



Massachusetts College of Liberal Arts
BOARD OF TRUSTEES EXECUTIVE COMMITTEE
Minutes of the Meeting of October 13, 2021
President's Offices, 87 Blackinton St, North Adams
Audio/Video Conference

Members in Attendance

Mohan Boodram, Chair*
Brenda Burdick, Vice Chair*
JD Chesloff*
Karen Kowalczyk*
Robert Reilly

Others in Attendance

James Birge, President
Lisa Lescarbeau, Clerk
Joseph DaSilva, Vice President for Administration and Finance
Curt Cellana, Comptroller
David DiIulis, O'Connor and Drew*

*Denotes remote participation

Upon establishing a quorum of the Executive Committee Members present, Trustee Kowalczyk called the meeting to order at 3:30 p.m.

Mr. DiIulis conducted a review of the College's audit report for fiscal year 2021, which resulted in an unmodified opinion. Review included presentation of a prepared document on required communications that outline the auditor's responsibilities as well as accounting policies and various steps taken during the audit.

Mr. DiIulis reviewed Management Discussion and Analysis (MD&A) as well as the Audited Financial Statements and Footnotes for the year ending June 30, 2021. He noted that there were no major issues or disagreements with management. There were no material weaknesses or significant deficiencies identified in the report, and there were no findings noted in accounting policies or internal control procedures.

With regard to Significant Transactions, Mr. DiIulis commented on the College's HEERF and SIP funds, and MSCBA bond refunding. There were no adjustments and uncorrected misstatements recorded, and no pervasive financial statement fraud risks were identified during this audit.

Mr. DiIulis stated that O'Connor and Drew P.C. performed no other management advisory services to the College, and performed only the single audit as required by the Uniform Administrative Requirements, Cost Principles, and Audit Requirements.

He commented on the upcoming GASB pronouncement, GASB Statement 87, which is related to operating leases and is effective for periods beginning after June 15, 2021. Dorm buildings which are leased from state will appear on the College's balance sheet at present value of payment streams.

Mr. DiIulis reviewed the financial statements for FY21 which include a comparison to FY20. He commented on the Management's Discussion and Analysis Report beginning on page 3 of the audit report, noting that this is written by College management and is reviewed by the auditing firm to ensure consistency with final audit numbers.

The Statement of Net Positions shows the College's assets at \$90M, cash and equivalents increased, and capital assets decreased. Liabilities decreased due to OPEB and net position is \$60.9M, an increase of \$1.1M over FY20.

The Statement of Revenues, Expenses and Changes in Net Position in summary report an increase of \$1.1M to \$60.9M. While there was a decrease in revenues, expenses saw larger decreases resulting in the positive net position.

The Statement of Cash Flows provides a measure of cash change. The College's cash position increased \$2.3MM as a result of increased capital appropriations and HEERF funding.

Mr. DiIulis provided highlights of the footnote disclosures noting that the CARES funds awarded to the College were \$7.8M, of which \$235K were spent in FY20, and \$1.8M in FY21. The balance carried forward to FY22 is \$5.8M.

Mr. DiIulis thanked management for their assistance and cooperation during this audit.

President Birge offered his thanks to Mr. Cellana and the Finance team for their work managing the College's budget. He reminded the Committee members that the Fiscal Affairs Committee met on October 12, 2021 and were provided a more in-depth review of the audit just presented by Mr. DiIulis. That Committee approved to move the report of the auditor to the Executive Committee for consideration allowing the timely filing of this audit to the State by the October 15, 2021 deadline.

President Birge stated that this motion will be presented to the Board of Trustees for ratification at their meeting on November 4, 2021. He also noted that this Committee has the authority to take necessary actions in the absence of a Board of Trustees meeting as being done at this meeting.

In response to questions regarding GASB 87, Mr. DiIulis explained the impact of bringing the present value of payment of building lease liabilities onto the College's balance sheet. This liability is offset by the asset, which is the right to use the buildings. The net affect on the balance sheet is zero, but the transaction recording is required under this new pronouncement.

With no further questions on the FY 2021 audit report, and upon motion duly made and seconded, by roll call vote, it was unanimously:

VOTED: To accept the FY 2021 audited financial statements as presented.

There being no further business to come before the committee, the meeting was adjourned at 3:50 p.m.