

**BROOKDALE COMMUNITY COLLEGE
FOUNDATION**
(A Component Unit of Brookdale Community College)

FINANCIAL STATEMENTS

JUNE 30, 2018



BROOKDALE COMMUNITY COLLEGE FOUNDATION
(A Component Unit of Brookdale Community College)

Financial Statements

June 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Honorable President and
Members of the Board of Trustees of
Brookdale Community College Foundation
Lincroft, New Jersey

Report on Financial Statements

We have audited the accompanying financial statements of Brookdale Community College Foundation (a component unit of Brookdale Community College) (the "Foundation"), which comprise the statement of financial position as of June 30, 2018, the related statements of activities and changes in net assets and cash flows for the year 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 the financial statements based on our audit. We conducted our audit 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 audit 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 respective financial position of the Foundation as of June 30, 2018, and the respective changes in net assets and cash flows thereof for the year 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 December 5, 2018, 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 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 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 and Drew, P.C.

**Certified Public Accountants
Braintree, Massachusetts**

December 5, 2018

**BROOKDALE COMMUNITY COLLEGE
FOUNDATION**

(a Component Unit of Brookdale Community College)

Statements of Financial Position

June 30, 2018

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of Brookdale Community College)

Statement of Financial Position

As of June 30, 2018

Assets	
Current assets:	
Cash and cash equivalents	\$ 661,983
Contribution receivable	102,223
Prepaid expenses	<u>4,736</u>
Total current assets	<u>768,942</u>
Noncurrent assets:	
Cash restricted for long-term purposes	98,395
Investments	<u>5,725,671</u>
Total noncurrent assets	<u>5,824,066</u>
Total assets	<u>\$ 6,593,008</u>
Liability and Net Assets	
Current liability:	
Due to Brookdale Community College	\$ <u>28,634</u>
Total current liability	<u>28,634</u>
Net Assets:	
Unrestricted	1,184,283
Temporarily restricted	
Scholarships	2,564,666
Library	<u>581,888</u>
	3,146,554
Permanently restricted	
Scholarships	1,238,562
Library	<u>994,975</u>
	2,233,537
Total net assets	<u>6,564,374</u>
Total liability and net assets	<u>\$ 6,593,008</u>

See accompanying notes to financial statements.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of Brookdale Community College)

Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains and other support:				
Contributions	\$ 30,559	381,461	-	412,020
Investment income	62,191	252,949	66,082	381,222
Special events	288,847	7,865	-	296,712
Donated services from College	159,407	-	-	159,407
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>637,185</u>	<u>(637,185)</u>	-	-
Total revenues, gains and other support	<u>1,178,189</u>	<u>5,090</u>	<u>66,082</u>	<u>1,249,361</u>
Expenses:				
Program Expenses:				
Scholarships and grants	713,055	-	-	713,055
Salaries and benefits	<u>113,150</u>	-	-	<u>113,150</u>
Total program expenses	826,205	-	-	826,205
Management and general:				
Salaries and benefits	73,793	-	-	73,793
Rent and utilities	33,693	-	-	33,693
Supplies and other services	<u>45,649</u>	-	-	<u>45,649</u>
Total management and general	153,135	-	-	153,135
Fundraising:				
Salaries and benefits	9,839	-	-	9,839
Fundraising events	<u>73,841</u>	-	-	<u>73,841</u>
Total fundraising	83,680	-	-	83,680
Total expenses	<u>1,063,020</u>	-	-	<u>1,063,020</u>
Increase in net assets	115,169	5,090	66,082	186,341
Net position beginning of year	<u>1,069,114</u>	<u>3,141,464</u>	<u>2,167,455</u>	<u>6,378,033</u>
Net position end of year	<u>\$ 1,184,283</u>	<u>3,146,554</u>	<u>2,233,537</u>	<u>6,564,374</u>

See accompanying notes to financial statements.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of Brookdale Community College)

Statement of Cash Flow

As of June 30, 2018

Cash flows from operating activities:	
Change in net assets	\$ 186,341
Adjustments to reconcile change in net assets to net cash applied to operating activities:	
Unrealized gains on investments	(213,429)
Realized gains on investments	(66,957)
Changes in assets and liability:	
Contribution receivable	95,956
Prepaid expenses	(597)
Due to Brookdale Community College	<u>(7,874)</u>
Net cash applied to operating activities	<u>(6,560)</u>
Cash flows from investing activities:	
Proceeds from sale of investments	412,622
Purchases of investments	<u>(303,203)</u>
Net cash provided by investing activities	<u>109,419</u>
Net increase in cash and cash equivalents	102,859
Cash and cash equivalents at beginning of year	<u>657,519</u>
Cash and cash equivalents at end of year	\$ <u><u>760,378</u></u>
Cash and cash equivalents:	
Cash and cash equivalents	\$ 661,983
Cash restricted for long-term purposes	<u>98,395</u>
	\$ <u><u>760,378</u></u>

See accompanying notes to financial statements.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of Brookdale Community College)

Notes to Financial Statements

For the fiscal year ended June 30, 2018

(1) Organization and Summary of Significant Accounting Policies

Organization

Brookdale Community College Foundation (the “Foundation”) is a not-for-profit organization created in 1973 under the laws of the State of New Jersey. The purposes of the Foundation are to receive, hold, invest, administer, encourage, and solicit contributions from the general public for the benefit of Brookdale Community College (the “College”). The Foundation’s efforts benefit the College in the development and construction of physical facilities on campus; in the undertaking of projects which foster and promote educational philosophy, mission, and goals of the College; in providing funds for the development of curriculum and education media; and in the creation of scholarships. Although the Foundation is legally a separate, not-for-profit organization, due to the significance of its operational and financial relationships with the College, it is considered a component unit of the College.

The Foundation is an organization described under Section 501(c)(3) of the Internal Revenue Code (“Code”) and therefore is exempt from federal income taxes under Section 501(a) of the Code.

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.

Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared utilizing the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets in the statement of activities and changes in net assets as net assets released from restrictions.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of Brookdale Community College)

Notes to Financial Statements

For the fiscal year ended June 30, 2018

(1) Organization and Summary of Significant Accounting Policies (continued)

Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that must be maintained permanently.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Foundation's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit with banks and money market funds with the exception of cash restricted for specific purposes and original maturities of three months or less.

Grants and Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted contributions. Temporarily restricted contributions received during the year, meeting donor-imposed stipulations, are recorded as unrestricted contributions.

Unconditional Promises to Give

Unconditional promises to give are recorded when made and considered to be available for unrestricted use unless specifically restricted by the donor. A present value is determined on all promises when it is determined the promise will not be received within a year, or it cannot be determined when it will be received. As of June 30, 2018, the Foundation had no unconditional promises to give that exceeded one year in nature.

Allowance for Doubtful Accounts

Pledges and accounts receivable are stated net of an allowance for doubtful accounts. The Foundation estimates the allowance based on the analysis of specific donors, taking into consideration the age of past due amounts and an assessment of the donor's ability to pay. The Foundation has determined that there is no allowance for doubtful accounts required at June 30, 2018.

Investments

Investments are recorded at fair value, which is based upon quoted market prices, and consist of mutual funds, equities and bonds. Investment income consists of dividend and interest income and is shown net of investment management fees. The net change in the fair value of investments consists of both realized and unrealized gain and loss on investments.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of Brookdale Community College)

Notes to Financial Statements

For the fiscal year ended June 30, 2018

(1) Organization and Summary of Significant Accounting Policies (continued)

Summary of Significant Accounting Policies (continued)

Fair Value Measurements

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

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

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

Fair Value Measurement standards promulgated by the Financial Accounting Standards Board allow for certain investments to be valued at their net asset value ("NAV") per share as a practical expedient. In accordance with ASU 2015-07, these investments are no longer categorized within the fair value hierarchy.

Income Taxes

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. As a not-for-profit entity exempt from income taxes, the Foundation may, however, be subject to tax on unrelated business income.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of Brookdale Community College)

Notes to Financial Statements

For the fiscal year ended June 30, 2018

(2) Organization and Summary of Significant Accounting Policies (continued)

Summary of Significant Accounting Policies (continued)

In-Kind Support

Donated materials are recorded at fair market value as both revenue and expense in the statement of activities and changes in net assets. The Foundation receives a significant amount of contributed time from volunteers that does not meet the requirements of a monetary contribution and accordingly, the value of these services has not been reflected in these financial statements.

Office Furnishings and Equipment

Costs of office furnishings and equipment are charged to expense because the Foundation does not deem such amounts to be sufficiently material to warrant capitalization and depreciation.

Endowment Funds

The Foundation has interpreted the New Jersey Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

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.

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

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of Brookdale Community College)

Notes to Financial Statements

For the fiscal year ended June 30, 2018

(1) Organization and Summary of Significant Accounting Policies (continued)

Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, an amendment to Topic 958, Not-for-Profit Entities, was issued by the Financial Accounting Standards Board in June 2016 with an effective date for fiscal years beginning after December 15, 2017. The purpose of this amendment is to improve the transparency and utility of information contained in the financial statements of such entities. Net assets will be presented in two categories, net assets with donor restrictions and net assets without donor restrictions, as opposed to the current three categories. Additional information and disclosures will be required to enable a reader to more readily understand liquidity limitations due to restrictions on net assets. Management does not expect implementation to have a material effect on financial position or results of operations.

ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, an amendment to Topic 958 - Not for Profit Entities was issued by FASB in June 2018. The purpose of this amendment is to provide guidance in determining whether resource providers and resource recipients are participating in an exchange transaction, or if the transfer of funds is a contribution, by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The amendments in this update should be applied on a modified prospective basis, however, retrospective application is permitted. For resource recipients involved in public markets, including over-the counter exchanges, the amendments are effective for periods beginning after June 15, 2018. For all other resource recipient entities, it is effective for annual periods beginning after December 15, 2018. The effective date for resource providers involved in public markets is periods beginning after December 15, 2018. All other resource providers should apply the amendment to periods beginning after December 15, 2019. Early adoption is permitted. Although management has not concluded its review of this standards update, based on the nature of the Foundation's activities, it does not believe implementation will have a material effect on the financial statements.

(2) Cash and Cash Equivalents

The Foundation maintains cash balances in bank deposit accounts that, at times, may exceed federally insured limits. The Foundation has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on cash. As of June 30, 2018, \$598,634 was exposed to custodial risk.

(3) Cash Restricted for Long-Term Purposes

Cash restricted for long-term purposes consists of \$98,395 as of June 30, 2018 of funds that are part of the endowment funds which when combined with the endowment fund investments, represent the total of the nonexpendable net assets.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of Brookdale Community College)

Notes to Financial Statements

For the fiscal year ended June 30, 2018

(4) Investments

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, 2018.

Common stocks, preferred stocks and equities: Valued at the closing price recorded on the active market on which the individual securities are traded.

Mutual Funds: Valued at the net asset value of the shares held by the Foundation at year end.

Corporate bonds, municipal bonds, foreign bonds and U.S Government securities: Valued based upon quotes from independent pricing vendors based upon independent pricing models or other model-based valuation techniques such as present value of the stream of expected cash flows adjusted for the security's credit rating and other factors such as credit loss assumptions.

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

Investments as of June 30, 2018 are stated at fair value and consists of the following:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Corporate bonds	\$ -	991,934	-	991,934
Government bonds	-	369,299	-	369,299
Municipal bonds	-	113,692	-	113,692
Foreign bonds	-	34,039	-	34,039
Mutual funds	9,849	-	-	9,849
Preferred stock	132,203	-	-	132,203
Equities	4,074,655	-	-	4,074,655
	<u>\$ 4,216,707</u>	<u>1,508,964</u>	<u>-</u>	<u>5,725,671</u>

Investment income consists of the following for the year ended June 30, 2018:

Dividends and investment income	\$ 120,038
Realized gain on investments	66,957
Unrealized gain on investments	213,429
Investment management fees	<u>(19,202)</u>
Total investment income	<u>\$ 381,222</u>

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of Brookdale Community College)

Notes to Financial Statements

For the fiscal year ended June 30, 2018

(5) Endowment Net Assets

Change in endowment net assets for the year ended June 30, 2018 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, at June 30, 2017	\$ 727,848	\$ 2,167,455	\$ 2,895,303
Investment return	183,532	66,082	249,614
Contributions	24,538	-	24,538
Amounts appropriated for expenditure	<u>(103,649)</u>	<u>-</u>	<u>(103,649)</u>
Endowment net assets, at June 30, 2018	<u>\$ 832,269</u>	<u>\$ 2,233,537</u>	<u>\$ 3,065,806</u>

The balance held as endowment net assets consists of funds held as cash or investment. Contributions to the endowment include both current year revenues as well as collections on receivables from prior years.

(6) In-Kind Contributions

The Foundation received the following in-kind contributions from Brookdale Community College that have been reflected in the non-operating revenues and operating expenses section of the statements of revenues, expenses, and changes in net position for the year ended June 30, 2018:

Salary and benefits	\$ 113,214
Professional fees	10,000
Outside services	2,500
Rent and utilities	<u>33,693</u>
	<u>\$ 159,407</u>

(7) Related Party Transactions

During the fiscal year 2018, certain services and expenses are received and paid between the Foundation and the College. All such expenses are put on account and settled periodically between the two parties. As of June 30, 2018, the Foundation was indebted to the College in the amount of \$28,634 representing student scholarships and operating expenses paid by the College on behalf of the Foundation. This amount is noninterest-bearing and is payable on demand.

(8) Subsequent Events

Management has evaluated subsequent events through December 5, 2018, 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, 2018 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*

To the Honorable President and
Members of the Board of Trustees of
Brookdale Community College Foundation
Lincroft, New Jersey

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, the financial statements of Brookdale Community College Foundation (a component unit of Brookdale Community College) (the "Foundation"), which comprise the statement of net position as of June 30, 2018, and the related statement of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements and have issued our report thereon dated December 5, 2018.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University'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 Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

O'Connor and Drew, P.C.

Certified Public Accountants
Braintree, Massachusetts

December 5, 2018