



## MFCS Finance Committee Meeting

Date: 2/2/22 Time: 6-7pm

# Finance Committee Agenda Meeting Minutes

## 1: Welcome & Attendance

Trombley welcomed the committee and took attendance.

Present: Trombley, Levin, Marr, Corriveau

Absent: Butterfield

## 2: Minute Taker: Levin

### 3a: Budget-to-Actual and Profit & Loss Review of December 2021

As this was the first meeting of the 2021/22 Finance Committee, Trombley set forth to review the various financial reporting that Levin and DeCesare produce monthly - the budget-to-actual and profit and loss.

**The Budget-to-Actual Report** is a monthly review of the year-to-date percentage of budget. Levin uses the profit and loss report generated by DeCesare from our QuickBooks accounting system to create the budget-to-actual report we see each month. The Finance Committee receives a full-view version of the report; the Board receives a condensed view. Profit and loss statements are a capture of a period of time – for us a month at a time. When Trombley reviews the budget-to-actual, he looks at expenses and at the percentage of total expense in relation to the budget areas. He also looks at difference between income vs. expenses.

Trombley reminded the Committee about the importance of this because as a Board we annually approve a deficit budget, so understanding how we move through our budget during the course of the year – expenses vs. income - is an important element in understanding our big financial picture. Levin reminded the Committee that the annual budget is built on our known income (consisting mostly of state funding) – it does not include fundraising. For all of its years, the Mill Falls Board has approved as deficit budget. Trombley explained that as we have seen year after year, the deficit is made up over the course of the year as we gain funds outside of what the state provides. A deficit budget does not mean that we are going to go out of business. Why? Because we have funding sources to call upon as needed, both from the school resources and the Foundation resources. That said, approving a deficit budget should only be done with an understanding of our full financial picture.

From there, Trombley moved to the **Balance Sheet** report from December. He noted that he looks at assets vs. liability on this report. He looks at ‘materiality’ and focuses on reviewing the big items. The Balance Sheet is always a single snapshot, as of a specific date...then it changes.

### 3b: Review of Cash Flow

Trombley went on to explain that part of understanding the organization’s full financial picture

is reviewing the **Cash Flow**. Trombley explained that there are different cash flow report styles – a typical cash flow report has operating, financing, investing sections. Cash Flow reports tie out net income to ending cash balance and helps us determine what our cash balance in the bank should be. When looking at a balance sheet, cash sections should tie in to end of period.

#### **4: Committee Objectives**

**The group engaged in sharing ideas for Finance Committee Objectives.**

- Trombley reminded the Committee that prior to pandemic we thought actively about buying our own building. Doing so would impact the work of the Finance Committee, as it would require our looking at and analyzing our cash availability and ability to be approved for a loan. From a financial angle, he said, it would make more sense for us to own rather than rent. Trombley would really like to see us do that, though he understands that for now, the current inventory for the type of space we need is in very, very short supply. Corriveau also emphasized his desire for MFCS to own once there is some available inventory.
- Corriveau shared that he is interested in exploring potential investment ideas for the money we are holding. Perhaps looking at other schools that have done it successfully.
- Marr that there needs to be a focus on personnel, keeping up with inflation, recruitment, and employee retention. Perhaps consider a higher annual increase this year. Committee members agreed. The Committee will review proposals on this that Levin will present in March.
- Levin reminded the group that we have been in the facility for 10 years and there is some amount of ‘freshening up’ that is needed (things like painting, potentially carpet replacement, some kitchen update, etc.). Trombley suggested that a list be created by the school’s Admin Team and presented to the Committee for analysis and to determine what we feel comfortable investing in.
- Levin noted that there is a 5-year budget that she will need to present as part of the charter renewal work this year. She would like to have engagement with the Finance Committee on that once she has drafted it.

To close this section of the meeting, Trombley explained that these ideas are exactly why it’s important to look at the big financial picture (as he began the meeting with), so that we can know what we can absorb financially and what risks we can wisely take as an organization.

**5: Schedule next Finance Committee Meeting: TBA**

#### **6: Review of Action Items**

- Charter renewal budget (Levin to prepare and share with committee)
- Admin list facility (Levin to put list together this winter)
- Upcoming draft budget to reflect salary for analysis (Levin to prepare and share with committee by March)
- Look at potential investment ideas (Garth, Jeff after May)

**7: Adjournment: 7:10pm**