
  - The decreases in expenditures, tight management of resources, is a result of that. Barbara has been able to provide all of the data so the group can actively discuss how they can manage.
  - It’s noteworthy that we went from bringing in deficit closing in on $1 million and higher before and we’ve already done work to try to close the gap and we’re now down to $600,000, which is still a big number and we would like it to be balanced, but we are pleased that we’ve been able to get those numbers down like this.
  - It was asked if they reflect the forgiveness of PPP loans. Barbara said it does not and we are still holding that liability.

Dan asked if there were any questions. Rick mentioned that in the future he will be able to better look at trends once he’s gotten to know this organization. Barbara offered to send any historical data that would be helpful and it was concluded that she will send him a copy of the last two audits.

3. Vote to accept the Financial Statements for the period ending 1.31.21 for presentation to the full board

Dan Hayes motioned to move to the Board to accept the Changes in Fund Balance, Statement of Activities and the changes to budget, as presented. Jennifer Mallette seconded the motion. Roll call vote was taken. All in favor. The motion passed unanimously.

4. Adjourn

Barbara thanked the group for their time.

The meeting adjourned at 8:44 AM.