January 28, 2022

Ms. Sydney Leo
Vice President for Finance and Administration
Boston Architectural College
320 Newbury Street
Boston, MA 02115

Dear Ms. Leo:

Please find enclosed a draft copy of the financial statements of Boston Architectural College as of June 30, 2021.

Very truly yours,

David A. DiIulis

David A. DiIulis

DAD/lmd
Enclosures

BOSTON ARCHITECTURAL COLLEGE

FINANCIAL STATEMENTS

JUNE 30, 2021

BOSTON ARCHITECTURAL COLLEGE

Financial Statements

June 30, 2021 and 2020

CONTENTS

O'Connor & Drew P.C.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Boston Architectural College
Boston, Massachusetts

Report on Financial Statements
We have audited the accompanying financial statements of Boston Architectural College (a Massachusetts not-for-profit organization) (the "College"), which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities and 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 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 of America. 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 also 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 financial statements referred to above present fairly, in all material respects, the financial position of Boston Architectural College as of June 30, 2021 and 2020, 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.

Supplemental Information
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The financial responsibility supplemental schedule and disclosures are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Internal Control
In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2022, on our consideration of Boston Architectural College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the College'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 the College's internal control over financial reporting and compliance.

O'Connor + Drew, P.C.

Certified Public Accountants
Braintree, Massachusetts

January 21, 2022

BOSTON ARCHITECTURAL COLLEGE

Statements of Financial Position

June 30, 2021 and 2020

BOSTON ARCHITECTURAL COLLEGE

Statements of Financial Position

June 30,

Assets

	2021	2020
Assets:		
Cash and equivalents	**$ 1,169,675**	$ 2,140,699
Student accounts receivable, net of allowance for doubtful accounts of $170,597 and $30,000 at June 30, 2021 and 2020, respectively	**9,585,350**	8,523,790
Pledges receivable (Note 3)	**220,800**	65,100
Grants receivable	**94,467**	180,301
Other receivables	**-**	8,632
Prepaid expenses	**165,000**	390,023
Short-term investments (Notes 4 and 5)	**226,403**	1,048,434
Long-term investments (Notes 4 and 5)	**14,629,308**	11,529,719
Property and equipment, net (Note 6)	**17,644,974**	18,903,737
Total Assets	**$ 43,735,977**	$ 42,790,435

Liabilities and Net Assets

	2021	2020
Liabilities:		
Accounts payable	**$ 421,389**	$ 533,975
Deferred revenues	**6,535,600**	7,309,118
Accrued expenses	**1,445,914**	1,732,047
Bonds payable, net (Note 8)	**12,280,994**	12,776,978
Paycheck Protection Program loan (Note 7)	**-**	1,901,500
Total Liabilities	**20,683,897**	24,253,618
Net Assets:		
Without donor restrictions (Note 10)	**11,736,074**	10,337,843
With donor restrictions (Note 10)	**11,316,006**	8,198,974
Total Net Assets	**23,052,080**	18,536,817
Total Liabilities and Net Assets	**$ 43,735,977**	$ 42,790,435

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

BOSTON ARCHITECTURAL COLLEGE

Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2021

	Without Donor Restriction	With Donor Restriction	Total
Operating Activities:			
Revenues and Other Support:			
Tuition and fees	**$ 17,960,974**	**$ -**	**$ 17,960,974**
Less: institutional assistance	**(1,041,144)**	**-**	**(1,041,144)**
Less: funded scholarships	**(448,426)**	**-**	**(448,426)**
Net tuition and fees	**16,471,404**		**16,471,404**
Gifts and contributions	**175,730**	**329,930**	**505,660**
In-kind gifts	**22,500**	**-**	**22,500**
Government and private grants	**473,898**	**55,000**	**528,898**
Other revenue	**26,355**	**-**	**26,355**
Net assets released from restrictions (Note 10)	**198,982**	**(198,982)**	**-**
Total Revenues and Other Support	**17,368,869**	**185,948**	**17,554,817**
Operating Expenses:			
Program services	**10,027,129**	**-**	**10,027,129**
Management and general	**7,015,067**	**-**	**7,015,067**
Fundraising	**216,877**	**-**	**216,877**
Total Operating Expenses	**17,259,073**	**-**	**17,259,073**
Changes in Net Assets from Operating Activities	**109,796**	**185,948**	**295,744**
Non-Operating Activities:			
Forgiveness of Paycheck Protection Program loan	**1,901,500**	**-**	**1,901,500**
Net investment income (Note 4)	**199,367**	**2,931,084**	**3,130,451**
Strategic initiative and related expenses	**(812,432)**	**-**	**(812,432)**
Total Non-Operating Activities	**1,288,435**	**2,931,084**	**4,219,519**
Changes in Net Assets	**1,398,231**	**3,117,032**	**4,515,263**
Net Assets, Beginning of Year	**10,337,843**	**8,198,974**	**18,536,817**
Net Assets, End of Year	**$ 11,736,074**	**$ 11,316,006**	**$ 23,052,080**

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

BOSTON ARCHITECTURAL COLLEGE

Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2020

	Without Donor Restriction	With Donor Restriction	Total
Operating Activities:			
Revenues and Other Support:			
Tuition and fees	$ 17,322,324	$ -	$ 17,322,324
Less: institutional assistance	(985,346)	-	(985,346)
Less: funded scholarships	(46,760)	-	(46,760)
Net tuition and fees	16,290,218	-	16,290,218
Gifts and contributions	132,364	151,061	283,425
Government and private grants	83,318	165,515	248,833
Auxiliary revenue	257,452	-	257,452
Other revenue	41,281	-	41,281
Net assets released from restrictions (Note 10)	819,424	(819,424)	-
Total Revenues and Other Support	17,624,057	(502,848)	17,121,209
Operating Expenses:			
Program services	10,099,483	-	10,099,483
Management and general	7,462,355	-	7,462,355
Fundraising	243,783	-	243,783
Total Operating Expenses	17,805,621	-	17,805,621
Changes in Net Assets from Operating Activities	(181,564)	(502,848)	(684,412)
Non-Operating Activities:			
Net investment income (Note 4)	239,502	456,517	696,019
Changes in Net Assets	57,938	(46,331)	11,607
Net Assets, Beginning of Year	10,279,905	8,245,305	18,525,210
Net Assets, End of Year	$ 10,337,843	$ 8,198,974	$ 18,536,817

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

BOSTON ARCHITECHTURAL COLLEGE

Statement of Functional Expenses

For the Year Ended June 30, 2021

	Program Activities						
	Instructional	Student Services	Academic Support	Total Program Services	Management and General	Fundraising Costs	Total
Salaries and wages	$ 4,638,997	$ 1,189,334	$ 767,865	$ 6,596,196	$ 2,826,906	$ 147,276	$ 9,570,378
Benefits and payroll taxes	571,841	381,227	381,227	1,334,295	574,717	-	1,909,012
Accreditation and memberships	37,522	5,279	10,021	52,822	28,264	1,264	82,350
Events	19,654	25,188	195	45,037	40,345	6,129	91,511
Marketing and advertising	4,805	1,985	-	6,790	656,099	11,878	674,767
Books, journals and publications	136,590	570	592	137,752	12,068	438	150,258
Professional development	7,507	909	1,640	10,056	5,095	80	15,231
Professional fees	61,099	37,996	3,000	102,095	157,206	-	259,301
Supplies and materials	55,636	35,931	511	92,078	15,457	221	107,756
Postage and shipping	6,943	24,571	189	31,703	15,747	17,509	64,959
Technology	180,700	312,511	-	493,211	684,148	29,668	1,207,027
Security and safety	-	-	-	-	252,976	-	252,976
Facilities - building lease and real estate taxes	-	-	-	-	134,218	-	134,218
Facilities - equipment and building maintenance and repair	4,529	21,200	-	25,729	158,699	-	184,428
Facilities - janitorial and grounds	-	2,175	-	2,175	122,792	-	124,967
Facilities - utilities	138	1,477	-	1,615	280,505	-	282,120
Other operating	66,639	-	11,390	78,029	58,119	663	136,811
Bad debt expense	-	175,000	-	175,000	-	-	175,000
Insurance, finance and debt servicing	-	330	-	330	630,755	1,751	632,836
Depreciation	360,950	240,633	240,633	842,216	360,951	-	1,203,167
	$ 6,153,550	$ 2,456,316	$ 1,417,263	$ 10,027,129	$ 7,015,067	$ 216,877	$ 17,259,073

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

BOSTON ARCHITECHTURAL COLLEGE

Statement of Functional Expenses

For the Year Ended June 30, 2020

	Program Activities						
	Instructional	Student Services	Academic Support	Total Program Services	Management and General	Fundraising Costs	Total
Salaries and wages	$ 4,466,310	$ 1,520,522	$ 958,617	$ 6,945,449	$ 2,570,048	$ 194,717	$ 9,710,214
Benefits and payroll taxes	812,446	295,919	179,771	1,288,136	467,031	20,977	1,776,144
Accreditation and memberships	40,342	10,859	965	52,166	37,289	-	89,455
Events	50,765	47,623	28,959	127,347	36,147	11,955	175,449
Marketing and advertising	420	493,913	-	494,333	34,579	-	528,912
Books, journals and publications	286	49,020	145,756	195,062	8,944	160	204,166
Professional development	41,430	7,524	29,287	78,241	32,748	918	111,907
Professional fees	27,802	56,194	20,449	104,445	447,407	10,666	562,518
Supplies and materials	20,073	34,266	33,199	87,538	70,664	2,417	160,619
Postage and shipping	3,996	6,885	2,418	13,299	4,725	703	18,727
Technology	-	55,231	78,894	134,125	376,208	-	510,333
Security and safety	-	-	-	-	286,772	-	286,772
Facilities - building lease and real estate taxes	-	-	-	-	201,080	-	201,080
Facilities - equipment and building maintenance and repair	-	457,056	37,237	494,293	294,135	-	788,428
Facilities - janitorial and grounds	-	-	-	-	126,919	-	126,919
Facilities - utilities	-	-	-	-	270,619	-	270,619
Other operating	2,622	81,738	-	84,360	138,385	1,270	224,015
Bad debt expense	-	-	-	-	130,617	-	130,617
Insurance, finance and debt servicing	-	689	-	689	741,767	-	742,456
Depreciation	-	-	-	-	1,186,271	-	1,186,271
	$ 5,466,492	$ 3,117,439	$ 1,515,552	$ 10,099,483	$ 7,462,355	$ 243,783	$ 17,805,621

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

BOSTON ARCHITECTURAL COLLEGE

Statements of Cash Flows

For the Years Ended June 30,

	2021	2020
Cash Flows from Operating Activities:		
Changes in net assets:	**$ 4,515,263**	$ 11,607
Adjustments to reconcile changes in net assets to net cash (applied to) provided by operating activities:		
Forgiveness of Paycheck Protection Program loan	**(1,901,500)**	-
Provision for bad debts	**175,000**	130,617
Amortization of bond issuance costs	**16,142**	16,142
Depreciation	**1,203,167**	1,186,271
Net realized and unrealized gains on investments	**(2,987,622)**	(495,382)
Contributions restricted for long-term investment	**-**	(500)
Changes in operating assets and liabilities:		
Student accounts receivable	**(1,236,560)**	(648,333)
Pledges receivable	**(155,700)**	14,733
Grants receivable	**85,834**	(126,884)
Other receivables	**8,632**	(8,632)
Prepaid expenses	**225,023**	(262,098)
Accounts payable	**(112,586)**	264,111
Deferred revenues	**(773,518)**	58,329
Accrued expenses	**(286,133)**	(125,354)
Net Adjustments	**(5,739,821)**	3,020
Net Cash Provided by (Applied to) Operating Activities	**(1,224,558)**	14,627
Cash Flows from Investing Activities:		
Proceeds from sale of investments	**904,265**	1,879,655
Purchases of investments	**(116,105)**	(1,538,872)
Acquisition of property and equipment	**(22,500)**	(586,472)
Net Cash Provided by (Applied to) Investing Activities	**765,660**	(245,689)
Cash Flows from Financing Activities:		
Receipts of contributions restricted for long-term investments	**-**	500
Payments on bonds	**(512,126)**	(491,941)
Proceeds from Paycheck Protection Program loan	**-**	1,901,500
Net Cash (Applied to) Provided by Financing Activities	**(512,126)**	1,410,059
Net Increase (Decrease) in Cash and Equivalents	**(971,024)**	1,178,997
Cash and Equivalents, Beginning of Year	**2,140,699**	961,702
Cash and Equivalents, End of Year	**$ 1,169,675**	$ 2,140,699

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

BOSTON ARCHITECTURAL COLLEGE

Notes to the Financial Statements

June 30, 2021 and 2020

Note 1 - **Organization**

Founded in 1889, the Boston Architectural College (the "College"), is committed to providing excellence in design education grounded in practice and accessible to diverse communities. The College is New England's largest, independent, not-for-profit, accredited college of spatial design, and offers professional and non-professional degrees at both undergraduate and graduate levels.

The core of the College experience is concurrency, which is a belief that design education is best experienced in the classroom and professional workplace, simultaneously. Classes are taught predominantly by practicing design professionals, strengthening the connection between workplace and classroom learning.

The College is accredited by the New England Commission of Higher Education, the National Architectural Accrediting Board, the Council for Interior Design Accreditation, and the Landscape Architectural Accreditation Board.

On March 11, 2020, the World Health Organization declared the global outbreak of the novel coronavirus ("COVID-19") as a pandemic. During the year ended June 30, 2021, COVID-19 had a significant effect on the College's operations in response to government requirements and observing safety measures. As a result, the College conducted all classes remotely. The College launched New Technology "The Cloud Canopy" to enable students to not only continue in classes, but to utilize the advanced architecture and design tools previously only accessible in the BAC computer graphics lab, and to participate in studio sessions via virtual reality. The College also provided technology to its student globally, including VR equipment, increased internet access, laptops, peripherals, etc.

In response to the pandemic, the Federal government provided to the College Higher Education Emergency Relief Funds ("HEERF"), funds for the Strengthening Institution Program ("SIP") and Fund for the Improvement of Postsecondary Education ("FIPSE") under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA"), and American Rescue Plan Act ("ARPA"). The HEERF consisted of the student aid portion and institutional portion, and each Act requires a minimum amount to be spent on student aid.

The student aid portion is required to be distributed to students as emergency grants for their expenses related to the disruption of campus operations due to coronavirus. The institutional portion and the SIP can be used to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus. Unless an extension is approved by the Department of Education, the student aid award and the institutional award must be spent by May 18, 2022, while the SIP funding must be spent by August 3, 2022.

BOSTON ARCHITECTURAL COLLEGE

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 1 - **Organization - Continued**

As of June 30, 2021, the College expended the remaining portion of the $499,834 CARES/HEERF awards received in May 2020. For the year ended June 30, 2021, the College expended $61,721 for emergency grants to students and $359,956 for institutional costs to support remote learning and augmented reality for hybrid courses which enabled social distancing. For the year ended June 30, 2020, the College expended $78,157 for emergency grants to students.

The College has been awarded the following HEERF, SIP and FIPSE funds as of June 30, 2021:

	Student Aid Award	Institutional Award	Strengthening Institution Program	FIPSE	Total
CARES	$ 139,878	$ 139,878	$ 14,092	$ 205,986	$ 499,834
CRRSAA	139,878	320,358	-	-	460,236
ARPA	396,828	379,879	-	-	776,707
Total	$ 676,584	$ 840,115	$ 14,092	$ 205,986	$ 1,736,777

The College has recognized the following for the years ended June 30, 2021 and 2020:

For the Year Ended June 30, 2021

	Student Aid Award	Institutional Award	Strengthening Institution Program	FIPSE	Total
CARES	$ 61,721	$ 139,878	$ 14,092	$205,986	$421,677
CRRSAA	-	-	-	-	-
ARPA	-	-	-	-	-
Total	$ 61,721	$ 139,878	$ 14,092	$205,986	$421,677

For the Year Ended June 30, 2020

	Student Aid Award	Institutional Award	Strengthening Institution Program	FIPSE	Total
CARES	$ 78,157	$ -	$ -	$ -	$ 78,157
CRRSAA	-	-	-	-	-
ARPA	-	-	-	-	-
Total	$ 78,157	$ -	$ -	$ -	$ 78,157

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

Method of Accounting
The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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

Net Asset Classification
Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the College and changes therein are classified and reported as follows:

> *Without Donor Restrictions Net Assets* - net assets that are not subject to donor-imposed restrictions and may be expensed for any purpose in performing the objectives of the College. The net assets may be used at the discretion of the College's management and the Board of Trustees.
>
> *With Donor Restrictions Net Assets* - Net assets, which carry specific donor-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulated or that expire by the passage of time or have been restricted by donors to be maintained by the College in perpetuity. Generally, the donors of these assets permit the College to use all or part of the income earned on the related investments for scholarships and institutional support.

Use of Estimates
The preparation of financial statements in conformity with United States Generally Accepted Accounting Principles ("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.

Significant estimates and assumptions are required as part of determining the value of accounts receivables, promises to give, and estimating depreciation.

Cash and Equivalents
Cash and equivalents include all highly liquid debt instruments with original maturities of three months or less and include bank deposits, money market funds and repurchase agreements, except that such investments purchased with endowment assets, set aside for long-term purposes or deposits with trustees, are classified as investments. At June 30, 2021 and 2020, uninsured cash balances in excess of FDIC insurable limits were approximately $1,053,000 and $2,180,000, respectively.

Note 2 - **<u>Summary of Significant Accounting Policies - Continued</u>**

Student Accounts Receivable
Student accounts receivable consist of tuition and fee charges, and are recorded net of estimated uncollectible amounts. The adequacy of the allowance for doubtful accounts is reviewed on an ongoing basis by the College's management and adjusted as required. In determining the amount required in the allowance, management has taken into account a variety of factors including experience and history with students. No interest is charged on outstanding balances.

Pledges Receivable
Allowances for potential losses are determined by considering the financial condition and history of donors, and other economic factors affecting donors and the College.

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 on the statements of activities and changes in net assets.

Purchase 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 and changes in net assets in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Financial Instruments
Financial instruments that potentially subject the College to concentrations of credit risk consist of cash and equivalents, accounts receivable, and investments. The College maintains its cash and equivalents in bank deposit accounts, the balances of which, at times, may exceed the 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 and accounts receivable, approximate fair value because of the relatively short maturity of these instruments. The carrying amounts of investments are reported at fair market value.

Note 2 - **<u>Summary of Significant Accounting Policies - Continued</u>**

<u>Property and Equipment</u>
Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from three to five years. The College's policy is to capitalize property and equipment acquired and expense normal repairs and maintenance as incurred. The College's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

<u>Compensated Absences</u>
Eligible employees accrue vacation for time they work. Upon termination, the employees are entitled to receive payment of their unused balance. Based upon periodic reviews, management believes the amount to be immaterial at any given time. Accordingly, the College's policy is to expense compensated absences when actually paid to employees.

<u>Deferred Revenues</u>
Deferred revenues represent unearned income related to academic courses and programs related to the subsequent fiscal year-end. Student deposits are required payments by students who will be attending the College in the next academic year and are recognized as revenues upon the students' matriculation.

<u>Revenue Recognition</u>
Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. The College derives revenues primarily through tuition, fees, and auxiliary services, all of which are under arrangements that are aligned to an academic semester, which is less than one year in length.

Tuition, fees, and auxiliary enterprises revenue are recorded at established rates, net of institutional awards provided directly to students. Net transaction price is fixed and determinable. Such net amounts are recorded as revenue when performance obligations are satisfied which is generally over time as services are rendered, whether relating to educational services or auxiliary services such as room and board. Management believes that recognizing revenue over time is the best measure of services rendered based on its academic calendar and has not made any changes in the timing of satisfaction of its performance obligations or amounts allocated to those obligations. Management does not consider there to be significant judgment involved in the timing of satisfaction of performance obligations as those are directly linked to the academic calendar of the related academic or auxiliary activity.

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

Revenue Recognition - continued
Students may withdraw from programs of study within certain time limits under the College's withdrawal policies by semester. These policies vary by program but allow for up to a 100% refund near the start of classes, declining to no refund shortly after the start of classes. Given the normal timing of the College's programs, the exposure to such is limited at year end.

Payments made by third parties such as ED relative to loans and grants to students are a mechanism to facilitate payment on behalf of students, and accordingly, such funding does not represent revenue of the College.

Expenses are reported as decreases in net assets without donor restrictions. Realized and unrealized gains and losses on investments and other assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets, such as the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed, are reported as "net assets released from restriction" between the classes of net assets.

The Statements of Activities report the changes in net assets without donor restrictions from operating and non-operating activities. Operating revenues consist of those items attributable to the College's academic programs and auxiliary enterprises. This includes investment return appropriated for operations under the spending policy adopted by the Board. All other amounts are considered non-operating.

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.

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.

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

Non-Operating Activities
Non-operating activities include all interest and dividends and realized and unrealized gains or losses on investments. It also includes activities that are not in the normal course of operations for the College.

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 donors' 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 College. 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 College.

The College'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 goal of the College's endowment spending and distribution policy is to preserve the purchasing power of the endowment and provide predictable support of operations and scholarships.

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 has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of June 30, 2021 and 2020, the College did not have endowment funds below the amount of the donor-required levels.

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

Income Taxes

The College 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 College 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.

Advertising

The College charges the cost of advertising to expense as incurred.

New Accounting Pronouncements

Financial Accounting Standards Board ("FASB") issued *ASU 2016-02, Leases*, which is effective for periods beginning after December 15, 2021. The purpose of this 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.

FASB issued *ASU 2020-07, Not-for-Profit Entities: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is effective for periods beginning after June 15, 2021. The pronouncement will require not-for-profit entities to present contributed non-financial assets in the statement of activities as a line that is separate from other contributions. It will also require additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category.

Management is in the process of evaluating these pronouncements and has not yet determined their impact on the financial statements.

Reclassifications

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation.

Note 3 - **Pledges Receivable**

Pledges receivable as of June 30, are expected to be collected in the following time periods:

	2021	2020
In one year or less	**$ 65,500**	$ 35,100
Between one and five years	**155,300**	30,000
	$ 220,800	$ 65,100

No discount for long-term pledges has been recognized due to lack of materiality.

Note 4 - **Investments**

Investments are stated at fair market value and consist of the following at June 30,:

	2021	2020
Money market fund	**$ 226,403**	$ 1,048,434
Multi-asset mutual fund	**3,972,626**	3,059,502
Treasury inflation protection mutual fund	**293,181**	275,374
Bond index mutual fund	**3,257,994**	3,271,793
Stock index mutual fund	**7,105,507**	4,923,050
	$ 14,855,711	$ 12,578,153

As presented on the Statements of Financial Position, certain investments are restricted for endowments, primarily for scholarships. Mutual fund investments are with Fidelity Investments, TIFF Multi-Asset Funds, Vanguard Inflation Protected Funds, and U.S. Bond/TIP and Stock Index Funds.

Note 5 - **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 highest priority is assigned 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:

Note 5 - **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 College has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for 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.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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.

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, 2021.

Money Market and Mutual Funds: Net asset value of the shares held at fiscal year end.

The preceding method 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 College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. As of June 30, 2021, and 2020, all investments are classified as Level 1 within the fair value hierarchy.

BOSTON ARCHITECTURAL COLLEGE

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 6 - **Property and Equipment, net**

Property and equipment, net consists of the following at June 30,:

	2021	2020
Land and improvements	**$ 5,522,338**	$ 5,522,338
Buildings and improvements	**25,581,702**	25,339,681
Furniture, fixtures and equipment	**5,001,923**	4,750,781
Leasehold improvements	**177,734**	336,903
Construction in progress	**-**	548,761
	36,283,697	36,498,464
Accumulated depreciation	**(18,638,723)**	(17,594,727)
Property and equipment, net	**$ 17,644,974**	$ 18,903,737

Note 7 - **Paycheck Protection Program Loan**

In April 2020, the College received a Paycheck Protection Program ("PPP") loan under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") in the amount of $1,901,500. PPP loans are forgiven based upon using the proceeds on eligible expenses over a twenty-four-week period from the time that the loan was obtained. Eligible expenses include payroll and related benefits, utilities, and rent/mortgage interest. The College used the entire funds from the loan in accordance with the provisions of the CARES Act and the Small Business Administration, acting on behalf of the federal government, forgave the entire loan.

Note 8 - **Bonds Payable, net**

Bonds payable consist of the following at June 30,:

	2021	2020
Series 2012 Massachusetts Finance Agency Revenue Bonds, in the amount of $ 5,800,000. The Bonds bear an initial interest rate of 3.64% for ten years at which time the interest rate is adjusted to the market rate designated and announced by the Federal Home Loan Bank of Boston plus 2.5%, but not less than 3.64% and each subsequent ten year period thereafter. Commencing April 2013, the bonds require monthly payments of $27,181, including principal and interest subject to changes in interest rates every ten years. The bonds mature in full in March 2042.	**$ 4,718,623**	$ 4,867,579
Series 2017, Massachusetts Finance Agency Revenue Bond in the amount of $9,365,668. The bonds bear an initial interest rate of 3.75% for ten years at which time the interest rate is adjusted to the product of the market rate designated and announced by the Federal Home Loan Bank of Boston plus 2.75% and the Tax –Exempt Equivalency Factor then in effect, which was initially 0.67. Commencing on February 1, 2017, the bonds require monthly payments of $55,789, including principal and interest subject to changes in interest rates every ten years. The bonds mature in full in December 2036.	**7,857,500**	8,220,670
Total bonds payable	**12,576,123**	13,088,249
Deferred finance charges, net of accumulated amortization of $114,176 and $98,034, respectively.	**(295,129)**	(311,271)
Bonds payable, net	**$12,280,994**	$ 12,776,978

Note 8 - **Bonds Payable, net - Continued**

Future principal maturities of bonds payable subsequent to June 30, 2021 are as follows:

Fiscal Years Ending June 30,	
2022	$ 533,018
2023	553,461
2024	573,533
2025	596,689
2026	619,575
Thereafter	9,699,847
	$ 12,576,123

The bonds are secured by land, building and equipment, and certain revenues. The College must also meet certain covenants to maintain compliance with the loan agreements, including a restriction on new debt. At June 30, 2021, the College was in compliance with these covenants.

Interest expense on all indebtedness for the years ended June 30, 2021 and 2020 amounted to $518,581 and $535,463, respectively. Interest expense includes $16,142 of deferred bond charges as of June 30, 2021 and 2020, respectively.

Note 9 - **Line of Credit**

The College carries an unsecured line of credit with a maximum limit of $1,000,000, expiring February 28, 2023. The line of credit carries interest at the prime rate of 3.25% at June 30, 2021 and 2020. The College had no outstanding balance at June 30, 2021 or 2020.

BOSTON ARCHITECTURAL COLLEGE

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 10 - **Net Assets and Net Assets Released from Restrictions**

Net assets with donor restrictions comprise the receipt of funds relating to activities the College engages in that are not restricted in nature, and gains on endowed net assets. Net assets with restrictions consist of the following at June 30,:

	2021	2020
Scholarships	**$ 5,916,313**	$ 3,772,930
Art collections	**176,622**	87,230
Capital improvement	**668,283**	132,790
Instruction and institutional support	**893,130**	570,960
Investment in perpetuity	**3,661,659**	3,635,064
	$ 11,316,007	$ 8,198,974

Net assets without donor restrictions include board-designated and undesignated funds and consist of the following at June 30,:

	2021	2020
Student scholarship and other support	**$ 649,752**	$ 519,908
Instruction and institutional support	**4,125,648**	3,270,363
Unrestricted and undesignated	**6,960,674**	6,547,572
	$ 11,736,074	$ 10,337,843

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows at June 30,:

	2021	2020
Student scholarships and other support	**$ 25,350**	$ 558,757
Instruction and institutional support	**173,632**	260,667
	$ 198,982	$ 819,424

The College has a $25,000 minimum threshold for all endowment funds.

Note 11 - **Endowment Net Assets**

Changes in endowment net assets for the years ended June 30, 2021 and 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, at June 30, 2019	**$ 3,663,958**	**$ 8,052,028**	**$ 11,715,986**
Investment return:			
Net investment income	41,592	88,365	129,957
Net unrealized appreciation on investment	175,720	368,152	543,872
Contributions	-	113,057	113,057
Amounts appropriated for expenditure	(91,000)	(532,317)	(623,317)
Endowment net assets, at June 30, 2020	**3,790,270**	**8,089,285**	**11,879,555**
Investment return:			
Net investment income	199,367	-	199,367
Net unrealized appreciation on investment	-	2,931,084	2,931,084
Contributions	25,000	32,000	57,000
Unrestricted amounts transferred to other investments	(321,253)	-	(321,253)
Amounts appropriated for expenditure	-	(404,615)	(404,615)
Endowment net assets, at June 30, 2021	**$ 3,693,384**	**$ 10,647,754**	**$ 14,341,138**

Note 12 - **Retirement Benefits**

The College is a sponsor of both a 403(b) Plan and a 457(b) Plan. The 403(b) covers all eligible employees, and the 457(b) covers only certain employees. During the years ended June 30, 2021 and 2020, the total amounts paid to the plans were approximately $352,000 and $215,000 respectively. Any employer funding of either plan is at the sole discretion of the College.

Note 13 - **Cash Flow Information**

Interest paid by the College during the years ended June 30, 2021 and 2020 amounted to $513,344 and $503,688, respectively, as per the terms of bond debt agreements with Century Bank.

Note 14 - **Leases**

The College had long-term lease agreements for two separate office spaces. In October 2020, the College ended the lease for one of these spaces. The lease agreements require base rent payments plus lease incentives. Rent expense was $92,656 and $159,940 for the years ended June 30, 2021 and 2020, respectively. Subsequent to June 30, 2021, minimum future lease payments under such leases are as follows:

Fiscal Years Ending June 30,	
2022	$ 56,448
2023	28,224
	$ 84,672

Note 15 - **Contingencies and Uncertainties**

Legal
Pending or threatened lawsuits arise as part of the ordinary course of operations. In the opinion of management, no litigation is pending or threatened, which would materially affect the College's financial position.

Uncertainty
The COVID-19 crisis has created volatility in the financial markets and in the overall economy. The full adverse impact and duration of COVID-19 on the College's finances and operations cannot be determined.

Employment Agreement
The College's general policy is not to have employment contracts, with the exception of the President. The College's current President's employment contract has provisions for a payout for possible termination. These terms are consistent with usual practices for President employment agreements. The College has reserve funds available to cover this potential risk.

BOSTON ARCHITECTURAL COLLEGE

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 16 - **Liquidity and Availability of Resources**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of balance sheet date, are comprised of the following at June 30,:

	2021	2020
Cash and equivalents	**$ 1,169,675**	$ 2,140,699
Accounts receivable	**9,585,350**	8,523,790
Pledges receivable, due within one year	**65,500**	35,100
Total	**$10,820,525**	$ 10,699,589

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure. The College considers all expenditures related to its ongoing activities of providing financial support through scholarships and grants, and institutional support, to be general expenditures.

Board-designated endowment of $3,347,075 is subject to an annual spending rate of 4% of 12-quarter rolling average. Although management does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of the liquidity management plan, the College structures financial assets to be available as general expenditures, liabilities, and other obligations become due. In addition, the College invests cash in excess of daily requirements in an overnight repurchase account through Century Bank. To help manage unanticipated liquidity needs, a committed line of credit of $1,000,000 can be drawn upon (see Note 9).

Note 17 - **Management's Acceptance of Financial Statements**

Management has evaluated subsequent events through OPEN DATE, 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, 2021 requiring disclosure in these financial statements.

SUPPLEMENTAL INFORMATION

BOSTON ARCHITECTURAL COLLEGE

Financial Responsibility Supplemental Schedule

Year Ended June 30, 2021 (Unaudited)

Primary Reserve Ratio:				
		Expendable Net Assets:		
1	Statement of Financial Position (SFP)	Net assets without donor restrictions		$ 11,736,074
2	SFP	Net assets with donor restrictions		11,316,006
3		**Secured and Unsecured related party receivable - Total**	-	
4	Not Applicable	Unsecured related party receivables		-
5	SD Line 7	**Property, Plant and Equipment, net (includes Construction in progress) - Total**	17,644,974	
6	SD Line 3d	Property, plant and equipment pre-implementation		17,622,474
7	Not Applicable	Property, plant and equipment post-implementation with outstanding debt for original purchase		-
8	SD Line 6a	Property, plant and equipment post-implementation without outstanding debt for original purchase		22,500
9	Not Applicable	Construction in progress		-
10	SFP	**Lease right-of-use asset, net - Total**	-	
11	Not Applicable	Lease right-of-use, pre-implementation (grandfather of leases option not chosen)		-
12	SD Line 15. Lease right-of-use of asset liability	Lease right-of-use asset, post-implementation		-
13	Not Applicable	Intangible assets		-
14	Not Applicable	Post-employment and pension liabilities		-
15	SD Lines 8d, 9a-c, 10	**Long-term debt- for long term purposes - Total**	12,280,994	
16	SD Line 8d	Long- term debt- for long term purpose pre-implementation		12,280,994
17	SD Lines 9a-c	Long-term debt- for long term purposes post-implementation		-
18	Not Applicable	Line of Credit for Construction in progress		-
19	SFP	**Lease right-of-use asset liability - Total**	-	
20	Not Applicable	Pre-implementation right-of-use asset liability (grandfather of leases option not chosen)		-
21	Not Applicable	Post-implementation right-of-use asset liability		-
22	SD Line 2d	**Annuities, term endowment and life income with donor restrictions - Total**	-	
23	SD Line 2a	Annuities with donor restrictions		-
24	SD Line 2b	Term Endowments with donor restrictions		-
25	SD Line 2c	Life income funds with donor restrictions		-
26	SD Line 1	Net Assets with donor restrictions - restricted in perpetuity		3,661,659
		Total Expenses without Donor Restrictions and Losses without Donor Restrictions:		
27	Statement of Activities (SOA)- Total Expense prior to Other Changes	Total expenses without donor restrictions- taken directly from Statement of Activities		18,071,505
28	SOA	Non-operating and Net Investment (loss)		-
29	SOA	Net Investment losses		-
30	SOA	Pension-related changes other than net periodic costs		-
Equity Ratio:				
		Modified Net Assets:		
31	SFP	Net assets without donor restrictions		11,736,074
32	SFP	Net assets with donor restrictions		11,316,006
33	Not Applicable	Intangible Assets		-
34	Not Applicable	Intangible Assets- Goodwill		-
35		**Secured and unsecured related party receivables- Total**	-	
36	Not Applicable	Unsecured related party receivables		-
		Modified Assets:		
37	SFP	Total Assets		43,735,977
38	SD Line 13	Lease right-of-use asset pre-implementation		-
39	SD Line 14	Pre-implementation right-of-use asset liability		-
40	Not Applicable	Intangible Assets		-
41	Not Applicable	Secured and unsecured related party receivables	-	
42	Not Applicable	Unsecured related party receivables		-
Net Income Ratio:				
		Change in Net Assets without Donor Restrictions:		
43	SOA	Change in net assets without donor restrictions		1,398,231
		Total Revenue without Donor Restrictions and Gains without Donor Restrictions		
44	SOA: Total Revenue, Gains and Other Support (Not including Investments)	Total Revenues and Gains		19,270,369
45	SOA: Investments, Net	Investments, net (operating and non-operating)		199,367

BOSTON ARCHITECTURAL COLLEGE

Financial Responsibility Supplemental Disclosures

Year Ended June 30, 2021 (Unaudited)

The Department of Education issued regulations on February 23, 2019, which became effective July 1, 2020, regarding additional disclosures deemed necessary to calculate ratios for determining sufficient financial responsibility under Title IV.

Net Assets	
1 Net assets with donor restrictions: restricted in perpetuity	$ 3,661,659
2 Other net assets with donor restrictions (not perpetually restricted):	
a. Annuities with donor restrictions	-
b. Term Endowments	-
c. Life income funds (trusts)	-
d. Total annuities, term endowment and life income funds with donor restrictions	-
Property, Plant and Equipment, net	
3 Pre-implementation property, plant and equipment, net (PP&E, net)	
a. Ending balance of last financial statements submitted to the Department of Education (June 30, 2020 financial statement)	18,903,737
b. Reclassify capital lease assets previously included in PP&E, net prior to the implementation of ASU 2016-02 leases standards	-
c. Less subsequent depreciation and disposals	(1,281,263)
d. Balance Pre-implementation property, plant and equipment, net	17,622,474
4 Debt Financed Post-Implementation property, plant and equipment, net Long-lived assets acquired with debt subsequent to June 30, 2020:	
a. Equipment	-
b. Land Improvements	-
c. Building	-
d. Total Property, plant and equipment, net acquired with debt exceeding 12 months	-
5 Construction in progress- acquired subsequent to June 30, 2020	-
6 Post-implementation property, plant and equipment, net, acquired without debt:	
a. Long-lived assets acquired without use of debt subsequent to June 30, 2020	22,500
7 Total Property, Plant and Equipment, net- June 30, 2021	17,644,974
Debt to be excluded from expendable net assets	
8 Pre-implementation debt:	
a. Ending balance of last financial statement submitted to the Department of Education (June 30, 2020)	12,776,978
b. Reclassify capital leases previously included in long-term debt prior to the implementation of ASU 2016-02 leases standards.	-
c. Less subsequent debt repayments	(495,984)
d. Balance pre-implementation debt	12,280,994
9 Allowable post-implementation debt used for capitalized long-lived assets:	
a. Equipment- all capitalized	-
b. Land Improvements	-
c. Buildings	-
10 Construction in progress (CIP) financed with short term debt	-
11 Long-term debt not for the purchase of property, plant and equipment or liability greater than assets value	-
	$ 12,280,994

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*

O'Connor & Drew P.C.
Certified Public Accountants

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
Boston Architectural College
Boston, Massachusetts

We have audited, 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 of America, the financial statements of Boston Architectural College (the "College"), which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities and changes in financial position, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and we have issued our report thereon dated January 21, 2022.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered the College's internal control over financial reporting ("internal control") as a basis for designing 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 College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College'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 audits 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 College's financial statements are free of 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 College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

O'Connor + Drew, P.C.

Certified Public Accountants
Braintree, Massachusetts

January 21, 2022