

APPROVED



MCCPS Board of Trustees

Minutes

Finance Committee Monthly Meeting

Review of 2021-2022 audited accounts and auditor presentation

Date and Time

Friday October 21, 2022 at 8:00 AM

Location

At school - 17 Lime Street, Marblehead, MA 01945

For Remote Participants - Quorum must be present in person

Join Zoom Meeting

<https://zoom.us/j/99625637131?pwd=cWdFODd1b2FvZ3dEOXVtbDZlNHRJUT09>

Meeting ID: 996 2563 7131

Passcode: MCCPSfinco

Board members and the general public are always welcome to attend any Finance Committee meetings. The MCCPS auditors, Daniel Dennis & Co, presented their review of 2021-2022 financial statements and their annual report to the Finance Committee. MCCPS Board members were encouraged to attend.

Committee Members Present

Andrea Barlow, Artie Sullivan (remote), Jeff Barry, Julie Santosus, Karl Smith, Peter Cohen, Rodolphe Herve, Tim Wadlow

Committee Members Absent

None

Guests Present

Jessica Xiarhos, Nick Santoro, Sara Pouladian

I. Opening Items

A. Record Attendance and Guests

B. Call the Meeting to Order

Rodolphe Herve called a meeting of the Finance Committee of MCCPS Board of Trustees to order on Friday Oct 21, 2022 at 8:01 AM.

C. Approve minutes

Jeff Barry made a motion to approve the minutes from Finance Committee Monthly Meeting on 09-23-22.

Karl Smith seconded the motion.

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

Roll Call

Peter Cohen	Aye
Artie Sullivan	Aye
Julie Santosus	Aye
Tim Wadlow	Aye
Jeff Barry	Aye
Andrea Barlow	Abstain
Karl Smith	Aye
Rodolphe Herve	Aye

II. Review of July 2021-June 2022 audited financial results & presentation of auditors' report

A. Auditor report discussion

Colleen D'Alfonso and Valqueria Marcal from Daniel Dennis & Company LLP, the MCCPS auditors led a discussion supported by the following documents:

- Combined Financial Statements and Independent Auditors' Report
- Finance Committee Presentation

Key points include:

- auditors made statement that "this is the best audit you can receive" in that the auditors stated

1. an "Unmodified opinion of the Combined Financial Statements", certifying that the financial statements provided by the MCCPS Business Manager to the Finance Committee, MCCPS Board of Trustees and Community at large are accurate
2. that the review of the MCCPS financial procedures and controls revealed "No significant deficiencies or material weaknesses in internal controls over financial reporting" and "No reportable instances of non-compliance"

- All Financial ratios (which are DESE published benchmarks for Charter Schools) are in low-risk status

- Auditors also explained a rule for the calculation of the 20% Excess Carryover and discussed the option to set up a Capital Reserve account as a way to stay under the 20% threshold. No decision was due immediately and the Finance Committee agreed to revisit the issue at a future date.

B. Approval of 2021-2022 audited financial statements & auditors report

Rodolphe Herve made a motion to accept the audited 2021-2022 MCCPS financial statements and auditors' report and submit them to the Board of Trustees for discussion and approval.

Peter Cohen seconded the motion.

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

Roll Call

Peter Cohen	Aye
Julie Santosus	Aye
Karl Smith	Aye
Tim Wadlow	Aye
Artie Sullivan	Aye
Andrea Barlow	Aye
Jeff Barry	Abstain
Rodolphe Herve	Aye

III. Finance - Financial Statement Review

A. Committee review of Previous Month's Financial Statements

Jeff Barry led a discussion supported by the usual Fincom files and notes.

Current enrollment stands at 225. DESE has now received this correct enrollment number and an adjustment to monthly funds sent to MCCPS is therefore expected in November or December.

IV. Other Business

A.

Other discussion points

Board-restricted Account

The audited 2021-2022 net surplus was \$613K, from which the Finance Committee agreed to remove the \$270k already committed/paid for the partial roof replacement. This leaves \$343k available for transfer to the Board-restricted account. By rule, a minimum of 40% of that available surplus (or \$137k) should move to this account

However Fincom proposed to recommend to the Board the transfer of \$250k from the 2021-2022 surplus to the Board-restricted account. This would put that account balance to \$355k and start creating a solid safety net and/or monies for further building upgrades. Rodolphe Herve made a motion to propose to the MCCPS Board of trustees the transfer of \$250K from the 2021-2022 audited net surplus to the Board-restricted account. Artie Sullivan seconded the motion.

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

Roll Call

Peter Cohen	Aye
Julie Santosus	Aye
Rodolphe Herve	Aye
Karl Smith	Aye
Artie Sullivan	Aye
Andrea Barlow	Aye
Jeff Barry	Aye
Tim Wadlow	Aye

B. One-off MCCPS staff bonus

At Peter's request, the Finance Committee discussed the possibility of awarding a one-time only payment to MCCPS staff to reflect 2021-2022 surplus and the current high-inflation environment.

A discussion ensued, with the main concerns against this proposal focusing on the rising utility and mortgage costs that MCCPS is expected to face in the future.

Ultimately the Finance Committee voted and approved the use of up to \$37.5k (up to \$750 per employee), potentially applicable to all staff (Faculty and Admin) with the exclusion of the Head of School.

The Finance Committee also requested the Board of Trustees to

1. approve such an initiative
2. if relevant then, decide its timing (now for holiday season or later in the 2022-2023 year)
3. review and agree its communication plan and framing to the MCCPS staff

Tim Wadlow made a motion to agree to the use of up to \$37.5K from the 2021-2022 net surplus subject to the Board's review and approval per conditions above.

Rodolphe Herve seconded the motion.

Potentially impacted MCCPS staff could not vote on the proposal.

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

Roll Call

Julie Santosus	Aye
Jeff Barry	Abstain
Artie Sullivan	Abstain
Rodolphe Herve	Aye
Tim Wadlow	Aye
Peter Cohen	Aye
Andrea Barlow	Abstain
Karl Smith	Aye

V. Closing Items

A. Adjourn Meeting

Jeff Barry made a motion to adjourn the meeting.

Rodolphe Herve seconded the motion.

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

Roll Call

Peter Cohen	Aye
Artie Sullivan	Aye
Jeff Barry	Aye
Julie Santosus	Aye
Tim Wadlow	Aye
Karl Smith	Aye
Rodolphe Herve	Aye
Andrea Barlow	Aye

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 9:30 AM.

Respectfully Submitted,
Rodolphe Herve

Documents used during the meeting

- Fin.Com. Presentation.pdf
- Email exchange about 20% carryover.docx
- Draft - Marblehead .pdf
- MCCPS-Sep-2022-Financial Statements v1.xlsx

- FinCom notes Sept 22.pdf