



**EXECUTIVE FINANCE COMMITTEE  
MEETING MINUTES  
Monday, December 9, 2019 9:00 – 11:00 a.m.  
36 Middlesex Turnpike, Bedford, MA 01730**

**Present:** Dr. Nadine Ekstrom, Thomas Markham, Dr. Kathleen Bodie, Diana Fisher-Gomberg, David King, George Frost, Helen Charlupski, Bella Wong, and Mr. Dan Schaffner, from Fritz DeGuglielmo, LLC

Meeting began at 9:14 a.m.

1. Public Participation – None

2. Minutes

**Recommended Motion:** to approve Executive Finance Committee Minutes from November 14, 2019 Executive Finance Meeting.

**Motion moved by Diana Fisher-Gomberg to approve the Executive Finance Committee Minutes from November 14, 2019. Motion was seconded by Kathleen Bodie. All in favor, Motion passed unanimously.**

3. Discussion:

**FY19 Audit**

- Dan Schaffner, the Auditor from Fritz DeGuglielmo, LLC spoke regarding the FY19 Audit. He plans to address the budget for FY20 going forward, and will go over his findings. He stated that the numbers haven't changed much since the November 14, 2019 Executive Finance Committee Meeting. The deficit remains at \$938,000. Full drafts of the audit will be presented to the Board at the next Board of Director's meeting on December 19, 2019.
- Dr. Bodie requested that Mr. Markham speak to the Committee on administrative expense increases. Mr. Markham stated that overall increases totaled \$400,000, which resulted from adding a new grant writer, a split in the LABB salaries, LABB retirees, and long-term absences.
- Mr. Schaffner explained the Seefurth Fund currently has a balance of \$1,200,000 - \$1,300,000, of which a \$591,000 balance is in an investment account. All interest accrued goes directly into the General Fund. Dr. Bodie and Ms. Wong didn't realize the money was coming from principal. Mr. Markham stated both funds are used for operating EDCO Collaborative. Mr. Markham also stated that the Seefurth fund never should go below \$1,000,000 of the original Seefurth funds.

- Dr. Bodie asked if EDCO Collaborative has the Board votes on spending, to which Mr. Markham replied yes.
- Ms. Wong spoke on expenses and how she was the only Board member who voted against the Partners program. She felt this was only adding a more expensive staffing issue.
- Dr. Bodie stated that EDCO's FY20 budget cannot be in deficit.
- Ms. Fisher-Gomberg said she can already see changes, but a lot more has to be done.
- Dr. Ekstrom reported that there are over \$2.9 million in grants available for FY20, and they are doing everything they can to receive them. Mr. Markham added that none of these grants are included in the FY20 budget.
- Dr. Bodie asked Mr. Schaffner what we can do to close the FY19 budget. Mr. Schaffner replied:
  - Resolve restricted funds from Seefurth
  - Move entire investment from Seefurth Fund, which would bring the balance under \$200,000
  - The Board needs to vote on what the Seefurth balance should be
- Dr. Bodie stated that even though the Board passed previous budgets, she doesn't think there was a clear understanding of past budgets, and they were confusing. Dr. Bodie said "we are where we are, and now we have to move forward." Ms. Wong stated that no budgets have ever gone through without the Board's approval, and added that monies should not be taken from principal any longer. Mr. Markham stated that his operating practice all along was to never go below \$1,000,000 or in that range, to which Dr. Bodie replied they never understood any of this.
- Ms. Fisher-Gomberg asked if the bank were to find out about the budget being in deficit would they call in the line of credit? Mr. Markham stated that he has shared all the information with the bank and they know where EDCO stands financially.
- Dr. Ekstrom spoke on some of the changes happening at EDCO. North Crossing referrals are beginning to come in. In the last week, there were 9 walk-throughs for future students to attend North Crossing Academy.
- Dr. Ekstrom explained the reduction in staff, and how they are sharing staff between programs. There is shifting between Partners and the North Crossing Academy staff. After the December break, the Partners program will have 4 students, where there were 6 students before the break. One student aged out, and one transferred to Concord/Carlisle High School.

- Dr. Ekstrom updated the Board on the Open House that was held on December 9, 2019 for the Career Pathways program. There were 19 people interested in referring students to the program. Sean Callanan, the Director of Career Pathways would like to do an Open House monthly. There is interest from Boston, Chelsea, Everett and Woburn to potentially send students to the program. She is hoping to have a better feel by January of any interest in the program.
- Ms. Wong asked how we can cover the deficit of \$318,000, to which Dr. Ekstrom responded by adding 10 new students to the program, it will reduce the deficit significantly.
- Mr. King asked what the new program, ABCD's, contribution will provide for the budget. Mr. Markham responded that when he and Dr. Ekstrom presented new programs, they presented three different budget options based on grant funding. When EDCO received notice that they didn't receive funding for the ABCD program, they would contribute the \$180,000 to get the program up and running. The budget is showing \$180,000 as a source revenue.
- Mr. Schaffner's findings in the FY19 audit included:
  - The Collaborative's amended fiscal 2019 budget and its fiscal 2020 budget were prepared for board approval and included a formula error that overstated the budgeted revenue sources.  
*Recommendation:* all budgets and related worksheets should be reviewed thoroughly by another individual within the Collaborative's financial staff, including recalculating amounts to ensure proper formulas and budgeting bases are utilized. In addition, the Collaborative should utilize the budgeted to actual results comparative functions within its accounting software for ongoing monitoring of the budget.
  - The Collaborative was not preparing proper budgeted to actual results comparisons, which led to improper or incomplete information presented to management and the Board throughout the fiscal year.  
*Recommendation:* The Collaborative should utilize the budgeted to actual results comparative function within its accounting software for ongoing monitoring of the budget. The comparative function should generate adequate reports for management and the Board to make proper budgeting decisions throughout the year.
  - A Corrective Action Plan should be done as part of next year's audit.
- Mr. Schaffner stated that he is comfortable with the actual numbers on Mr. Markham's budget, and that the numbers have not really changed since the report was passed out in November. If the deficit is the same, he has to add a disclosure to the audit report. Dr. Bodie asked how it could be worded to not send everyone involved into a panic, and Mr. Schaffner said to word it as to what management is prepared to do to fix the problem.
- Ms. Charlupski asked Mr. Schaffner if he could do an update on his findings after we get more information by January. Mr. Schaffner replied yes.

- Dr. Ekstrom would like to make a recommendation to the Board to do a forensic audit or an operational audit to bring the problems to the Board's attention, and rectify these problems so they don't occur again. Mr. Schaffner doesn't think a forensic audit is needed, and just an operational audit would work. Dr. Ekstrom thinks an operational audit would be fine as long as they show improvements. Dr. Bodie stated that the \$10,000 for an operational audit should be included in the budget.
- Ms. Charlupski requested from Mr. Schaffner, an earnings and deductions report. Mr. Schaffner will be giving the Board this report with the investment earnings from 2012 to present and deductions over the years at the next Board meeting.
- Dr. Bodie asked Mr. Markham what the \$271,000 in the McSwiney salary was based upon. Mr. Markham stated it was for the salaries of Andrew Kelley, an administrative assistant, custodian, culinary and a portion for the grant writer.
- ***Recommended Action:*** to recognize and accept the representations of management and the expression of the opinions by Fritz DeGuglielmo, LLC as embodied in the basic financial statements, supplemental and subsidiary financial statements and schedules and independent auditor's report contained in the Uniform Financial Statements and Independent Auditor's Report (UFR) for the period ended June 30, 2019. **A Motion was moved by Diana Fisher-Gomberg to accept the Recommended Action. Motion was seconded by Helen Charlupski. All in favor, Motion passed unanimously.**
- ***Recommended Action:*** to recognize and accept the representations of management and the expression of the opinions by Fritz DeGuglielmo, LLC, certified Public Accountants, as embodied in the financial statements, supplemental schedules and independent auditor's report for the year ended June 30, 2019. **A Motion was moved by Helen Charlupski to accept the Recommended Action. Motion was seconded by Diana Fisher-Gomberg. All in favor, Motion passed unanimously.**

**A Motion was made by Dr. Bodie to adjourn the meeting, seconded by Helen Charlupski. The meeting adjourned at 11:33 a.m.**

Respectfully Submitted,  
 Carol Megna  
 December 9, 2019