



**Minutes of the Meeting of the Massachusetts College of Liberal Arts
BOARD OF TRUSTEES FISCAL AFFAIRS COMMITTEE**

October 12, 2021

87 Blackinton St, North Adams, MA

Audio/Video Conference

Members in attendance

Karen Kowalczyk, Chair*
Mohan Boodram, Board Chair*
John Barrett
Brenda Burdick*
Robert Reilly*

Others in attendance

Dr. James Birge, President
Lisa Lescarbeau, Board Clerk
Joseph DaSilva, Vice President, Administration and Finance
Curt Cellana, Accounting Manager, Administration and Finance
David DiIulis, O'Connor & Drew P.C.

*Denotes remote participation

Complying with the provisions of Massachusetts General Laws, and with a quorum present, Trustee Kowalczyk called the meeting to order at 8:31 a.m.

President Birge explained the reason for the addition of this meeting to the annual calendar allowing the audit report to be filed in time to meet the State's October 15, 2021 deadline.

FY21 Audit

VP DaSilva introduced Mr. David DiIulis of O'Connor & Drew P.C.

Mr. DiIulis of O'Connor & Drew provided the Committee with a report on the FY 2021 audit. He reviewed a prepared document on required communications with the committee that outlined the auditors' responsibilities as well as accounting policies and the various steps taken during the audit.

With regard to Significant Transactions, Mr. DiIulis reviewed the College's HEERF and SIP funds, and MSCBA bond refunding. In response to the Coronavirus pandemic the federal government awarded the College approximately \$7.8M in grant funding. Of this total, \$3.3M is required to be distributed to students as emergency grants. The remaining \$4M can be used by the College to cover any COVID-19 related costs or lost revenue (institutional costs). As of June 30, 2021, the College has recognized approximately \$2M of these funds (\$1.3M student, \$700K

institutional costs). In July 2020 the MSCBA partially refunded the College's outstanding bonds with the goal of providing budgetary relief for FY2021 and FY2022.

Mr. DiIulis stated the firm's independence with respect to the College within the meaning of the pronouncements of the Independence Standards Board, GASB, and under Rule 101 of the AICPA Code of Professional Conduct.

The resulting unmodified opinion on the College's financial statements shows that there are no Material Weaknesses or Significant Deficiencies identified within the report. There were no findings in either the accounting practices or internal control procedures.

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 the State will appear on the College's balance sheet at present value of payment streams.

Mr. DiIulis then 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, and there were no pervasive financial statement fraud risks identified.

The College's total assets remain unchanged year over year.

- Cash and equivalents increased \$2.3M
- Capital assets decreased \$1.5M as a result of depreciation expense exceeding what the College had included in the budget
- Liabilities decreased as a result of OPEB
- Net position increased from \$59.8M to \$60.9M.

Highlights of the Statement of Revenues, Expenses and Changes in Net Position include:

- Net position increased \$1.1M
- Operating revenue was down \$3.6M related to tuition fees, residency, and dining
- Total operating expense is down \$3.8M
- Net operating loss is \$28M
- Net operating revenues decrease before other revenues is \$215K
- Net Non-operating revenues increased by \$1.1M as a result of operating expenses that were down lower than operating revenues

Highlights of the Statements of Cash Flow include:

- Cash increase of \$2.3M
- Net cash increase of \$3.7M of which capital assets purchases were \$2.1M

Mr. DiIulis reviewed notes to the financial statements including discussion of operations and the impact of the pandemic. Federal award moneys are provided by component in the draft audit report provided to trustees prior to this meeting. In summary, the College was awarded \$7.8M in

total, with \$5.8M remaining for FY22 and potentially FY23 if an extension is sought. There was no spend in FY21 of the CARES and ARPA funds.

Mr. DiIulis then pointed Trustees to the footnote disclosures noting that many remain the same from the prior fiscal year audit report. Accounts receivable are down as a result of collections.

The pension disclosure beginning on page 35 of the draft audit provided is provided by the Commonwealth and includes information relative to contributions, liabilities and sensitive analyses. Other Postemployment Benefits (OPEB) provided by the state is discussed beginning on page 42 with itemized appropriations provided on page 51. Page 61 is a schedule of net position for the dormitory trust fund showing assets, liabilities and net position. This schedule is unaudited and required by state as part of audit reporting.

Mr. DiIulis closed with the Independent Auditors' Report of Internal Controls. The results of the auditors' tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

He thanked the fiscal affairs staff for their work to get to this point which will allow for compliance with the October 15 deadline for submission of this audit report. President Birge added his gratitude for the work of the finance staff and acknowledged Curt for his work as he managed multiple responsibilities.

Trustee Kowalczyk called for a vote to accept the FY 2021 audit for advancement to the Executive Committee of the Board at the October 13, 2021 meeting.

Upon a motion duly made and seconded, by roll call vote, it was unanimously:

VOTED: To accept and advance the FY 2021 audited financial statements to the Executive Committee of the board for approval at the October 13, 2021 Executive Committee meeting.

Mr. DiIulis will attend the Executive Committee of the Board of Trustees meeting on October 13, 2021 to present the audit report.

Adjournment

There being no further business to come before the Committee, the meeting was adjourned at 9:01 a.m.