Collaborative for Educational Services
Finance Committee Meeting
November 13, 2020
Minutes

In attendance:

CES staff: Bill Diehl, Karen Reuter, Barbara Siegel, Rebecca Lincoln, Kelly Hernandez
Committee members: Dan Hayes, Ann McKenzie, Jennifer Mallette
Other Board Member: Susan Hollins
Auditors from Whittlesey: Steve Erickson, Tom Dowling

The Finance Committee Meeting was called to order at 8:05 am by Dan Hayes
Round table introductions were performed.

Presentation of FY20 Audit by Whittlesey & Hadley, P.C.
Steve of Whittlesey & Hadley, P.C. shared his screen and presented the attached PowerPoint that will be presented at the full Board meeting. Tom reported that there were no issues, no findings. Only typical adjustments were needed, such as depreciation.

Discussion/question points:
- CES will plan to seek relief from FEMA but does not expect to obtain a significant amount due to the size of the organization compared to a school district.
- A potential question may be raised at the Board meeting regarding the equipment expense. Additional detail was provided that these items were the laptops and computers for the programs. The majority were for the state contracts, primarily DYS, therefore, those items automatically belong to the state/funder. Many of these items were a direct need due to COVID and going hybrid/remote. The auditors plan to include this detail in their presentation to the full board.

Jennifer Mallette motioned to approve the audit and bring it to the board. Anne McKenzie seconded the motion. All in favor. The motion passed unanimously.

Discussion of Cumulative Surplus calculation; vote to recommend accepting the Cumulative Surplus Calculation to the full Board.

Barbara explained that funds in excess of 25% need to be refunded to the district, typically it is recommended to do so as a credit for services. However, this year there was an increase of 2.9% and, at this time, CES will not be seeking a vote for distribution of the Cumulative Surplus and will bring this to the Board after a response from the PPP loan is received.

Jennifer Mallette motioned to accept the cumulative surplus calculation. Anne McKenzie seconded the motion. All in favor. The motion passed unanimously.
Presentation and discussion of the CES financial statements; Update on Indirect Revenues; Discussion of revisions in the FY20 budget; vote to recommend revisions to the full Board

Barbara reviewed the attached Statement of Activities for the period of 7/1/2020 through 9/30/2020. The Operational Continuity Team is going through each department to review any fund possibilities that will create a positive impact on the budget. She hopes to be able to provide these findings at the next Board meeting in January.

Barbara then reviewed the Statement of Activities for the same period. She noted we have a healthy overall picture compared to where we were last year at this time.

Dan Hayes motioned to vote to approve the updated budget. Anne McKenzie seconded the motion. All in favor. The motion passed unanimously.

Jennifer Mallette motioned to accept the financial report as presented. Anne McKenzie seconded the motion. All in favor. The motion passed unanimously.

Discussion of administrative/indirect rate recommendation to the Board: vote to recommend this to the Board.

The Agreement of the Collaborative for Educational Services, as amended last year, and in effect as of July 1, 2020, specifies that there are rates for tuitions, programs, and services set for member districts and individuals from member districts. Further, the Agreement specifies that CES can charge up to 25% more for tuitions, programs, and services for non-member districts, helping keep the expenses for member districts down. The Agreement does not specify the percentage that can be charged for other entities, such as for work done for a foundation, or for community-based organizations, such as the YMCA; in some cases, the amount the funder allows is much more than the 25% administrative/indirect rate and in others, it is less. Bill explained that he had queried our liaisons at DESE about this, and they advised that the Board would need to vote on charges above member rates for entities that were neither member districts nor non-member districts. CES is seeking the Board’s approval to have the discretion to bill a higher rate accordingly when the entity is able. This will not impact any of the rates for member districts and individuals and will allow us to keep member rates down.

Jenn motioned that the Executive Director or designee has discretion over the administrative/indirect rate for services provided to entities that are neither member districts nor non-member districts nor individuals from member/non-member districts. Anne McKenzie seconded the motion. All in favor. The motion passed unanimously.

Dan Hayes adjourned the Finance Committee meeting at 8:59 AM.