TDA TREEFUL DAMASO ANICETO | CERTIFIED PUBLIC ACCOUNTANTS

December 3, 2020

Boston Graduate School of Psychoanalysis, Inc.
1581 Beacon Street
Brookline, MA 02446

In planning and performing our audit of the financial statements of Boston Graduate School of Psychoanalysis, Inc. for the year ended July 31, 2020, we considered the School's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal controls.

The memorandum that accompanies this letter summarizes our comments regarding operations and internal control matters. This letter does not affect our report dated November 10, 2020 on the financial statements of Boston Graduate School of Psychoanalysis, Inc.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments with various School personnel, and we will be pleased to discuss them in further detail at your convenience.

Sincerely,

*Treeful Damaso Aniceto, Inc.*

TREEFUL DAMASO ANICETO, INC.

**Needham Division:**
**105 Chestnut Street, Suite 10, Needham, MA 02492**
**T: 781-449-3346**

**Cape Division:**
**258 Main St, Suite A1, Buzzards Bay, MA 02532**
**T: 508-759-6761 F: 508-759-6762**

**www.tdacpas.com**

**TABLE OF CONTENTS**

**JULY 31, 2020**

1. **Operations Discussion and Analysis**

### Overview

Boston Graduate School of Psychoanalysis (The "School") experienced a increase in net assets of $86,857 for the year ended July 31, 2020, compared with a decrease in net assets of $35,931 for the year ended July 31, 2019.

Total assets were $3,220,253 at July 31, 2020, a increase of $321,584 from July 31, 2019. Total liabilities increased by $234,727 for the year ended July 31, 2019.

### Results of Operations

The School's income is generated principally by tuition and fees, gifts, grants, contributions and investment income. Net student tuition and fees for the year ended July 31, 2020 (FY 2020) decreased by $7,484, a 0.52% decrease from FY 2019.

Gifts, grants and contributions for FY 2020 decreased by $14,551; investment income decreased by $13,003.

The School's expenses consist primarily of teacher salaries and related expenses, and general and administrative expenses necessary to support operations. Instructional expenses (faculty salaries and related payroll taxes and benefits) decreased by $139,039 a decrease of 21.61% in FY 2020. Financial and general management expenses decreased by $26,311, a 9.07% decrease.

Property and plant expenses decreased by $9,559 an 4.97% decrease. The decrease was due to decrease in condo fees in FY 2020.

Academic administration expenses increased by $11,265, an 13.14% increase. The increase was attributable to an increase in salaries and related payroll taxes allocated to this function.

Public relations expenses decreased by $29,598, a 13.58% decrease. The decrease was attributable to a decrease in salaries and related payroll taxes allocated to this function.

Information resources expenses decreased by $1,107, a 1.57% decrease.

Student services expenses increased by $26,814, an 14.73% increase.

### Review of Financial Ratios

The first ratio portrays tuition and fees as a percentage of operating expenses. The higher the ratio the better as one of the primary financial objectives is to have the tuition and fees cover the operating expenses. The School's ratio improved from FY 2019 due to the decrease in educational and general expenses in FY 2019.

The second ratio portrays other revenue sources (gifts, grants, contributions and investment income) as a percentage of operating expenses. A low ratio indicates less reliance on outside sources of revenue; however, a low ratio also impacts overall earnings negatively. Contributions decreased in FY 2020.

The third ratio is a derivative of the first two ratios. The ratio increased slightly in FY 2020.

The fourth ratio reflects debt service as a percentage of total revenues. The ratio remained constant in FY 2020 and continues to remain under 10%, a target important to lending institutions.

The fifth ratio portrays available assets to general liabilities, including long-term debt. The higher the ratio the better, with a target of greater than 1/1 being satisfactory to lending entities. The ratio decreased in FY 2020 and the School's ratio continues to be well above the target, reflecting a solid balance sheet.

The sixth ratio indicates how many weeks of expenses could be supported by available assets. A minimum target of 8 - 10 weeks is necessary, which the School meets. The ratio improved in FY 20.

The last ratio reflects the School's total debt to its Net Assets. Any ratio less than 2/1 is good. Although the School's ratio increased in FY 20, it remains very strong.

**2. Accounting and Internal Control Concerns**

**Overview**

The size of the School's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Officers continue to remain involved in the financial affairs through the oversight and independent review functions (i.e., not signing a check unless proper documentation is provided to support the expenditure). As evidenced by the following comments, the accounting and administration staff continues to function at a very high level of competence.

**Cash**

Audit procedures pertaining to cash disclosed that the balances as presented in the balance sheet at July 31, 2020 properly reflected cash. In addition, cash balances were properly classified in the financial statements. All cash reconciliations were complete with reconciling items posted to the general ledger. Internal controls as established were found to be in good form at July 31, 2020.

**Investments**

The balances shown on the general ledger at July 31, 2020 reflected a complete listing of investments and the School's ownership of such assets was evidenced by securities or other appropriate legal documents either physically on hand or held in safekeeping by others.

**Fixed Assets**

The audit procedures performed pertaining to this area resulted in no adjustments. Proper adherence to the School's policies was noted pertaining to the capitalization of items.

**Other Assets**

All general ledger accounts tied to supporting documentation. No adjustments were suggested.

**Current Liabilities**

All general ledger accounts tied to supporting documentation. No adjustments were suggested.

**Accrued Expenses**

All general ledger accounts tied to supporting documentation. No adjustments were suggested.