

**MASSACHUSETTS BAY COMMUNITY
COLLEGE FOUNDATION, INC.**

(a component unit of Massachusetts Bay Community College)

FINANCIAL STATEMENTS

JUNE 30, 2019

**MASSACHUSETTS BAY COMMUNITY
COLLEGE FOUNDATION, INC.**
(a component unit of Massachusetts Bay Community College)

Financial Statements

June 30, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Massachusetts Bay Community College Foundation, Inc.
Boston, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of Massachusetts Bay Community College Foundation, Inc. (the "Foundation"), a component unit of Massachusetts Bay Community College, which comprise the statements of financial position as of June 30, 2019 and 2018, the related statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors' consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

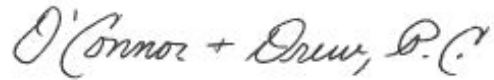
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the June 30, 2019 and 2018 financial statements referred to above present fairly, in all material respects, the financial position of Massachusetts Bay Community College Foundation, Inc. as of June 30, 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Foundation adopted Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "O'Connor + Drew, P.C.".

**Certified Public Accountants
Braintree, Massachusetts**

September 19, 2019

Massachusetts Bay Community College Foundation, Inc.
(a component unit of Massachusetts Bay Community College)

Statements of Financial Position

June 30,

Assets

	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash and equivalents	\$ 458,532	\$ 248,193
Contributions receivable	43,000	-
Investments	<u>4,057,132</u>	<u>4,210,195</u>
Total Current Assets	<u>4,558,664</u>	<u>4,458,388</u>
Other Assets:		
Long-term investments	<u>1,417,141</u>	<u>1,343,136</u>
Total Assets	<u>\$ 5,975,805</u>	<u>\$ 5,801,524</u>

Liabilities and Net Assets

Liabilities:		
Due to affiliate	<u>\$ 86,500</u>	<u>\$ -</u>
Net Assets:		
Without donor restrictions	2,226,631	2,455,738
With donor restrictions	<u>3,662,674</u>	<u>3,345,786</u>
Total Net Assets	<u>5,889,305</u>	<u>5,801,524</u>
Total Liabilities and Net Assets	<u>\$ 5,975,805</u>	<u>\$ 5,801,524</u>

The accompanying notes are an integral part of the financial statements.

Massachusetts Bay Community College Foundation, Inc.
(a component unit of Massachusetts Bay Community College)

Statement of Activities & Changes in Net Assets

For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues:			
Contributions	\$ 15,272	\$ 318,195	\$ 333,467
Donated services received from an affiliate	85,210	-	85,210
Investment return	154,469	216,881	371,350
Net assets released from restrictions	218,188	(218,188)	-
Total Operating Revenues	473,139	316,888	790,027
Operating Expenses:			
Program Services:			
Scholarships	245,145	-	245,145
Other program costs	355,170	-	355,170
Total Program Services	600,315	-	600,315
Supporting Services:			
Management and general	55,270	-	55,270
Fundraising and development	46,661	-	46,661
Total Supporting Services	101,931	-	101,931
Total Operating Expenses	702,246	-	702,246
Change in Net Assets	(229,107)	316,888	87,781
Net Assets, Beginning of the Year	2,455,738	3,345,786	5,801,524
Net Assets, End of the Year	\$ 2,226,631	\$ 3,662,674	\$ 5,889,305

The accompanying notes are an integral part of the financial statements.

Massachusetts Bay Community College Foundation, Inc.
(a component unit of Massachusetts Bay Community College)

Statement of Activities & Changes in Net Assets

For the Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues:			
Contributions	\$ 30,155	\$ 334,059	\$ 364,214
Equipment donations	10,000	-	10,000
Donated services received from an affiliate	81,931	-	81,931
Investment return	216,400	242,169	458,569
Net assets released from restrictions	863,749	(863,749)	-
Total operating revenues	1,202,235	(287,521)	914,714
Operating Expenses:			
Program Services:			
Scholarships	271,937	-	271,937
Other program costs	256,952	-	256,952
Equipment donations	10,000	-	10,000
Total Program Services	538,889	-	538,889
Supporting Services:			
Management and general	56,246	-	56,246
Fundraising and development	45,298	-	45,298
Total Supporting Services	101,544	-	101,544
Total Operating Expenses	640,433	-	640,433
Change in Net Assets	561,802	(287,521)	274,281
Net Assets, Beginning of the Year	1,893,936	3,633,307	5,527,243
Net Assets, End of the Year	\$ 2,455,738	\$ 3,345,786	\$ 5,801,524

The accompanying notes are an integral part of the financial statements.

Massachusetts Bay Community College Foundation, Inc.
(a component unit of Massachusetts Bay Community College)

Statement of Functional Expenses

For the Year Ended June 30, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Expenses:				
Grants	\$ 584,761	\$ -	\$ -	\$ 584,761
Salaries and wages	15,554	22,995	46,661	85,210
Other	-	12,285	-	12,285
Accounting	-	11,603	-	11,603
Travel	-	3,790	-	3,790
Office expenses	-	3,337	-	3,337
Conferences	-	615	-	615
Insurance	-	500	-	500
Legal	-	145	-	145
	<u>\$ 600,315</u>	<u>\$ 55,270</u>	<u>\$ 46,661</u>	<u>\$ 702,246</u>

The accompanying notes are an integral part of the financial statements.

Massachusetts Bay Community College Foundation, Inc.
(a component unit of Massachusetts Bay Community College)

Statement of Functional Expenses

For the Year Ended June 30, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Expenses:				
Grants	\$ 508,790	\$ -	\$ -	\$ 508,790
Salaries and wages	15,099	21,534	45,298	81,931
Equipment donations	10,000	-	-	10,000
Staff development	5,000	-	-	5,000
Other	-	10,781	-	10,781
Accounting	-	17,344	-	17,344
Office expenses	-	2,502	-	2,502
Conferences	-	3,540	-	3,540
Insurance	-	500	-	500
Legal	-	45	-	45
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>\$ 538,889</u>	<u>\$ 56,246</u>	<u>\$ 45,298</u>	<u>\$ 640,433</u>

The accompanying notes are an integral part of the financial statements.

Massachusetts Bay Community College Foundation, Inc.
(a component unit of Massachusetts Bay Community College)

Statements of Cash Flows
For the Years Ended June 30,

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ <u>87,781</u>	\$ <u>274,281</u>
Adjustments to reconcile change in net assets to net used in operating activities:		
Unrealized gains on investments	(132,362)	(178,988)
Realized gains on investments	(126,307)	(199,499)
Equipment contributions received	-	(10,000)
Equipment contributions made	-	10,000
Changes in assets and liabilities:		
Contributions receivable	(43,000)	13,746
Due to affiliate	<u>86,500</u>	<u>(500)</u>
Net Adjustments	<u>(215,169)</u>	<u>(365,241)</u>
Net Cash Used in Operating Activities	<u>(127,388)</u>	<u>(90,960)</u>
Cash Flows from Investing Activities:		
Proceeds from sales of investments	619,115	514,538
Purchase of investments	<u>(281,388)</u>	<u>(409,685)</u>
Net Cash Provided by Investing Activities	<u>337,727</u>	<u>104,853</u>
Net Increase in Cash and Equivalents	210,339	13,893
Cash and Equivalents, Beginning of Year	<u>248,193</u>	<u>234,300</u>
Cash and Equivalents, End of Year	<u>\$ 458,532</u>	<u>\$ 248,193</u>

The accompanying notes are an integral part of the financial statements.

Massachusetts Bay Community College Foundation, Inc.
(a component unit of Massachusetts Bay Community College)

Notes to the Financial Statements

June 30, 2019 and 2018

Note 1 - **Organization**

Massachusetts Bay Community College Foundation, Inc. (the "Foundation") is a not-for-profit corporation, classified under Section 501(c)(3) of the Internal Revenue Code, whose purpose is to raise funds to assist with the development and improvements of Massachusetts Bay Community College (the "College") and to enhance its reputation and visibility in the community. This is achieved through educational programs directed toward individuals, the community, and private and governmental organizations. The Foundation operates primarily in Massachusetts and receives most of its revenues from corporate and individual donations.

Note 2 - **Summary of Significant Accounting Policies**

Basis of Presentation

The accompanying financial statements have been prepared utilizing the accrual basis of accounting in accordance with generally accepted accounting principles in the United State of America which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expensed for any purpose in performing the objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without restrictions in the statements of activities. Restricted contributions in which the restrictions are met in the same year are reported as without donor restrictions revenue.

Massachusetts Bay Community College Foundation, Inc.
(a component unit of Massachusetts Bay Community College)

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Foundation's ongoing purpose and the return earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about future events. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. Management evaluates the estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances. Adjustments to estimates and assumptions are made as facts and circumstances require. As future events and their effects cannot be determined with certainty, actual results may differ from the estimates used in preparing the accompanying financial statements.

Cash and Equivalents

Cash and equivalents include all cash on deposit with banks and short-term investments with original maturities of three months or less.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met. As of June 30, 2019 and 2018, management has concluded an allowance for doubtful accounts is not required.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Massachusetts Bay Community College Foundation, Inc.
(a component unit of Massachusetts Bay Community College)

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Fair Value Measurements

Promulgations of the Financial Accounting Standards Board have established a framework for measuring fair value, which provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under are described as follows:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access. |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none">• Quoted prices for similar assets or liabilities in active markets;• Quoted prices for identical or similar assets or liabilities in inactive markets;• Inputs other than quoted prices that are observable for the asset or liability; and• Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Income Taxes

The Foundation has been notified by the Internal Revenue Service that it meets the qualifications to be classified as a tax exempt entity under Section 501 (c)(3) of the Internal Revenue Code. As a not-for-profit entity exempt from income taxes, the Foundation may, however, be subject to tax on unrelated business income.

Massachusetts Bay Community College Foundation, Inc.
(a component unit of Massachusetts Bay Community College)

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Accounting principles generally accepted in the United States of America require an entity to assess the probability that a tax position has a “more likely than not” sustainability after review by tax authorities. If a tax position is deemed not to meet this threshold, any unrecognized tax benefits and costs are estimated and recognized. Tax returns are routinely open for review by the tax authorities for three years from their due date. In certain circumstances, the statute of limitations may remain open indefinitely.

Endowment Funds

Massachusetts law requires not-for-profit organizations and other entities that receive donor contributions to operate in conformity with its enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). In the absence of overriding explicit donor stipulations, UPMIFA prescribes guidelines for expenditures of donor-restricted funds and focuses on the prudent spending of the entire donor-restricted fund, including accumulated earnings, rather than the historical dollar concept. UPMIFA's requirement that amounts may be appropriated for expenditure only after careful consideration of the seven factors outlined in its spending guidelines is bolstered by its intent to have the governing board of the organization make its decisions in light of the donor's intended purpose of the endowment fund, stipulated or otherwise.

UPMIFA requires donor-restricted funds to be classified in accordance with their restrictions. Gains on endowment funds and other amounts permitted to be disbursed in accordance with the donors' stipulations must be classified as net assets with donor restrictions until approved for expenditure by the Foundation. Earnings on endowment funds that have not yet been specifically approved for expenditure, but will be, must be classified as net assets with donor restrictions until approved for expenditure by the Foundation.

The Foundation's Board of Directors classifies donor-restricted funds and earnings thereon in accordance with applicable state law as interpreted by the Attorney General. Endowment fund assets are appropriated for expenditure in accordance with the directions and/or intent of the donor. Unrealized losses that reduce fair value to an amount below the donated value are charged to unrestricted net assets. Unrealized gains will be classified as unrestricted net assets to the extent fair value again equals donated cost, at which time unrealized gains will be classified in accordance with the Foundation's spending policy.

The Foundation's investment policy for endowment funds is intended to preserve capital to the extent possible and provide a reasonably predictable stream of revenue to provide appropriate funding to the programs supported by endowment funds.

Massachusetts Bay Community College Foundation, Inc.
(a component unit of Massachusetts Bay Community College)

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

As of both June 30, 2019 and 2018, the Foundation did not have endowment funds with an aggregate fair value less than donor-stipulated levels. These would be commonly referred to as "underwater".

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

In-kind Donations

The Foundation received donated professional services of \$85,210 and \$81,931 for the years ended June 30, 2019 and 2018, respectively. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and supporting services on the accompanying statements of activities and statements of functional expenses.

Functional Allocations of Expenses

Expenses are categorized by program services, management, and general or fundraising on a direct identification basis, where practical, and on a percentage allocation basis based on management's judgement. A variety of cost allocation techniques are used such as time and effort and square footage.

Massachusetts Bay Community College Foundation, Inc.
(a component unit of Massachusetts Bay Community College)

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Adoption of New Accounting Pronouncement

Not-for-Profit Entities - Presentation of Financial Statements for Not-for-Profit Entities – The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-14. The adoption of this pronouncement had a material effect on the presentation of the financial statements but did not necessitate an adjustment to total net assets of prior periods or operations of the current period. The pronouncement changes the net asset classification and investment return and enhances the disclosures for information about liquidity and availability of resources and expenses. The ASU was applied retrospectively to all periods presented.

New Accounting Pronouncements

Revenue from Contracts with Customers - FASB issued ASU 2014-09 effective, as amended, for periods beginning after December 15, 2018, for non-public companies. The purpose of the pronouncement is to remove inconsistencies and weaknesses in current revenue recognition requirements; to provide a more robust framework for addressing revenue recognition issues and to improve comparability of recognition across entities, industries, jurisdictions and capital markets. The ASU requires the Foundation to perform certain specific steps to identify performance obligations and determine transaction prices to establish the appropriate revenue recognition, in addition to improved disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Management is in the process of evaluating this pronouncement and has not yet determined its impact, if any, on the financial statements.

Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, an amendment to Topic 958 - Not for Profit Entities - FASB issued ASU 2018-08. The purpose of this pronouncement is to provide guidance in determining whether resource providers and resource recipients are participating in an exchange transaction, or if the transfer of funds is a contribution, by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. For non-public resource recipients, the amendment is effective for periods beginning after December 15, 2018. For non-public resource providers, the amendment is effective for periods beginning after December 15, 2019. Management is in the process of evaluating this pronouncement and has not yet determined its impact on the financial statements.

Reclassification

Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 presentation.

Massachusetts Bay Community College Foundation, Inc.
(a component unit of Massachusetts Bay Community College)

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Note 3 - **Contributions Receivable**

Unconditional promises to give consist of amounts to be received by the Foundation in a future period that are deemed to be fully collectible by management. At June 30, 2019 and 2018, the entire balance of the receivable was due in less than a year, totaling \$43,000 and \$0, respectively.

Note 4 - **Investments**

The following is a summary of investments at June 30,:

<u>Description</u>	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Equity funds	\$ 3,926,338	\$ 3,992,227	\$ 4,089,866	\$ 4,163,084
Bond funds	<u>1,415,573</u>	<u>1,482,046</u>	<u>1,284,447</u>	<u>1,390,247</u>
	<u>\$ 5,341,911</u>	<u>\$ 5,474,273</u>	<u>\$ 5,374,343</u>	<u>\$ 5,553,331</u>

As of June 30, 2019 and 2018, all investments are level 1 investments and are valued at quoted market value of the shares held at fiscal year-end.

Note 5 - **Net Assets**

Net Assets Without Restrictions

Net assets without donor restrictions comprise the receipt of funds relating to activities the Foundation engages in that are not restricted in nature, and gains on endowed net assets. Net assets without restrictions as of June 30, 2019 and 2018 were \$2,226,631 and \$2,455,738, respectively.

Net Assets With Restrictions

Net assets with restrictions consist of the following at June 30,:

	<u>2019</u>	<u>2018</u>
Scholarships (for purpose)	\$ 2,082,076	\$ 1,787,214
Endowment (for perpetuity)	<u>1,580,598</u>	<u>1,558,572</u>
	<u>\$ 3,662,674</u>	<u>\$ 3,345,786</u>

Massachusetts Bay Community College Foundation, Inc.
(a component unit of Massachusetts Bay Community College)

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Investment returns generated from the endowment held in perpetuity are expendable for granting of scholarships and to fund other academic and cultural programs.

Net Assets Released from Restrictions

Net assets with donor restrictions were released from restrictions by incurring expenses satisfying the purposes specified by the donors for the years ended June 30, as follows:

	<u>2019</u>	<u>2018</u>
Scholarships	\$ 218,188	\$ 863,749

Note 6 - **Endowment**

Changes in endowment net assets with donor restrictions for the years ended June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Endowment net assets,		
beginning of year	\$ 3,097,025	\$3,385,761
Amount appropriated	(64,141)	(530,905)
Investment return	<u>216,881</u>	<u>242,169</u>
Endowment net assets,		
end of year	<u>\$3,249,765</u>	<u>\$3,097,025</u>

Note 7 - **Related Party Transaction**

During the years ended June 30, 2019 and 2018, the Foundation recognized revenue and related expense of \$22,995 and \$21,534, respectively, for contributed administrative services received from the College based on the fair value of comparable services provided by third parties.

As of June 30, 2019, the Foundation owed the College \$86,500, \$ 500 for the insurance costs paid by the College on behalf of the Foundation and \$86,000 for funds owed to the College from a private grant received.

Massachusetts Bay Community College Foundation, Inc.
(a component unit of Massachusetts Bay Community College)

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Note 8 - **Concentrations, Risks and Uncertainties**

Cash

The Foundation maintains cash balances at several financial institutions, and at times during the year these balances may exceed the federally insured limit. Management monitors the financial condition of these financial institutions, along with its balances in cash, to keep this potential risk at a minimum. At June 30, 2019 uninsured amounts totaled \$158,859.

Contributions

For the years ended June 30, 2019 and 2018, one donor represented 27% and two donors represented approximately 40% of the total contributions during the year, respectively.

Uncertainties

The Foundation is highly dependent on donor contributions and fundraising efforts. Although management believes that it will have sufficient funds to meet its operating expenses for the remainder of the fiscal year between funds already available and promised grants, there is no guarantee that their grants and fundraising activities will continue into future years.

Note 9 - **Availability and Liquidity**

The following represents the Foundation's financial assets available to meet general expenditures within one year at June 30,:

Massachusetts Bay Community College Foundation, Inc.
(a component unit of Massachusetts Bay Community College)

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Financial assets at year-end:		
Cash and equivalents	\$ 458,532	\$ 248,193
Contributions receivable	43,000	-
Investments, short term	<u>4,057,132</u>	<u>4,210,195</u>
 Total financial assets	 4,558,664	 4,458,388
 Less amounts not available to be used within one year:		
Net assets with donor restrictions	3,662,674	3,345,786
 Add back: donor-restricted net assets included as a non-current asset	 <u>1,417,141</u>	 <u>1,343,136</u>
 Financial assets available to meet general expenditures within one year:	 <u>\$2,313,131</u>	 <u>\$2,455,738</u>

The Foundation reviews its cash position on a regular basis to ensure that adequate funds are on hand to meet expenses. If funds are needed for expenses, management can liquidate a portion of the short-term investment portfolio, seek additional donations or manage its discretionary expenses to meet its cash needs. At June 30, 2019 and 2018, management believes that the Foundation has no liquidity issues.

Note 10 - **Management's Acceptance of Financial Statements**

Management has evaluated subsequent events through September 19, 2019, the date for which the financial statements were available for issuance. Management accepted the financial statements and did not identify any events subsequent to June 30, 2019 requiring disclosure in these financial statements.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Massachusetts Bay Community College Foundation, Inc.
Boston, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Massachusetts Bay Community College Foundation, Inc. (a component unit of the Massachusetts Bay Community College) (the "Foundation") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements and have issued our report thereon dated September 19, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "O'Connor + Drew, P.C.".

**Certified Public Accountants
Braintree, Massachusetts**

September 19, 2019