

**BFCCPS Finance Committee
Meeting Minutes
September 7, 2011**

Attendees: Committee Chair Jerry Cimmino, Lori Clements, Anna dos Santos, HOS Kevin O'Malley, AHOS Heather Zolnowski, Director of Student Services Pat Fairbanks, Bookkeeper Suzanne Graham (at 8:35 a.m.), John Buckley and Julius Wakaba from Alexander, Aronson, Finning & Co., PC

The meeting began at 8:15 a.m.

We reviewed the audit materials with AAF:

Board of Trustees letter:

Any problems would be reported here. As there were none, the language is essentially boilerplate. In section Accounting Estimates – the value of the Washington Street land is based on cost and is not being depreciated. The question of whether it is really worth \$275,000 was posed to Matt Ginnetty, BFEF President. He did provide some comps that provide a basis for concluding that \$275,000 is reasonable.

In-kind transportation wasn't booked at the end of the year as usual. Franklin provides the rate, and the number of students bussed to us increased over last year. We should check that the per pupil rate from Franklin is the pure rate (excludes special transportation such as vans) that reflects only the cost of bussing a student. The Foundation (BFEF) didn't record the chargeback from us for their share of the audit cost.

Corrections: AAF will book "advances" to "CD asset account".

Management Letter:

No material weaknesses. Material weaknesses are defined as deficiencies that could result in a material misstatement of the financial statements. DESE requires that we file an end-of-year report. Our school's column was completed but the Foundation's column was not. There was a breakdown in the review process from the DESE to check this; audit guidelines require that this be tested.

Outstanding checks – there is abandoned property reporting that is required eventually; we should follow up on the six outstanding (over 6 months) checks.

The Foundation's authorized signers were very out-of-date. It is worthwhile to look at accounting for the Foundation, especially as there is no segregation of duties. Can the school absorb that function? Accounting for the Foundation is a significant deficiency.

Financial Statements:

The Foundation had a loss of 5K; is not a viable business model as it pays out more than it takes in.

The school has 2.2M in equity; 2.1M in unrestricted assets; 44K invested in capital.

Accrued expenses are from summer payroll.

Footnotes: #12 is new; new guidelines were effective 7-1-10. When the Ed Reform bill was passed, the thought was that charter schools were accumulating assets and the sending districts

wanted their money back. The calculation takes the surplus (\$111,802) – should it be \$134,000 (\$22K is restricted for future) as total change in net assets for the year.

We should ask the Foundation to designate funds they contribute as unrestricted contributions as restricted contributions are included in net assets and are not backed out. Fundraising expense has to be backed out.

We compare about the same as other charter schools.

This is subject to audit by the state; state has said it won't audit unless there is a material difference; they will notify us if we need to change the beginning surplus numbers for next year. In order to establish a reserve fund (for a new building) we must file a capital budget with the state; must be sure it's a viable project because the state will hold us to it.

Review of Ratios:

We have 6 mos. of operating expenses in unrestricted assets. We need to look at: what are we going to do as far as capital assets go; who will own the building – the school or the Foundation; we need to work with our attorney to plan ahead.

Motion by Lori; second by Dr. O'Malley to approve minutes of the 6-1-11 meeting; motion passed.

Prior committee members Nav, Rich, and John C. will not be continuing; advertising for new members in the pink sheet and on the website has been done.

Finance Committee meeting schedule will remain the same; will be the Wednesday of the week prior to the Board of Trustees meeting. Meetings will be at 8:00 a.m. in the library.

Core Knowledge Conference – the Foundation has donated \$5,000 towards this; the school will need between \$5K and \$7K more. In the past, the Foundation has covered the entire amount.

Red Brick School: Motion by Lori; second by Jerry to contribute \$1,000 to the Town of Franklin as contribution towards the expenses of operating the Red Brick School. Motion approved.

Meeting adjourned at 10:05 a.m.