

**MOUNT WACHUSETT COMMUNITY  
COLLEGE FOUNDATION, INC.**  
(a component unit of Mount Wachusett Community College)

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**FINANCIAL STATEMENTS**

**JUNE 30, 2021 and 2020**

**MOUNT WACHUSETT COMMUNITY COLLEGE  
FOUNDATION, INC.**

**(a component unit of Mount Wachusett Community College)**

**Financial Statements**

**June 30, 2021 and 2020**

**C O N T E N T S**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Mount Wachusett Community College Foundation, Inc.  
Gardner, Massachusetts

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Mount Wachusett Community College Foundation, Inc. (a component unit of Mount Wachusett Community College) (the "Foundation"), 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 the Foundation as of June 30, 2021 and 2020, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2021 on our consideration of the Foundation'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 the Foundation'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 Foundation's internal control over financial reporting and compliance.

*O'Connor + Drew, P.C.*

**Certified Public Accountants  
Braintree, Massachusetts**

September 29, 2021

# MOUNT WACHUSETT COMMUNITY COLLEGE FOUNDATION, INC.

(a component unit of Mount Wachusett Community College)

## Statements of Financial Position

June 30,

### Assets

	<u>2021</u>	<u>2020</u>
<b>Assets:</b>		
Cash and equivalents (Note 2)	\$ 559,632	\$ 353,935
Restricted cash and equivalents (Note 2)	364,932	224,029
Investments (Note 3)	6,186,618	5,098,978
Loan receivable Mount Wachusett Community College (Note 10)	-	111,979
Interest receivable	-	4,479
Beneficial interest in assets held by Community Foundation of North Central Massachusetts (Note 5)	2,476,902	1,797,885
Prepaid expenses	<u>6,950</u>	<u>5,850</u>
<b>Total Assets</b>	<b><u>\$ 9,595,034</u></b>	<b><u>\$ 7,597,135</u></b>

### Liability and Net Assets

<b>Liability:</b>		
Accounts payable and accrued expenses	\$ 27,357	\$ 39,615
Refundable advances (Note 7)	<u>50,000</u>	<u>-</u>
<b>Total Liabilities</b>	<b><u>77,357</u></b>	<b><u>39,615</u></b>
<b>Net Assets:</b>		
Without donor restrictions:		
Board designated (Note 9)	3,815,920	3,020,315
Undesignated	50,532	56,512
With donor restrictions (Note 8)	<u>5,651,225</u>	<u>4,480,693</u>
<b>Total Net Assets</b>	<b><u>9,517,677</u></b>	<b><u>7,557,520</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 9,595,034</u></b>	<b><u>\$ 7,597,135</u></b>

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

**MOUNT WACHUSETT COMMUNITY COLLEGE  
FOUNDATION, INC.**

(a component unit of Mount Wachusett Community College)

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

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue, Support and Gains:</b>			
Grants and contributions	\$ 76,911	\$ 514,482	\$ 591,393
Contributed services (Note 10)	48,300	-	48,300
Net investment return	812,820	489,745	1,302,565
Change in value of beneficial interest (Note 4)	-	679,017	679,017
Net assets released from restrictions (Note 8)	<u>512,712</u>	<u>(512,712)</u>	<u>-</u>
<b>Total Revenue, Support and Gains</b>	<u>1,450,743</u>	<u>1,170,532</u>	<u>2,621,275</u>
<b>Expenses:</b>			
Program services	<u>529,997</u>	<u>-</u>	<u>529,997</u>
Supporting Services:			
Management and general	92,031	-	92,031
Fundraising	<u>39,090</u>	<u>-</u>	<u>39,090</u>
<b>Total Supporting Services</b>	<u>131,121</u>	<u>-</u>	<u>131,121</u>
<b>Total Expenses</b>	<u>661,118</u>	<u>-</u>	<u>661,118</u>
<b>Change in Net Assets</b>	<b>789,625</b>	<b>1,170,532</b>	<b>1,960,157</b>
Net Assets, Beginning of Year	<u>3,076,827</u>	<u>4,480,693</u>	<u>7,557,520</u>
<b>Net Assets, End of Year</b>	<u><b>\$ 3,866,452</b></u>	<u><b>\$ 5,651,225</b></u>	<u><b>\$ 9,517,677</b></u>

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

# MOUNT WACHUSETT COMMUNITY COLLEGE FOUNDATION, INC.

(a component unit of Mount Wachusett Community College)

## Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue, Support and Gains:</b>			
Grants and contributions	\$ 182,189	\$ 795,021	\$ 977,210
Contributed services (Note 10)	48,800	-	48,800
Net investment return	45,182	40,755	85,937
Change in value of beneficial interest (Note 4)	-	(59,930)	(59,930)
Net assets released from restrictions (Note 8)	<u>982,426</u>	<u>(982,426)</u>	<u>-</u>
<b>Total Revenue, Support and Gains</b>	<u>1,258,597</u>	<u>(206,580)</u>	<u>1,052,017</u>
<b>Expenses:</b>			
Program services	<u>1,035,899</u>	<u>-</u>	<u>1,035,899</u>
Supporting Services:			
Management and general	93,485	-	93,485
Fundraising	<u>39,040</u>	<u>-</u>	<u>39,040</u>
<b>Total Supporting Services</b>	<u>132,525</u>	<u>-</u>	<u>132,525</u>
<b>Total Expenses</b>	<u>1,168,424</u>	<u>-</u>	<u>1,168,424</u>
<b>Change in Net Assets</b>	90,173	(206,580)	(116,407)
Net Assets, Beginning of Year	<u>2,986,654</u>	<u>4,687,273</u>	<u>7,673,927</u>
<b>Net Assets, End of Year</b>	<u>\$ 3,076,827</u>	<u>\$ 4,480,693</u>	<u>\$ 7,557,520</u>

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

**MOUNT WACHUSETT COMMUNITY COLLEGE  
FOUNDATION, INC.  
(a component unit of Mount Wachusett Community College)**

**Statements of Functional Expenses**

**For the Years Ended June 30,**

	2021				2020			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
<b>Expenses:</b>								
Scholarships	\$ 297,429	\$ -	\$ -	\$ 297,429	\$ 299,685	\$ -	\$ -	\$ 299,685
Grants and college program expenses	232,568	-	-	232,568	736,214	-	-	736,214
Personnel	-	52,435	39,090	91,525	-	52,578	39,040	91,618
Licensing fees	-	7,552	-	7,552	-	8,364	-	8,364
Professional fees	-	27,140	-	27,140	-	26,625	-	26,625
Meetings and conferences	-	500	-	500	-	1,224	-	1,224
Insurance	-	2,058	-	2,058	-	2,058	-	2,058
Dues and subscriptions	-	1,470	-	1,470	-	1,415	-	1,415
Miscellaneous	-	549	-	549	-	811	-	811
Office costs	-	327	-	327	-	410	-	410
Total	<u>\$ 529,997</u>	<u>\$ 92,031</u>	<u>\$ 39,090</u>	<u>\$ 661,118</u>	<u>\$ 1,035,899</u>	<u>\$ 93,485</u>	<u>\$ 39,040</u>	<u>\$ 1,168,424</u>

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

# MOUNT WACHUSETT COMMUNITY COLLEGE FOUNDATION, INC.

(a component unit of Mount Wachusett Community College)

## Statements of Cash Flows

For the Years Ended June 30,

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	<u>\$ 1,960,157</u>	<u>\$ (116,407)</u>
Adjustment to reconcile change in net assets to net cash provided by (applied to) operating activities:		
Realized gains on investments	(9,592)	(6,815)
Unrealized gains on investments	(1,294,887)	(43,941)
Change in value of beneficial interest	(679,017)	59,930
Noncash donation	(10,912)	(5,035)
Changes in assets and liabilities:		
Interest receivable	4,479	19,418
Prepaid expenses	(1,100)	-
Accounts payable and accrued expenses	(12,258)	14,147
Refundable advances	<u>50,000</u>	<u>-</u>
Net Adjustments	<u>(1,953,287)</u>	<u>37,704</u>
Net Cash Provided By (Applied to) Operating Activities	<u>6,870</u>	<u>(78,703)</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of investments	(6,063)	(154,982)
Proceeds from sale of investments	18,814	16,012
Proceeds from maturities of certificates of deposit	215,000	191,000
Repayment of loan receivable	111,979	105,641
Proceeds from beneficial interest in trust	<u>-</u>	<u>200,000</u>
Net Cash Provided by Investing Activities	<u>339,730</u>	<u>357,671</u>
<b>Net Increase in Cash and Equivalents and Restricted Cash and Equivalents</b>	<b>346,600</b>	<b>278,968</b>
Cash and Equivalents and Restricted Cash and Equivalents, Beginning of Year	<u>577,964</u>	<u>298,996</u>
<b>Cash and Equivalents and Restricted Cash and Equivalents, End of Year</b>	<b><u>\$ 924,564</u></b>	<b><u>\$ 577,964</u></b>

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

**MOUNT WACHUSETT COMMUNITY COLLEGE  
FOUNDATION, INC.**  
(a component unit of Mount Wachusett Community College)

**Notes to the Financial Statements**

**June 30, 2020 and 2019**

Note 1 - **Organization**

Mount Wachusett Community College Foundation (the “Foundation”) was formed in 1971 to assist in the growth and improvement of Mount Wachusett Community College (the “College”) by fostering and promoting excellence in education and research through the awarding of grants and scholarships. The Foundation is a 501(c)(3) organization under the Internal Revenue Code and operates primarily in Massachusetts and receives most of its revenues from donations.

The Governor of Massachusetts declared a state of emergency due to the COVID-19 outbreak from March 2020 to June 2021. The COVID-19 crisis created volatility in the financial markets and a significant decrease in the overall economy. The Foundation did fundraise after the start of the emergency but did not conduct any in person fundraising events.

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

*Basis of Presentation*

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

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

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

# MOUNT WACHUSETT COMMUNITY COLLEGE FOUNDATION, INC.

(a component unit of Mount Wachusett Community College)

## Notes to the Financial Statements - Continued

June 30, 2021 and 2020

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

#### 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.

#### Cash and Equivalents

The Foundation considers all highly liquid instruments and certificates of deposit with an original maturity of three months or less to be cash and equivalents.

#### Restricted Cash and Equivalents

Restricted cash and equivalents are funds that have been set aside and held for future scholarships, capital improvements for the College and other program related expenses depending upon the individual donor's intent and are not available for general purposes.

#### 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 statement of financial position, and changes in fair value are reported as investment return in the statement of activities and changes in net assets.

Purchases and sales of investments 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.

# MOUNT WACHUSETT COMMUNITY COLLEGE FOUNDATION, INC.

(a component unit of Mount Wachusett Community College)

## Notes to the Financial Statements - Continued

June 30, 2021 and 2020

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

*Investments - continued*

Investments with donor restrictions are commingled with investments without donor restrictions and, accordingly, all gains and investment returns are allocated amongst the net assets based on the value of the specific account.

*Unconditional promises to give*

Unconditional promises to give that are expected to be collected within one year are recognized as revenue at net realizable value in the period in which a formal pledge is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

*Loans Receivable*

Loans receivable are carried at unpaid principal balances less an allowance for loan losses. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. Management will periodically evaluate the collectability of loans and establish an allowance for loan losses when deemed necessary. Loans are considered impaired if full principal or interest payments are not anticipated in accordance with contract terms. Loans are placed on nonaccrual status when management believes that the loans are impaired and collection of interest is doubtful.

# MOUNT WACHUSETT COMMUNITY COLLEGE FOUNDATION, INC.

(a component unit of Mount Wachusett Community College)

## Notes to the Financial Statements - Continued

June 30, 2021 and 2020

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

#### Fair Value Measurements

Promulgations of the Financial Accounting Standards Board (“FASB”) 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:

- |         |   |
|---------|---|
| 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;</li><li>• Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.</li></ul> |

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. Investments held by the Foundation that measure fair value at net asset value (or its equivalent) per share using the practical expedient are not categorized in the fair value hierarchy.

# MOUNT WACHUSETT COMMUNITY COLLEGE FOUNDATION, INC.

(a component unit of Mount Wachusett Community College)

## Notes to the Financial Statements - Continued

June 30, 2021 and 2020

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

#### Fair Value Measurements - continued

Management establishes the fair value measurement valuation policies for the valuation of all investments. Annually, at a minimum, management reviews the continuing viability of the valuation techniques used to establish fair value measurements and evaluates and adjusts, as necessary, the unobservable inputs.

#### Endowment Funds

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

UPMIFA requires donor-restricted funds to be classified in accordance with their restrictions. Gains on endowment funds and other amounts permitted to be disbursed in accordance with the donors’ stipulations must be classified as with donor restrictions until approved for expenditure by the organization. Earnings on endowment funds that have not yet been specifically approved for expenditure, but will be, must be classified as with donor restrictions until approved for expenditure by the organization. Unconditional promises to give that are restricted by donors for investment in perpetuity are not considered endowment net assets until the proceeds have been received and added to the investments held for endowments. These assets are still classified as net assets with donor restrictions.

The Foundation's Board of Directors classifies donor-restricted funds and earnings thereon in accordance with applicable state law as interpreted by the Attorney General. Endowment fund assets are appropriated for expenditure in accordance with the directions and/or intent of the donor.

**MOUNT WACHUSETT COMMUNITY COLLEGE  
FOUNDATION, INC.**  
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**Notes to the Financial Statements - Continued**

**June 30, 2021 and 2020**

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

*Endowment Funds - continued*

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.

It is the Foundation's goal to distribute an amount annually equal to 5% of the total asset value of the board-restricted endowment as determined by the Board of Directors. Any special appropriation or decision not to spend the amount indicated by the spending formula must be approved in advance by the Board of Directors.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors. This would be commonly referred to as "underwater". The Board of Directors has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

As of both June 30, 2021 and 2020, the Foundation did not have endowment funds with an aggregate fair value less than donor-stipulated 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. Contributions received in advance of the barriers being met are reported as refundable advances.

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 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 and changes in net assets as net assets released from restrictions.

**MOUNT WACHUSETT COMMUNITY COLLEGE  
FOUNDATION, INC.**  
(a component unit of Mount Wachusett Community College)

**Notes to the Financial Statements - Continued**

**June 30, 2021 and 2020**

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

*Contributions - continued*

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.

*Donated Services*

Donated services are recorded as contributions at their estimated fair market values in the period received. Certain donated services have not been recognized in the statements of activities as the value of these services is not practicable to determine.

The Foundation recognizes services received from personnel of an affiliate from which it directly benefits. These services are measured at the affiliate's cost except when those costs significantly overstate or understate the value received, in which case the recipient entity may elect to recognize these services at their fair value.

*Revenue with Customers*

Occasionally, the Foundation may hold 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.

*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.

# MOUNT WACHUSETT COMMUNITY COLLEGE FOUNDATION, INC.

(a component unit of Mount Wachusett Community College)

## Notes to the Financial Statements - Continued

June 30, 2021 and 2020

### Note 2 - Summary of Significant Accounting Policies – Continued

#### Income Taxes – continued

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. There is no provision for income taxes in the financial statements.

#### 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 using time and effort as a cost allocation method.

#### New Accounting Pronouncements

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 this pronouncement and has not yet determined its impact on the financial statements.

**MOUNT WACHUSETT COMMUNITY COLLEGE  
FOUNDATION, INC.**  
(a component unit of Mount Wachusett Community College)

**Notes to the Financial Statements - Continued**

**June 30, 2021 and 2020**

Note 3 - **Investments**

Investments are summarized as follows at June 30,:

	<u>2021</u>	<u>2020</u>
Common pooled equity fund	\$4,596,304	\$3,339,593
Common pooled income funds	1,129,662	1,105,566
Certificate of deposits	250,186	469,179
Fixed income mutual funds	167,101	160,079
Equities	<u>43,365</u>	<u>24,561</u>
Total	<u>\$6,186,618</u>	<u>\$5,098,978</u>

The Foundation invests in professionally managed common pooled equity and income funds. These funds pursue strategies that provide broad exposure to global equity and debt markets. The Foundation does not have any redemption restrictions related to these funds.

Note 4 - **Fair Value Measurements**

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, 2021.

*Mutual Funds and equity securities held:* Valued at quoted market prices of the shares held at fiscal year-end.

*Common pooled equity and income funds:* Valued at the net asset value as reported by the investee.

*Certificates of deposits:* Valued at cost plus accrued interest.

**MOUNT WACHUSETT COMMUNITY COLLEGE  
FOUNDATION, INC.**  
(a component unit of Mount Wachusett Community College)

**Notes to the Financial Statements - Continued**

**June 30, 2021 and 2020**

Note 4 - **Fair Value Measurements – Continued**

*Beneficial Interest:* Underlying investments include mutual funds and exchange-traded funds, which the Foundation does not have the ability to redeem in full. They are valued at fair value as reported by the trustee.

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 the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value:

*Assets at Fair Value as of June 30, 2021*

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities - domestic	\$ 43,365	\$ -	\$ -	\$ 43,365
Fixed income mutual funds	167,101	-	-	167,101
Certificates of deposit	-	250,186	-	250,186
Beneficial interest in assets held by Community Foundation	-	-	<u>2,476,902</u>	<u>2,476,902</u>
	<u>\$210,466</u>	<u>\$250,186</u>	<u>\$2,476,902</u>	2,937,554
Investments measured at Net asset value: Common pooled equity and income funds				<u>5,725,966</u>
Total Assets				<u>\$8,663,520</u>

**MOUNT WACHUSETT COMMUNITY COLLEGE  
FOUNDATION, INC.**  
(a component unit of Mount Wachusett Community College)

**Notes to the Financial Statements - Continued**

**June 30, 2021 and 2020**

Note 4 - **Fair Value Measurements - Continued**

*Assets at Fair Value as of June 30, 2020*

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities - domestic	\$ 24,561	\$ -	\$ -	\$ 24,561
Fixed income mutual funds	160,079	-	-	160,079
Certificates of deposit	-	469,179	-	469,179
Beneficial interest in assets held by Community Foundation	-	-	1,797,885	1,797,885
	<u>\$184,640</u>	<u>\$ 469,179</u>	<u>\$1,797,885</u>	2,451,704
Investments measured at Net asset value: Common pooled equity and income funds				<u>4,445,159</u>
Total Assets				<u>\$6,896,863</u>

The following summarizes the changes in fair value of the Foundation's Level 3 investments:

Balance June 30, 2019	\$ 2,057,815
Change in value of beneficial interests	(59,930)
Distributions	<u>(200,000)</u>
Balance June 30, 2020	1,797,885
Change in value of beneficial interests	<u>679,017</u>
Balance June 30, 2021	<u>\$ 2,476,902</u>

**MOUNT WACHUSETT COMMUNITY COLLEGE  
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**Notes to the Financial Statements - Continued**

**June 30, 2021 and 2020**

Note 4 - **Fair Value Measurements - Continued**

The Foundation's Level 3 gains and losses included in the change in net assets are summarized as follows:

	<u>2021</u>	<u>2020</u>
Total gains (losses) for the year included in the change in net assets	\$679,017	\$(59,930)

The above gains (losses) are included in the statement of activities as change in value of beneficial interest.

Note 5 - **Beneficial Interest in Assets Held by Community Foundation of North Central Massachusetts**

In 2009, a donor entered into an agreement with the Community Foundation of North Central Massachusetts (the "Community Foundation") to establish the "Sterilite Scholarship and Student Success Fund (the "Fund") to benefit the Foundation. The Fund is held and invested by the Community Foundation for the benefit of the Foundation. The Community Foundation maintains variance power over these funds. Variance power assures donors that if the charitable purpose of their contribution becomes impractical, the distributions will be directed to similar purposes. The Foundation can request up to \$100,000 on an annual basis from the Community Foundation to be used towards scholarships for students attending the College. Distributions from the Fund will continue to the Foundation until the gift and any investment earnings are exhausted. During the year ended June 30, 2021, the Foundation did not receive a distribution, during the year ended June 30, 2020, the Foundation received \$200,000 under this grant. As of June 30, 2021, the Foundation has received cumulatively approximately \$1,100,000 under this grant.

**MOUNT WACHUSETT COMMUNITY COLLEGE  
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**Notes to the Financial Statements - Continued**

**June 30, 2021 and 2020**

Note 6 - **Conditional Promise to Give**

During fiscal year ended June 30, 2011, the Foundation was awarded a conditional pledge of \$2,000,000 by a donor. The funds to pay this pledge are held and invested by the Community Foundation of North Central Massachusetts. The pledge requires that the College provide \$100,000 in cash or in-kind match towards the Center for Civic Learning and Community Engagement on an annual basis in order to receive 5% of the pledge. The award will continue until the original pledge and any investment earnings are exhausted. Contributions are recorded as matching conditions are met. During the years ended June 30, 2021 and 2020, the Foundation received \$121,205 and \$113,000 respectively, under this pledge. As of June 30, 2021, the Foundation has received a cumulative total of \$956,097 under this pledge.

Note 7 - **Refundable Advances**

During the year ended June 30, 2021, the Foundation received a contribution of \$50,000 designated for a specific project. After the donation was received, it was determined that the project would not go forward and the amount received would be returned to the donor.

Note 8 - **Net Assets**

*Net Assets Without Donor Restrictions*

Net assets without donor restrictions comprise the receipt of funds relating to activities the Foundation engages in that are not restricted in nature, and investment returns on these assets. These include amounts the Board of Directors has designated for endowment to be distributed to the College for programs meeting the criteria established by the Board. Net assets without restrictions are summarized as follows:

	<u>2021</u>	<u>2020</u>
Board designated	<b>\$3,815,920</b>	\$3,020,315
Undesignated	<u>50,532</u>	<u>56,512</u>
	<b><u>\$3,866,452</u></b>	<b><u>\$3,076,827</u></b>

**MOUNT WACHUSETT COMMUNITY COLLEGE  
FOUNDATION, INC.**

(a component unit of Mount Wachusett Community College)

**Notes to the Financial Statements - Continued**

**June 30, 2021 and 2020**

Note 8 - **Net Assets - Continued**

*Net Assets With Donor Restrictions*

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

	<u>2021</u>	<u>2020</u>
<i>Subject to expenditure for specific purpose:</i>		
Sterilite Student Success	\$2,484,471	\$1,903,267
Other scholarships and programs	722,027	594,865
College to Career Project	229,635	81,732
Garrison Early Childhood Education	223,625	234,857
John Burton Scholarship	102,465	102,465
Other Programs	100,438	80,100
Needy Books Fund	82,102	88,438
Youth Venture	47,283	42,258
Haley Scholarship Fund	43,472	56,472
Robinson Broadhurst	6,200	43,474
Education Access Fund	<u>4,407</u>	<u>4,407</u>
	<u>4,046,125</u>	<u>3,232,335</u>
<i>Endowment funds for perpetuity:</i>		
Asquino Fund	352,958	288,669
Other scholarships	<u>1,252,142</u>	<u>959,689</u>
	<u>1,605,100</u>	<u>1,248,358</u>
	<u>\$5,651,225</u>	<u>\$4,480,693</u>

At June 30, 2021 and 2021, endowment funds include \$809,393 and \$488,563, respectively, of amounts spendable in accordance with the restrictions required by the donors.

# MOUNT WACHUSETT COMMUNITY COLLEGE FOUNDATION, INC.

(a component unit of Mount Wachusett Community College)

## Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 8 - **Net Assets - Continued**

*Net Assets Released from Donor Restrictions*

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

	<u>2021</u>	<u>2020</u>
Center for Civic Learning and Community Engagement	\$ 121,205	\$ 113,300
Sterilite Student Success	97,814	116,972
Other Programs	59,363	21,236
Other Scholarships	49,305	46,278
Garrison Early Childhood Education	65,745	59,552
College to Career Project	52,097	122,898
Robinson Broadhurst	35,847	39,923
Haley Scholarship Fund	13,000	10,750
Asquino Fund	12,000	11,617
Needy Brooks Fund	6,336	4,657
Barr Foundation	-	250,000
Student Center	-	80,644
Student Emergency Fund	-	49,599
Career Focused Education Scholarship	-	30,000
NEH Challenge Grant	-	25,000
	<u>\$ 512,712</u>	<u>\$ 982,426</u>

Note 9 - **Endowment**

The endowment includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors. Amounts are distributed annually to programs meeting the criteria established by the Board of Directors.

**MOUNT WACHUSETT COMMUNITY COLLEGE  
FOUNDATION, INC.**

(a component unit of Mount Wachusett Community College)

**Notes to the Financial Statements - Continued**

**June 30, 2021 and 2020**

Note 9 - **Endowment - Continued**

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Endowment net assets, June 30, 2019</b>	<b>\$ 2,860,827</b>	<b>\$ 1,248,844</b>	<b>\$ 4,109,671</b>
Contributions	166,667	1,450	168,117
Investment return	45,182	19,744	64,926
Amounts appropriated for expenditure	<u>(52,361)</u>	<u>(21,680)</u>	<u>(74,041)</u>
<b>Endowment net assets, June 30, 2020</b>	<b>3,020,315</b>	<b>1,248,358</b>	<b>4,268,673</b>
Contributions	-	37,112	37,112
Investment return	812,819	343,410	1,156,229
Amounts appropriated for expenditure	<u>(17,214)</u>	<u>(23,780)</u>	<u>(40,994)</u>
<b>Endowment net assets, June 30, 2021</b>	<b><u>\$ 3,815,920</u></b>	<b><u>\$1,605,100</u></b>	<b><u>\$ 5,421,020</u></b>

**MOUNT WACHUSETT COMMUNITY COLLEGE  
FOUNDATION, INC.**  
(a component unit of Mount Wachusett Community College)

**Notes to the Financial Statements - Continued**

**June 30, 2021 and 2020**

Note 10 - **Related Party Transactions**

*Contributed Services Received*

Mount Wachusett Community College provided use of its personnel to the Foundation to assist with operations of the Foundation. A portion of these costs are billed to the Foundation with the remainder recognized as contributed services. During the fiscal years ended 2021 and 2020, the College billed the Foundation \$58,225 and \$57,818, respectively, for these services. During the years ended June 30, 2021 and 2020, the Foundation recognized revenue and related expense of \$33,300 and \$33,800, respectively, based on the excess fair value of the services provided over the amount billed to the Foundation. In addition, during the year ended June 30, 2021 and 2020, the Foundation recognized revenue and related expense of \$15,000 for accounting services performed by an Officer of the Foundation.

These amounts are included in contributed services as well as personnel costs and professional fees on the Statements of Activities and Changes in Net Assets.

*Transactions With Mount Wachusett Community College*

Included in program expenses for the years ended June 30, 2021 and 2020 is approximately \$340,000 and \$920,000 of amounts paid to the College. Amounts due to the College at June 30, 2021 and 2020 were \$23,200 and \$15,692, respectively, and are included in accounts payable.

*Loan Receivable Mount Wachusett Community College*

During the year ended June 30, 2016, the Foundation loaned Mount Wachusett Community College \$500,000. This loan will be repaid in annual payments of \$118,698, including interest at 6% per annum, beginning October 31, 2016 through 2020. Interest income earned on this loan for the years ended June 30, 2021 and 2020 is \$2,240 and \$8,831, respectively. Included within the interest receivable balance at June 30, 2020 is \$4,479 pertaining to this loan.

# MOUNT WACHUSETT COMMUNITY COLLEGE FOUNDATION, INC.

(a component unit of Mount Wachusett Community College)

## Notes to the Financial Statements - Continued

June 30, 2021 and 2020

### Note 11 - Risks and Uncertainties

#### Cash

The Foundation maintains cash balances at credit unions located in Massachusetts. Amounts held are insured by the National Credit Union Association up to \$250,000, with amounts above that limit insured by the Massachusetts Credit Union Share Insurance Corporation. As a result, the Foundation is not exposed to risks of uninsured cash balances on amounts held with credit unions.

The Foundation also maintains a money market fund with an investment company, these funds are not insured against loss in value. Amounts held in the money market funds at June 30, 2021 and 2020 totaled \$325,655 and \$102,500, respectively.

#### 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. The Foundation's investments in common pooled funds is not covered under SIPC insurance.

#### Contributions

From time to time, significant contributions may be provided by a few major contributors. It is always considered reasonably possible that grantors or contributors could be lost in the near term. During the year ended June 30, 2021, two donors accounted for 54% of the contribution income.

#### 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.

# MOUNT WACHUSETT COMMUNITY COLLEGE FOUNDATION, INC.

(a component unit of Mount Wachusett Community College)

## Notes to the Financial Statements - Continued

June 30, 2021 and 2020

### Note 11 - Risks and Uncertainties - Continued

#### Uncertainties-continued

The COVID-19 crisis as discussed in Note 1 is ongoing. This has limited the Foundation's ability to hold certain fundraising events and it is unknown when such events will be able to resume. There is continued uncertainty about the economy and donors' ability to give going into the future. Management cannot reasonably estimate the duration or impact on finances and operations.

### Note 12 - Statement of Cash Flows

The following provides a reconciliation of cash and equivalents and restricted cash and equivalents reported within the statements of financial position that sum to the totals of the same such amounts in the statements of cash flows, for the year ended June 30,

	<u>2021</u>	<u>2020</u>
Cash and equivalents	\$ 559,632	\$ 353,935
Restricted cash and equivalents	<u>364,932</u>	<u>224,029</u>
Total cash and equivalents and Restricted cash and equivalents	<u>\$ 924,564</u>	<u>\$ 577,964</u>

### Note 13 - Availability and Liquidity

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities of providing financial support to the College through scholarships, and grants, and fundraising efforts, to be general expenditures.

# MOUNT WACHUSETT COMMUNITY COLLEGE FOUNDATION, INC.

(a component unit of Mount Wachusett Community College)

## Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 13 - **Availability and Liquidity – Continued**

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

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and equivalents	\$ 924,564	\$ 577,964
Investments	6,186,618	5,098,978
Loan receivable	-	111,979
Interest receivable	-	4,479
Beneficial interest	<u>2,476,902</u>	<u>1,797,885</u>
Total financial assets	<u>9,588,084</u>	<u>7,591,285</u>
Less: amounts not available for use by management:		
Board designated net assets	3,815,920	3,020,315
Net assets with donor restrictions	<u>5,651,225</u>	<u>4,480,693</u>
	<u>9,467,145</u>	<u>7,501,008</u>
Add back:		
Restricted scholarships approved by the Board for use over the next 12 months	320,000	320,000
Board-restricted amounts approved by the Board for use over the next 12 months	<u>70,000</u>	<u>75,000</u>
	<u>390,000</u>	<u>395,000</u>
Financial assets available to meet general expenditures within one year	<u>\$ 510,939</u>	<u>\$ 485,277</u>

The Foundation reviews its cash position on a regular basis to ensure that adequate funds are on hand to meet expenses. If funds are needed for expenses, management can liquidate its short-term investments or request that the Board undesignate previously designated assets. At June 30, 2021 and 2020, management believes that the Foundation has no liquidity issues.

Note 14 - **Management's Acceptance of Financial Statement**

Management has evaluated subsequent events through September 29, 2021, 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.

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



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

To the Board of Directors of  
Mount Wachusett Community College Foundation, Inc.  
Gardner, 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 Mount Wachusett Community College Foundation, Inc. (a component unit of Mount Wachusett Community College) (the "Foundation"), 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, and have issued our report thereon dated September 29, 2021.

### ***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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

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

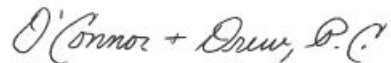
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Certified Public Accountants  
Braintree, Massachusetts**

September 29, 2021