

Rose Fitzgerald Kennedy Greenway Conservancy, Inc.
Minutes of the Audit, Risk Management and Finance Committee
(FARMC) Meeting
March 17, 2015

Attendees: Directors- Christine Manfredi and Robert C. Gore, Co-Chairs, Janelle Chan, Jim Kalustian, Martin Lynn, Robyn Reed

Guests Greenway Staff: Jesse Brackenbury Renee Wood, Robert Gordon (phone)

Guests Other: David Kelleher and Jeanie Gorlovsky Schepp from the audit firm of Alexander Aronson Finning CPAs (phone), Bud Ris, Colleen Powell

With a quorum present, Ms. Manfredi called the meeting to order at 8:00 a.m.

Upon motion duly made and seconded, it was unanimously voted to approve in a single vote the minutes for the October 14, 2014, November 11, 2014, and January 20, 2015, FARMC meetings.

Mr. Brackenbury explained that management, along with guidance from its auditors AAF, reviewed the desirability as well as the feasibility of changing the Conservancy's fiscal year end from June 30 to December 31. This change would provide several operational advantages – the Conservancy's high season of spring to fall would now fall within one fiscal year instead of being split over two fiscal years and, in turn, would allow for better budgeting and hiring practices. For example, the annual May gala falls late in the current fiscal year and if the is not successful leaves little time to make any budget adjustments within the fiscal year.

Mr. Brackenbury referenced a memo that he sent to Clinton Bench, the Deputy Director of Planning at MassDOT, outlining the Conservancy's consideration of a fiscal year change. Mr. Bench did not indicate that MassDOT would have any issue with the fiscal year change.

Mr. Brackenbury continued that the change, if approved, would affect the financial reporting and tax filings. There would be an 18 month audit for the period beginning July 1, 2014, and ending December 31, 2015. This would offer some cost savings but at the expense of losing some comparability of operating results. The Federal 990 and Massachusetts PC tax returns would still have be filed for the year ending June 30, 2015 as well as for the 6 months ending December 31, 2015. Extensions to file would be requested for the year ending June 30, 2014. Both sets of returns would be filed by May 15, 2016.

Mr. Kelleher confirmed the foregoing and noted that an 18 month audit was a common practice when there are changes to a fiscal year as outlined. He also stated that Massachusetts would accept the 18 month audit as an attachment to the PC's along with a cover letter explaining the reason.

A discussion ensued regarding other ramifications of the proposed change. From an operational point of view, a 6 month budget for the period ending December 31, 2015 would need to be prepared as well a new audit schedule that would now fall in the February-March time-frame rather than the August-September time-frame. Also, the proposed change would require amending the By-laws regarding the Fiscal Year and Annual Meeting Dates as well as open the possibility of changing Director's Terms to be measured by the calendar year. These changes require a Board vote; once approved filings would need to be made with the Secretary of State for the change in Fiscal Year and change in Annual Meeting.

Upon motion duly made and seconded, it was unanimously voted to recommend to the Board at its next meeting that the Conservancy's Fiscal Year End be changed from June 30 to December 31 for the period beginning July 1, 2015.

Both Ms. Manfredi and Mr. Gore thanked Ms. Gorlovsky Schepp and Mr. Kelleher for their counsel and participation and the AAF team left the meeting after it was decided to address the audit plan in the next FARMC meeting.

Mr. Brackenbury noted that as a matter of best practice, Ms. Manfredi had requested that management prepare an analysis of governance policies. The Committee then reviewed the matrix prepared by management with the assistance of Mr. Gordon. Ms. Manfredi noted that several policies should be implemented and or reviewed. Mr. Brackenbury stated that the Development Committee charter and related Gift Acceptance Policy were priorities for the July board meeting and the Records Retention Policy would be reviewed to ensure that is in conformity with any changes in Massachusetts public records law.

Mr. Brackenbury advised the Committee that the IT function was being totally outsourced to a cloud environment, thereby relieving the Conservancy of addressing the technological obsolescence of its core IT hardware.

Next Mr. Lynn, who also serves as the Chair of the Investment Committee, gave a brief update of the recent investment allocation changes that were affected in reaction to the management changes at Windhaven Investments. The Investment Committee

identified several mutual funds as potential investment vehicles that would provide a high level of liquidity as well as diversification over a full market cycle. Four of the funds had a global investment mandate and one was largely US focused with a balanced approach. He explained how he screened the funds by the use of 3rd party software as well as input from other investment advisors. He continued that each mutual fund's management had been in place for a long period and had demonstrated long-term investment returns. About \$3.25M was reallocated – 80% equally to two funds with a global focus and 20% to a balanced fund with a US focus. The next step is to determine to how best invest any short-term funds in this low interest environment.

Mrs. Wood then reviewed the operating expenses for the eight-months ended February 28, 2015. She noted that overall expenses are within budget even after the revisions necessitated by increased costs related to snow removal this winter, an increase the costs of the upcoming gala and finally costs related to the Echelman project.

With no further business to conduct, upon motion duly made and seconded, it was unanimously voted to adjourn the meeting at 9:15 a.m.