

Memo:

February 26, 2021

To: AVC Board of Directors and School Committees

Re: EDCO Collaborative Dissolution

As you may be aware, another collaborative - EDCO - is undergoing the process of dissolution. The EDCO Collaborative Board of Directors voted recently to initiate dissolution of their Collaborative due to financial concerns about the organization's viability. The process now requires the school committees of member districts to vote on dissolution.

I am confident the issues leading to this difficult decision at EDCO are not of concern for Assabet Valley Collaborative for the following reasons:

- AVC's Cumulative Surplus as of the June 30, 2020 Audit was \$3,950,431 - exceeding the allowable threshold of 25% by \$193,827 which will be disbursed back to member districts by June 30, 2021
- AVC has established an irrevocable OPEB Trust and has been gradually funding the Trust; AVC transferred \$75,000 to the Trust in 2020 and currently has 4 retirees.
- Our current and past annual audits illustrate that we are a solvent organization. Subsequently, we have had no findings for the past several years.
- AVC's revenue has been stable for the past several years - resulting in the healthy cumulative surplus
- AVC's property purchases (2 business condominiums at Lord Road) were executed with healthy down payments (together totaling \$648,000) that accelerated equity and favorable mortgage terms.
- AVC does not have debt - other than mortgage payments for the Lord Road condominiums as noted above. AVC does not have credit cards.

While AVC has achieved financial stability in the last several years, there are some FY21 vulnerabilities we face that we are actively working to address.

- 1) Finance Director vacancy -
 - a) AVC has had a vacancy in the financial leader role since December; after an unsuccessful first effort to fill the position, it was reposted. AVC is contracting with TMS for financial leadership while we undergo a rigorous search process.
- 2) COVID-related revenue loss
 - a) The pandemic has significantly impacted revenue from Transportation, professional development, facilities rentals, and has limited referrals for our programs.
- 3) COVID-related growth deceleration
 - a) AVC had planned to expand services - including the opening of an elementary therapeutic school in FY21; this has been postponed.