NORTHSHORE EDUCATION CONSORTIUM

Finance Committee Minutes
Oct 14, 2026

NEC – Ms. Fran Rosenberg, Mr. Larry Fleming, Mr. Kevin Mahoney
Committee: Mr. Daniel Bauer, Mr. Thomas Geary, Mr. John Robidoux
Guest : Daniel E. Schaffner, CPA

1. **Call to Order :** Mr. Bauer, serving in Mr. Forget's absence, called the Finance Committee meeting to order at 8:02 a.m. and stated that the meeting was being conducted remotely in accordance with the temporary provisions of the Massachusetts Open Meeting Law.

2. **Presentation of Draft Audited Financial Statements:** Mr. Schaffner, reviewed the FY26 audited financial statements in advance of the full Board meeting. He reported that the audit went very well, with no deficiencies, findings, or unusual issues or concerns. He commended Mr. Fleming and the Business Office team for their preparation and assistance throughout the audit process, noting that Mr. Fleming's projections were very close to the final numbers.

   Mr. Schaffner discussed the impact of the new transportation contract on NEC's finances, noting that it added approximately $9 million to NEC's balance sheet. Despite initial cash flow challenges, the contract has been well managed, and the line of credit was fully repaid during the previous fiscal year.

   Ms. Rosenberg asked Mr. Schaffner if he had any concerns regarding NEC's cumulative surplus or defensive interval ratios. He stated that the 8% cumulative surplus was low but not a concern. He also noted that the defensive interval ratio of 1.6 was acceptable, although the goal would be to move closer to 3.

   Mr. Schaffner also noted the upcoming balloon payment on the Topsfield property, which will come due next year. Mr. Fleming reported that he had already discussed the matter with the bank and proposed paying the balance over a five-year period.

   Mr. Schaffner reported that the Uniform Financial Report (UFR) was being finalized, with no issues anticipated. The audited financial statements will be presented to the full Board for approval. There were no questions from Committee members regarding the audit presentation.

   The audited financial statements will be presented to the full Board for approval and signature by the Board Chair.

3. **Treasurer's Report:** Mr. Mahoney reviewed the Treasurer's Report through August 31, 2026, highlighting NEC's cash position, revenues, and expenditures. He reported that NEC had approximately $2.6 million in available cash at the end of August. For comparison, cash on hand as of mid-October was approximately $1.2 million. Based on projected cash flow, NEC may need

to access its available line of credit over the next several months. Mr. Mahoney reviewed revenues by category, noting that just under $2 million in tuition revenue had been collected through August, representing approximately 19.5% of projected tuition revenue. Regional transportation, although included in the General Fund, is reported separately for tracking purposes. Approximately $600,000 in transportation revenue was collected during August. Mr. Mahoney also reviewed the warrants and reported a net decrease in cash of approximately $792,000 for August, noting that this is typical for that time of year.

Mr. Mahoney asked if there were any questions. There were none.

4. **Updates from CFO:** Mr. Fleming provided an update on NEC's financial position and projected cash flow. He expanded on Mr. Mahoney's comments regarding the potential need to access the line of credit, noting that October includes three payrolls, along with increased expenses associated with the start of the school year. NEC also received fewer tuition prepayments than in previous years.

   Based on current projections, NEC may need to access its line of credit for the final payroll in October or early November. Mr. Fleming anticipates that, as in the previous fiscal year, the line of credit will be fully repaid before the end of FY27. He noted that the transportation contract has contributed to the current cash flow challenges.

   Committee members expressed their support for utilizing the line of credit if necessary. Mr. Bauer emphasized the importance of maintaining NEC's financial reserves. Mr. Fleming also noted that April includes three payrolls but expressed hope that accessing the line of credit would not be necessary at that time.

   Regarding the FY27 budget, Mr. Fleming reported that tuition revenue and student enrollment are on track with projections. Expenses are running slightly ahead of budget, although several positions remain unfilled. Overall, NEC remains in a good financial position, with cash flow being the primary challenge. Mr. Fleming emphasized that a plan is in place to manage these challenges, similar to the previous fiscal year.

   Ms. Rosenberg discussed the importance of long-term financial planning as NEC moves forward with its strategic planning process. She noted that future innovations and program enhancements will require financial resources and that rebuilding NEC's cumulative surplus over the next several years will be essential to responding to changing student and program needs. She also highlighted the need for continued Board discussions regarding membership dues, tuition increases, and the financial resources necessary to support NEC's future growth.

   Ms. Rosenberg thanked Committee members and emphasized the importance of continuing these discussions at the full Board meeting the following week.

5. **Adjournment –**A motion was made by Mr. Bauer adjourned the Finance Committee meeting at 8:45 am.
   VOTE: The motion was moved unanimously