

**ROXBURY COMMUNITY  
COLLEGE FOUNDATION, INC.**  
(a component unit of Roxbury Community College)

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**FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**ROXBURY COMMUNITY COLLEGE FOUNDATION, INC.**  
**(a component unit of Roxbury Community College)**

**Financial Statements**

**June 30, 2022 and 2021**

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## **INDEPENDENT AUDITORS' REPORT**

The Board of Trustees of  
Roxbury Community College Foundation, Inc.  
Boston, Massachusetts

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Roxbury Community College Foundation, Inc. (a component unit of Roxbury Community College) (the "Foundation"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Roxbury Community College Foundation, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Roxbury Community College Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Roxbury Community College Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in the United State of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

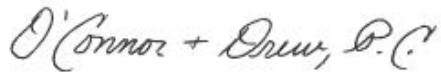
In performing an audit in accordance with generally accepted auditing standards in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Roxbury Community College Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Roxbury Community College Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2023, on our consideration of Roxbury Community College Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Roxbury Community College Foundation, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Roxbury Community College Foundation, Inc.'s internal control over financial reporting and compliance.



Certified Public Accountants  
Braintree, Massachusetts

January 30, 2023

**ROXBURY COMMUNITY COLLEGE  
FOUNDATION, INC.**  
(a component unit of Roxbury Community College)

**Statements of Financial Position**

**June 30,**

**Assets**

	<u>2022</u>	<u>2021</u>
<b>Current Assets:</b>		
Cash and equivalents	\$ 28,961	\$ 87,073
Cash and equivalents held by brokerage house	104,675	30,833
Restricted cash and equivalents	495,013	389,555
Dividend and interest receivable	2,326	2,282
Prepaid expenses	<u>1,400</u>	<u>1,400</u>
<b>Total Current Assets</b>	<b><u>632,375</u></b>	<b><u>511,143</u></b>
<b>Other Asset:</b>		
Investments	<u>2,411,813</u>	<u>2,896,510</u>
<b>Total Assets</b>	<b><u>\$ 3,044,188</u></b>	<b><u>\$ 3,407,653</u></b>

**Liabilities and Net Assets**

<b>Liabilities:</b>		
Accounts payable	<u>\$ 6,352</u>	<u>\$ 16,656</u>
<b>Net Assets:</b>		
Without donor restrictions	131,010	159,616
With donor restrictions	<u>2,906,826</u>	<u>3,231,381</u>
<b>Total Net Assets</b>	<b><u>3,037,836</u></b>	<b><u>3,390,997</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 3,044,188</u></b>	<b><u>\$ 3,407,653</u></b>

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

**ROXBURY COMMUNITY COLLEGE  
FOUNDATION, INC.**  
(a component unit of Roxbury Community College)

**Statement of Activities and Changes in Net Assets**

**For the Year Ended June 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Operating Revenues, Gains, (Losses), and Other Support:</b>			
Contributions and gifts of financial assets	\$ 35,762	\$ 79,102	\$ 114,864
Investment return, net	(30,783)	(339,882)	(370,665)
Contributed non-financial assets	55,332	-	55,332
Net assets released from restrictions	-	-	-
	<u>60,311</u>	<u>(260,780)</u>	<u>(200,469)</u>
<b>Expenses:</b>			
Program services	-	-	-
Management services	29,760	-	29,760
Fundraising	59,157	-	59,157
	<u>88,917</u>	<u>-</u>	<u>88,917</u>
<b>Return of Donor Funds</b>	<u>-</u>	<u>63,775</u>	<u>63,775</u>
<b>Changes in Net Assets from Operating Activities</b>	<u>(28,606)</u>	<u>(324,555)</u>	<u>(353,161)</u>
Net Assets, Beginning of Year	<u>159,616</u>	<u>3,231,381</u>	<u>3,390,997</u>
<b>Net Assets, End of Year</b>	<u>\$ 131,010</u>	<u>\$ 2,906,826</u>	<u>\$ 3,037,836</u>

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

**ROXBURY COMMUNITY COLLEGE  
FOUNDATION, INC.**  
(a component unit of Roxbury Community College)

**Statement of Activities and Changes in Net Assets**

**For the Year Ended June 30, 2021**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>Operating Revenues, Gains and Other Support:</b>			
Contributions and gifts of financial assets	\$ 500	\$ 195,528	\$ 196,028
Investment return, net	45,487	694,662	740,149
Contributed non-financial assets	42,083	-	42,083
Special events	54,684	123,567	178,251
Net assets released from restrictions	<u>129,000</u>	<u>(129,000)</u>	<u>-</u>
<b>Total Operating Revenues, Gains and Other Support</b>	<u>271,754</u>	<u>884,757</u>	<u>1,156,511</u>
<b>Expenses:</b>			
Program services	129,000	-	129,000
Management services	40,025	-	40,025
Fundraising	<u>90,681</u>	<u>-</u>	<u>90,681</u>
<b>Total Expenses</b>	<u>259,706</u>	<u>-</u>	<u>259,706</u>
Changes in Net Assets from Operating Activities	12,048	884,757	896,805
Net Assets, Beginning of Year,	<u>147,568</u>	<u>2,346,624</u>	<u>2,494,192</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 159,616</u></u>	<u><u>\$ 3,231,381</u></u>	<u><u>\$ 3,390,997</u></u>

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



**ROXBURY COMMUNITY COLLEGE  
FOUNDATION, INC.**  
(a component unit of Roxbury Community College)

**Statement of Functional Expenses**

**For the Year Ended June 30, 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>Expenses:</b>				
Contributed salaries	\$ -	\$ -	\$ 55,332	\$ 55,332
Professional fees	-	26,464	-	26,464
Marketing	-	-	3,825	3,825
Miscellaneous	-	1,260	-	1,260
Insurance	-	2,036	-	2,036
	<u>-</u>	<u>29,760</u>	<u>59,157</u>	<u>88,917</u>
	<u>\$ -</u>	<u>\$ 29,760</u>	<u>\$ 59,157</u>	<u>\$ 88,917</u>

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

**ROXBURY COMMUNITY COLLEGE  
FOUNDATION, INC.**  
(a component unit of Roxbury Community College)

**Statement of Functional Expenses**

**For the Year Ended June 30, 2021**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>Expenses:</b>				
Scholarships and grants to the college	\$ 129,000	\$ -	\$ -	\$ 129,000
Fundraising events	-	-	54,684	54,684
Salaries, in-kind	-	6,086	33,197	39,283
Professional fees	-	22,795	-	22,795
Marketing	-	7,338	-	7,338
Services, in-kind	-	-	2,800	2,800
Miscellaneous	-	2,044	-	2,044
Insurance	-	1,762	-	1,762
	<u>\$ 129,000</u>	<u>\$ 40,025</u>	<u>\$ 90,681</u>	<u>\$ 259,706</u>

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

**ROXBURY COMMUNITY COLLEGE  
FOUNDATION, INC.**

(a component unit of Roxbury Community College)

**Statements of Cash Flows**

**For the Years Ended June 30,**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ <u>(353,161)</u>	\$ <u>896,805</u>
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Change in present value of annuity	3,451	58,227
Realized gains on investments	(106,351)	(62,509)
Unrealized (gains) losses on investments	592,824	(619,439)
Changes in assets and liabilities:		
Dividend, interest, and accounts receivable	44	-
Accounts payable	<u>(10,348)</u>	<u>15,688</u>
Net Cash Provided by Operating Activities	<u>126,459</u>	<u>288,772</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sale of investment securities	467,768	176,131
Purchase of investments	<u>(473,039)</u>	<u>(259,669)</u>
Net Cash Applied to Investing Activities	<u>(5,271)</u>	<u>(83,538)</u>
<b>Net Increase in Cash and Equivalents</b>	<b>121,188</b>	<b>205,234</b>
Cash and Equivalents, Beginning of Year	<u>507,461</u>	<u>302,227</u>
<b>Cash and Equivalents, End of Year</b>	<u><u>\$ 628,649</u></u>	<u><u>\$ 507,461</u></u>
<b>Cash and equivalents is comprised of the following:</b>		
Cash and equivalents	\$ 28,961	\$ 87,073
Cash and equivalents held by brokerage house	104,675	30,833
Restricted cash and equivalents	<u>495,013</u>	<u>389,555</u>
Total	<u><u>\$ 628,649</u></u>	<u><u>\$ 507,461</u></u>

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

**ROXBURY COMMUNITY COLLEGE FOUNDATION, INC.**  
**(a component unit of Roxbury Community College)**

**Notes to the Financial Statements**

**June 30, 2022 and 2021**

Note 1 - **Summary of Significant Accounting Policies**

*Organization*

Roxbury Community College Foundation, Inc. (the "Foundation") was organized in 1983 for the purpose of providing financial assistance and support to the educational programs and development of Roxbury Community College (the "College"). The Foundation grants scholarships and awards to qualified students at the College and donates gifts to the College or any of its organizations for purposes of enhancing educational programs. The Foundation is located on the College's campus and receives revenue primarily by donations from local businesses and individuals and other private parties.

*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 States of America ("U.S. GAAP"). References to U.S. GAAP in these notes are to the Financial Accounting Standards Board Codification ("ASC"). U.S. GAAP requires 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 Trustees. The Foundation groups net assets without donor restrictions into the following categories:

- 1) Operating - Represents funds available to be spent by management.
- 2) Board Designated - Represents funds set aside by the Board of Trustees for specific purposes. No such funds were set aside at June 30, 2022 and 2021.

**ROXBURY COMMUNITY COLLEGE FOUNDATION, INC.**  
**(a component unit of Roxbury Community College)**

**Notes to the Financial Statements - Continued**

**June 30, 2022 and 2021**

Note 1 - **Summary of Significant Accounting Policies - Continued**

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.

Measure of Operations

In its statements of activities and changes in net assets, the Foundation includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. This is inclusive of net investment return.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Financial Instruments

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist of cash and equivalents, and investments. The Foundation maintains its cash and equivalents in bank deposit accounts, the balances of which, at times, may exceed federally insured limits. Investments are maintained at brokerage institutions. Exposure to credit risk is reduced by placing such deposits in high quality financial institutions and insured brokerage houses.

The carrying amounts of certain financial instruments, including cash and equivalents, approximate fair value due to the relatively short maturity of these instruments. The carrying amounts of investments are reported at market value.

**ROXBURY COMMUNITY COLLEGE FOUNDATION, INC.**  
**(a component unit of Roxbury Community College)**

**Notes to the Financial Statements - Continued**

**June 30, 2022 and 2021**

Note 1 - **Summary of Significant Accounting Policies - Continued**

*Cash and Equivalents*

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

*Restricted Cash*

The Foundation's restricted cash consists of funds set aside for donor restrictions.

*Investments*

Investments are initially 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.

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 are described as follows:

**ROXBURY COMMUNITY COLLEGE FOUNDATION, INC.**  
**(a component unit of Roxbury Community College)**

**Notes to the Financial Statements - Continued**

**June 30, 2022 and 2021**

Note 1 - **Summary of Significant Accounting Policies - Continued**

*Fair Value Measurements - continued*

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"><li>• Quoted prices for similar assets or liabilities in active markets;</li><li>• Quoted prices for identical or similar assets or liabilities in inactive markets;</li><li>• Inputs other than quoted prices that are observable for the asset or liability; and</li><li>• Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.</li></ul>
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.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

*Common Stocks:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Mutual Funds and Exchange Traded Funds:* Valued at the net asset value (“NAV”) of the shares held at year end.

*Single premium immediate annuity:* Valued at the estimated present value of expected future annuity receipts.

**ROXBURY COMMUNITY COLLEGE FOUNDATION, INC.**  
**(a component unit of Roxbury Community College)**

**Notes to the Financial Statements - Continued**

**June 30, 2022 and 2021**

Note 1 - **Summary of Significant Accounting Policies - Continued**

*Fair Value Measurements - continued*

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine if the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

*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.

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.



**ROXBURY COMMUNITY COLLEGE FOUNDATION, INC.**  
**(a component unit of Roxbury Community College)**

**Notes to the Financial Statements - Continued**

**June 30, 2022 and 2021**

Note 1 - **Summary of Significant Accounting Policies - Continued**

*Endowment Funds - continued*

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 Trustees 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. 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.

From time to time, the fair values of endowment fund assets may, due to unfavorable market fluctuations, fall below the level that donors require to be retained for a perpetual duration. The decline below the required perpetual duration, commonly referred to as "underwater", is reported as losses within net assets with donor restrictions. The Board of Trustees have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of June 30, 2022 and 2021, the Foundation did not have endowment funds below the amount of the donor required levels.

*Contributions*

Contributions are recognized as revenue when the conditions contained in the respective agreements have been met. Contributions are conditional if there is a barrier that must be overcome before the recipient is entitled to the asset transferred and the donor has the right to request the asset back if it was not used properly.

**ROXBURY COMMUNITY COLLEGE FOUNDATION, INC.**  
**(a component unit of Roxbury Community College)**

**Notes to the Financial Statements - Continued**

**June 30, 2022 and 2021**

Note 1 - **Summary of Significant Accounting Policies - Continued**

*Contributions - continued*

Unconditional 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 the purpose and 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.

*Contributed Non-Financial Assets*

The Foundation received donated professional services from third-party servicers in addition to management/administrative services provided by personnel of the College. Such amounts, which are based upon time, effort, and information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as donated services and supporting services on the accompanying statements of activities and statements of functional expenses. The following contributed non-financial services met the Foundation's recognition criteria as of June 30,:

	<u>2022</u>	<u>2021</u>
College personnel	\$ 55,332	\$ 39,283
Third-party services	-	2,800
	\$ 55,332	\$ 42,083

**ROXBURY COMMUNITY COLLEGE FOUNDATION, INC.**  
**(a component unit of Roxbury Community College)**

**Notes to the Financial Statements - Continued**

**June 30, 2022 and 2021**

Note 1 - **Summary of Significant Accounting Policies - Continued**

*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, effort, and square footage.

*Revenue from Customers*

The Foundation holds special events for the general public. The transaction price is the consideration that the Foundation expects to receive for the entrance fee and sponsorships. The Foundation collects payment at the time of registration, or shortly thereafter. The Foundation considers the performance obligation to be the event and recognizes revenue at the time that the event occurs. The Foundation's revenues and cash flows are correlated to the general conditions of the economy. Contract liabilities represent payments the Foundation receives in advance of the event. Contract liabilities are presented in the Statements of Financial Position as deferred revenue, if applicable, and are recognized as income in the period in which the event takes place.

*Adoption of new Accounting Pronouncement*

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07, *Not-for-Profit Entities: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This pronouncement requires not-for-profit entities to present contributed non-financial assets in the statement of activities as a line that is separate from other contributions and provide additional disclosure information related to these items. The Foundation adopted the provisions of ASU 2020-07 on a retrospective basis as of July 1, 2020. Certain amounts in the prior year statement of activities have been restated to conform to this presentation, but, net assets were not impacted.

*Future Accounting Pronouncements*

FASB issued ASU 2016-02, *Leases*, which is effective for periods beginning after December 15, 2021. The pronouncement will require lessees to recognize on their statement of financial position the rights and obligations resulting from leases categorized as operating leases as assets and liabilities. It provides for an election on leases with terms of less than twelve months to be excluded.

Management is in the process of evaluating this pronouncement and has not yet determined its impact on the financial statements.

**ROXBURY COMMUNITY COLLEGE FOUNDATION, INC.**  
**(a component unit of Roxbury Community College)**

**Notes to the Financial Statements - Continued**

**June 30, 2022 and 2021**

Note 1 - **Summary of Significant Accounting Policies - Continued**

*Reclassifications*

Certain amounts in the 2022 financial statements have been reclassified to conform to the 2021 presentation.

Note 2 - **Investments**

The following is a summary of investments at June 30,

	2022			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
Mutual and exchange traded funds:				
Investment grade index fund	\$ 125,078	\$ -	\$ -	\$ 125,078
Global high yield fund	23,334	-	-	23,334
International equities	363,242	-	-	363,242
Emerging markets equities	172,306	-	-	172,306
Domestic equities	1,538,808	-	-	1,538,808
Single premium immediate annuity	-	-	<u>189,045</u>	<u>189,045</u>
Total	<u>\$2,222,768</u>	<u>\$ -</u>	<u>\$ 189,045</u>	<u>\$2,411,813</u>

	2021			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
Mutual and exchange traded funds:				
Investment grade index fund	\$ 193,893	\$ -	\$ -	\$ 193,893
Global high yield fund	24,865	-	-	24,865
International equities	478,415	-	-	478,415
Emerging markets equities	177,431	-	-	177,431
Domestic equities	1,829,410	-	-	1,829,410
Single premium immediate annuity	-	-	<u>192,496</u>	<u>192,496</u>
Total	<u>\$2,704,014</u>	<u>\$ -</u>	<u>\$ 192,496</u>	<u>\$2,896,510</u>

**ROXBURY COMMUNITY COLLEGE FOUNDATION, INC.**  
**(a component unit of Roxbury Community College)**

**Notes to the Financial Statements - Continued**

**June 30, 2022 and 2021**

Note 2 - **Investments - Continued**

The following table sets forth a summary of changes in the fair value of the Level 3 single premium immediate annuity for the year ended June 30, 2022:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 192,496	\$ 250,723
Change in net present value of single premium immediate annuity	<u>(3,451)</u>	<u>(58,227)</u>
Balance, end of year	<u>\$ 189,045</u>	<u>\$ 192,496</u>

*Investment Policy*

The Foundation's policy is to invest in assets in accordance with a maximum range for each asset category. The asset allocation policy minimum and maximum have been established in accordance with the overall risk and return objectives of the portfolio and is as follows:

Equity Investments	68-100%
Fixed Income	0 - 30%
Cash and Equivalents	0 - 20%

Actual investments were allocated as follows for the years ended June 30,:

	<u>2022</u>	<u>2021</u>
Equity Investments	<b>89%</b>	91%
Fixed Income	<b>6%</b>	8%
Cash and Equivalents	<b>4%</b>	1%

Note 3 - **Net Assets**

*Net Assets without Donor Restrictions*

Net assets without donor restrictions are not subject to any restrictions and are used to support the daily operations of the Foundation. Board designated funds are contributions without restrictions that have been restricted for use by the Board to support various capital projects, scholarships and programs of the College and require a majority vote of the board before use of these funds is authorized. Net assets without restrictions included no Board designated funds as of the years ended June 30, 2022 and 2021.

**ROXBURY COMMUNITY COLLEGE FOUNDATION, INC.**  
**(a component unit of Roxbury Community College)**

**Notes to the Financial Statements - Continued**

**June 30, 2022 and 2021**

Note 3 - **Net Assets- Continued**

*Net Assets with Donor Restrictions - continued*

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

	<u>2022</u>	<u>2021</u>
Endowment net assets (in perpetuity), excluding appreciation	\$ 784,986	\$ 784,986
Appreciation for:		
Cumulative appreciation and reinvested gains on endowment net assets held in perpetuity which are subject to prudent appropriations by the Board of Trustees in accordance with provisions of Massachusetts law	359,850	488,583
Scholarship and other academic purposes	424,035	575,729
Sampers' loan	156,549	212,553
Donated principal for purpose-restrictions:		
Single Premium Immediate Annuity	189,045	192,496
Scholarship and other academic purposes	375,072	359,745
Roxbury Community College Program Campaign	377,994	377,994
Roxbury Community College Foundation operations	159,943	159,943
Reggie Lewis Track and Athletic Center	48,227	48,227
Emergency grants	31,125	31,125
	<u>\$ 2,906,826</u>	<u>\$ 3,231,381</u>

**ROXBURY COMMUNITY COLLEGE FOUNDATION, INC.**  
**(a component unit of Roxbury Community College)**

**Notes to the Financial Statements - Continued**

**June 30, 2022 and 2021**

Note 3 - **Net Assets - Continued**

*Endowment Net Assets*

Endowment net assets at June 30, 2022 and 2021 are restricted for investment in perpetuity, the income of which is available to support the donor specified purpose restrictions listed in the appreciation section of the above table.

*Net Assets Released from Restrictions*

Net assets released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events were as follows at June 30,:

	<u>2022</u>	<u>2021</u>
Student scholarships	\$ -	\$ 29,000
College grants	<u>-</u>	<u>100,000</u>
Total	<u>\$ -</u>	<u>\$ 129,000</u>

In prior years, the Foundation received funds through the Commonwealth of Massachusetts Endowment Incentive Program, which was created to provide participating college foundations to establish an endowment to benefit the related college for academic purposes. When the funds were received, the Foundation's Board of Trustees determined that the classification of the funds should be split between perpetuity, time, and purpose.

*Returning Donor Restricted Funds*

During fiscal years 2022 and 2021, at the request of a donor, the Foundation returned \$63,775 and \$0, respectively, of restricted funds to the donor.

**ROXBURY COMMUNITY COLLEGE FOUNDATION, INC.**  
(a component unit of Roxbury Community College)

**Notes to the Financial Statements - Continued**

**June 30, 2022 and 2021**

Note 4 - **Endowment**

Changes in endowment net assets for the years ended June 30, 2022 and 2021 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Endowment net assets, at June 30, 2020</b>	\$ -	\$ 1,478,055	\$ 1,478,055
Investment return	-	712,796	712,796
Amounts appropriated for expenditures	-	(129,000)	(129,000)
<b>Endowment net assets, at June 30, 2021</b>	-	<b>2,061,851</b>	<b>2,061,851</b>
Investment return	-	(336,431)	(336,431)
Amounts appropriated for expenditures	-	-	-
<b>Endowment net assets, at June 30, 2022</b>	<b>\$ -</b>	<b>\$ 1,725,420</b>	<b>\$ 1,725,420</b>



**ROXBURY COMMUNITY COLLEGE FOUNDATION, INC.**  
**(a component unit of Roxbury Community College)**

**Notes to the Financial Statements - Continued**

**June 30, 2022 and 2021**

Note 5 - **Concentrations, Risks and Uncertainties**

*Cash*

From time to time, the Foundation's cash balances at financial banking institutions exceeded the federally insured limit. As of June 30, 2022 and 2021, uninsured amounts totaled \$273,854 and \$226,629, respectively. Management monitors the financial condition of the banking institutions, along with its balances in cash, to keep this potential risk at a minimum.

*Investments*

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. The Foundation's holdings of equities, fixed-income funds, and certificates of deposit are held in a brokerage account with a national brokerage firm. These accounts are protected by the Securities Investor Protection Corporation ("SIPC"). In the event of broker-dealer failure, up to \$500,000 in these accounts will be protected from loss. The SIPC insurance does not protect against market losses on investments.

*Contributions*

During 2022 approximately 70% of grants and contribution revenue was from three donors. During 2021 approximately 37% of grants and contribution revenue was from two donors.

*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 6 - **Commitments**

In February 2020, the Foundation, in conjunction with the College, entered into an agreement with a media company with the goals to increase awareness of the College and grants to the Foundation. This promotion required two equal payments of \$100,000. Final payment was made during the fiscal year ended June 30, 2021.

**ROXBURY COMMUNITY COLLEGE FOUNDATION, INC.**  
**(a component unit of Roxbury Community College)**

**Notes to the Financial Statements - Continued**

**June 30, 2022 and 2021**

Note 7 - **Availability and Liquidity**

The Foundation reviews its cash position on a regular basis to ensure that adequate funds are on hand to meet expenses. At June 30, 2022 and 2021, management believes that the Foundation has no liquidity issues.

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

	<u>2022</u>	<u>2021</u>
Financial Assets at year-end:		
Cash and equivalents	\$ 113,136	\$ 87,073
Cash and equivalents held by brokerage house	104,675	30,833
Restricted cash and equivalents	410,838	389,555
Investments	2,411,813	2,896,510
Dividend and interest receivable	<u>2,326</u>	<u>2,282</u>
	<b>3,042,788</b>	3,406,253
Less: amounts not available to be used within one year		
Net assets with donor restrictions	<u>(2,906,826)</u>	<u>(3,231,381)</u>
Financial assets available to meet general expenditures within one year:	<u>\$ 135,962</u>	<u>\$ 174,872</u>

Note 8 - **Management's Acceptance of Financial Statements**

Management has evaluated subsequent events through January 30, 2023, the date for which the financial statements were available for issuance. With the exception of the following event, management accepted the financial statements and did not identify any other events subsequent to June 30, 2022 requiring disclosure in these financial statements.

In January 2023 the Foundation was notified of the passing of an insured donor who had named the Foundation as the beneficiary on a \$500,000 life insurance policy.

**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 Trustees of  
Roxbury 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 Roxbury Community College Foundation, Inc. ("the Foundation"), a component unit of Roxbury Community College, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2023.

**Report on 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") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 or significant deficiencies may exist that have not been identified.

## Prior Year Finding

### Condition

At June 30, 2021, the Foundation's investment portfolio consisted of an asset allocation of:

Equity Investments	90.9%
Fixed Income	8.0%
Cash and Equivalents	1.1%

The allocation of fixed income was 17% lower than the minimum requirement of the investment policy, while equity investments were 15.9% higher than the maximum allowed.

### Current Year Update

This finding has been resolved.

### Report on 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 financial statements. 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 Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Certified Public Accountants**  
**Braintree, Massachusetts**

January 30, 2023