

**SPECIAL EXECUTIVE COMMITTEE MEETING**  
**BOARD OF TRUSTEES**  
**Friday, October 11, 2019 - 9:30am**  
**MassArt Tower Building, Room 1101**

**MINUTES**

**Trustees present:** Jan Saragoni (Chair), Elisa Hamilton, Karen Keane, Peter Nessen, Pamela Parisi, Linda Snyder. David Nelson (ex-officio).

**Also present:** Bob Perry, Don Arpino, John McDonald, Gina Yarbrough, and Susana Segat (Board Secretary).  
From O'Connor & Drew P.C.: Chris Stenmon (audit principal), and Brian Crowley (audit manager).

**Call to order**

Chair Saragoni called the meeting to order at 9:35am. She reminded participants of the board vote approving the delegation of authority for the annual audit. This audit would also be presented to the full board at its November 2019 meeting. She asked Trustee Nessen to start the presentation on the FY2019 audit.

**Approve the fiscal year 2019 financial audit for Massachusetts College of Art and Design**

Trustee Nessen welcomed the auditors from O'Connor & Drew and asked them to present this year's audit. The auditors noted that they provide audits to all of the community colleges as well as to seven of the nine state universities. CPA Stenmon distributed a report with the required communications, which he identified as standard boilerplate. He read through the auditors' responsibility under Government Auditing Standards, the significant accounting policies and transactions, audit adjustments and uncorrected misstatements, management's judgments and accounting estimates, other communications, independence, management advisory services, specific risks presumed by auditing standards, pervasive risk, and specific risks. He noted that there were no significant changes to accounting principles, significant transactions, or issues for a management letter. As for other services, these auditors also audit the college's financial aid, which this year has no findings, and they also audit the MassArt Foundation, which has made a lot of progress.

CPA Crowley distributed the *Financial Statements and Management's Discussion and Analysis*. He read through the auditors' report letter and noted that the Management's Discussion and Analysis section was written by MassArt management (this section, from pages 4 through 14, was unaudited: the auditor is only responsible for ensuring consistency with the audit.). Trustee Nessen said that this section is parallel to the quarterly reports received by trustees.

The auditors continued with the report, listing the statement of net position, which includes a \$1.2m increase in cash. Trustee Nessen noted that this \$1.2m is the number discussed while evaluating the year-end budget. The auditors then went through the statements of revenues and expenses, noting the positive growth in the undergraduate budget due to increased enrollment. Trustees discussed the definition of auxiliary enterprises. Other revenue included \$6.8m from the Foundation, of which \$5m was for the galleries project. The auditors explained that increased expenses, which are not notable, are tied to increased enrollment and consistent with other categories. The auditors then read through the statements of changes in net position and the statements of cash flows.

The auditors said that the Notes to the Financial Statements (pages 20-25) are the footnotes, which contain boilerplate accounting principles: upcoming pronouncements might include future leasing possibilities. They then read through the remaining pages, noting that there are no inconsistencies, no significant actions or changes in actuarial assumptions, and no issues with internal controls.

As the MassArt administrators briefly left the meeting, Trustee Nessen asked the auditors for their feedback. Trustees discussed staffing and business succession planning. Each trustee specified that they were neither aware of nor suspicious of any possible cases of fraud. Trustees discussed the Foundation and AVP Arpino's valuable general oversight and the auditors recommended that someone should always be maintaining an interrelationship between the MassArt budget and the Foundation budget. Trustees discussed how the Foundation investments were measured.

The auditors asked trustees to approve this audit as a draft so it may be submitted to the state within the deadline. They hope to have a final edition ready for the November BOT meeting.

On a motion duly made and seconded, it was unanimously  
**VOTED: To approve the FY2019 independent financial audit for Massachusetts College of Art and Design and forward it to the Commonwealth.**

Chair Saragoni will report on this vote at the November BOT meeting.

**Adjournment**

On a motion duly made and seconded at 10:30am, it was unanimously  
**VOTED: To adjourn.**