

Rose Fitzgerald Kennedy Greenway Conservancy

Minutes of the Audit, Risk Management and Finance Committee (FARMC) Meeting December 8, 2015

Attendees	Co-chairs	Christine Manfredi Robert C. Gore (conference call)
	Other Directors	Jim Kalustian Robyn Reed Janelle Chan
Guests	Greenway Staff	Jesse Brackenbury Renee Wood Srivi Radhakrishnan
	Other guest	Bud Ris
	Auditors	Jeanie Gorlovsky-Schepp and Dave Keller, Alexander Aaronson Finning

With no quorum present, Mr. Gore and Ms. Manfredi called the meeting to order at 8:00 a.m.

Ms. Wood reviewed the updated employee guidelines. She debriefed The Committee on the new Massachusetts sick time law and assured the members that The Conservancy has made every effort to comply. The Conservancy has also decided to allow employees, upon request, to roll over more than 40 hours of vacation to Fiscal Year 2016.

She debriefed The Committee on updates made to the Employee Guidelines. Mr. Brackenbury explained how these changes were compliance rather than substantive and suggested that the finalized document be presented to the Committee members for review.

Ms. Wood introduced the auditors from Alexander Aaronson Finning to the Board. Ms. Gorlovsky-Schepp reviewed the impact that the change in the fiscal year and 18-month fiscal year would have on The Conservancy. She explained that a one-day review of the 12-month period ending June 30, 2015 had been completed in July and a full 18-month audit was planned in February.

She explained that The Conservancy would still have to file two separate 990 forms for the 12-month period ending June 2015 and 6-month ending December 2015; and that the Conservancy had already filed a request for an extension of the deadline. Mr. Kalustian inquired whether this would cause any issues regards presenting relevant financial statement to donors. Ms. Wood explained that unaudited financial statements for the fiscal year ending June 30, 2015, were posted online and have so far been sufficient for grant proposal requests.

Ms. Gorlovsky-Schepp then reviewed the key audit areas where adequacy of controls would be tested. i.e., cash receipts, revenue recognition, payroll and financial statements. Mr. Kalustian inquired whether the nature of the audit procedures would be operational or of a value add. Ms. Gorlovsky-Schepp responded that while the objective of the audit would be to test the adequacy of controls; they would certainly provide them with value add suggestions.

She went on to explain that the audit would include a walk-through of the investments, cash, property and equipment, temporary and permanent restricted net assets, revenue including endowments and expenses of the Conservancy.

Mr. Kalustian inquired whether Information Technology controls would be a part of the audit. Ms. Gorlovsky-Schepp informed Mr. Kalustian that since The Conservancy has outsourced the IT function, the audit would include a verification of the third party's (Tech Networks') control audit.

Ms. Gorlovsky-Schepp inquired whether the Board had reason to believe that there was any management fraud in The Conservancy. Ms. Manfredi responded in the negative. Ms. Gorlovsky-Schepp invited the members to contact them at any point regarding this matter or any other matter.

Ms. Gorlovsky-Schepp explained that there are no substantial changes in the format of the Financial Statements and the Conservancy would have to decide whether to present the 12-month comparable statements for the year ending June 2014 along with the current 18 month audited Financial Statements. She mentioned that The Conservancy had the option under audit guidelines to present (or not to present) the comparable statements. The members debated over its advantages and disadvantages. A final decision on the same is yet to be made.

Ms. Gorlovsky-Schepp informed the Board of possible changes to the Financial Statements that could take effect during Financial Year ending December 2017. These could include:

- Changes in classification between temporary vs permanently restricted net assets
- Presentation of cash flow using The Direct Method
- Presentation of donor wise classification of restricted funds.

With no more questions, the auditors exited the meeting at 8.40 p.m.

Mr. Brackenbury introduced the next topic in the agenda. He thanked Mr. Gore for leading the committee and recommended Mr. Ris as a new member of the Board and the FARMC.

Mr. Brackenbury then highlighted The Conservancy's financial performance for the 16-month period ending October 2015. He presented actual vs budgeted performance and explained that the Conservancy is trending to break-even (before depreciation) for the 18- month Fiscal Period ending December 31, 2015.

Mr. Ris questioned the depreciation costs. Ms. Wood commented that the carousel is the largest portion of depreciation expense and the Conservancy has been building a capital reserve for the carousel. However, there is still no capital reserve for the rest of the park.

Mr. Gore exited the meeting at 8.55 a.m.

Mr. Brackenbury briefed The Committee on the goals for 2016. He spoke about having winter activities by partnering with other agencies such as Caroling at the Carousel. He described how organizational goals were cascaded to departmental and individual goals.

Ms. Wood presented the FY16 budget. Ms. Wood and Mr. Brackenbury presented the year-on-year comparative financials highlighting the increase in the Maintenance and Horticulture due to the new parcels and the continued Ranger Program and the consolidation of the Programs and Planning function.

Mr. Ris sought an explanation on how Public Art projects such as The Echelman project were funded. Ms. Wood explained that a combination of both restricted and unrestricted funds are used; and a huge project like Echelman had many restricted public art donations.

She continued to go over the assumptions of the FY16 including revenue recognition, endowment draw policies, re-emphasizing that a Capital Reserve for the park was needed.

Mr. Kalustian inquired into the performance of investments. Mr. Brackenbury responded that the value of investments is dependent on the volatility of the markets, but the draw continues to be 4.5% of a 12-quarter average.

Ms. Wood briefed The Committee on individual budget items, including capital expenditure projects.

Ms. Radhakrishnan exited the meeting at 9:30 a.m.

Ms. Wood updated The Committee on plans to update the Conservancy's Information Technology functions in 2016. This will include infrastructure upgrades for end-of-life equipment such as the server, as well as a migration of email to the cloud. Tech Networks has been contracted to manage the process.

With no further business and upon motion duly made, it was unanimously voted to adjourn the meeting at 9.30 a.m.