Collaborative for Educational Services
Finance Committee Meeting
January 21, 2022 at 8:00am-9:00am
Minutes: APPROVED

Attendance:

**Committee Members:** Dan Hayes, David Lubbers, Anne McKenzie, Denise Storm.
**CES Attendees:** Todd Gazda, Nicki Goncalves, Victoria Lucadello.
**Absent with Notice:** Rick Martin.

Welcome:
The meeting was called to order and a quorum was confirmed at 8:02am.

**FY22 Financials through 12/31/21:**
Nicki Goncalves, from the TMS management team with the Collaborative, discussed the priorities in the business office and the preparation of the financial reporting. There has been transition in several positions at the business office and new staff are coming online and being trained. Some staff are shifting to new roles within CES and this will minimize disruption. This also allows an opportunity to focus on cross-training and maintaining processes. The organization is shifting to an outside payroll vendor which will reduce some of the business office workload. Hayes stated that the Board is happy to support the work of the business office in any way possible and looks forward to a good relationship with TMS at the Collaborative.

Goncalves gave an overview of the financials presented through 12/31/21. The organization is in a healthy position overall and balances are similar to patterns from prior years. There is currently a deficit which is expected to ease as the year progresses. As funds are appropriately shifted from the general ledger to their corresponding grants, these numbers will change. Professional Services continues to perform well and create a strong cash flow. Grant proposals are coordinated and submitted primarily through the Development Office. Gazda praised the diligence of all program staff for their awareness and commitment in discovering productive funding opportunities.

The business office is developing federal and state indirect rates now which will ensure that CES gains the full benefit of these rates as appropriate. The changes in fund balances also look solid and there are no concerns at this time.

A question was raised about what happens with a surplus. This is capped at 25% of the CES operating budget. These funds are set aside and provide stabilization in the event of any unexpected financial need.

*Storm motioned to accept the 12/31/21 financials as presented. Lubbers seconded the motion. There was a show of hands and the motion carried unanimously with none opposed and no abstentions.*
Paycheck Protection Program (PPP) Funds:
Gazda explained that the organization is seeking approval to utilize forgiven PPP loan monies to pay off mortgages currently held on property on 97 Hawley Street and 228 Pleasant Street. The third primary CES location in Northampton is rental office space and would not be affected. Currently a lack of space is constraining the organization’s ability to service its member districts. Gazda offered examples of requested programming that would need more room to function appropriately.

Paying off the mortgages would offer approximately $350,000 in interest savings over the remainder of the loans, as well as freeing approximately $90,000 per year in the operating budget by ending loan payments. The group discussed various benefits to this proposal, as well as options and challenges to finding office space in the Northampton area and the deficiencies of the current buildings.

*Lubbers motioned to approve utilizing the PPP funds to pay off both CES Northampton mortgages as presented. Storm seconded the motion. There was a show of hands and the motion carried unanimously with none opposed and no abstentions.*

Other Business:
The committee discussed the value of providing a brief narrative with financial reporting to assist Board members in their understanding of these important financial statements. Gazda stated that he will work with TMS on the presentations to the Board and will consider adding supplemental materials if desirable.

The meeting was adjourned at 8:45am.