



BOSTON GRADUATE SCHOOL OF PSYCHOANALYSIS, INC.

Financial Statements

July 31, 2021

BOSTON GRADUATE SCHOOL OF PSYCHOANALYSIS, INC.

Financial Statements

Table of Contents

July 31, 2021

C O N T E N T S

	<u>Page</u>
INDEPENDENT AUDITORS' AUDIT REPORT	1 - 2
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	3 - 4
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	5 - 6
FINANCIAL STATEMENTS:	
Statement of Financial Position	7
Statement of Activities	8
Statement of Functional Expenses	9
Statement of Cash Flows	10
NOTES TO THE FINANCIAL STATEMENTS	11 - 16
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	17
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	18
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	19



CERTIFIED
PUBLIC
ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Boston Graduate School of Psychoanalysis, Inc.

We have audited the accompanying financial statements of Boston Graduate School of Psychoanalysis, Inc., (a nonprofit organization) which comprise the statement of financial position as of July 31, 2021, and the related statements of activities, 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 these 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 auditor's 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 Boston Graduate School of Psychoanalysis, Inc. as of July 31, 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Boston Graduate School of Psychoanalysis, Inc.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is 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 audit 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 18, 2022 on our consideration of Boston Graduate School of Psychoanalysis, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters.

The purpose of that report is 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 Boston Graduate School of Psychoanalysis, Inc.'s internal control over financial reporting and compliance.

Treeful Damaso Ariceto Inc

January 18, 2022



**INDEPENDENT AUDITOR'S 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
Boston Graduate School of Psychoanalysis, Inc.

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 Boston Graduate School of Psychoanalysis, Inc. (a nonprofit organization) which comprises the statement of financial position as of and for the year ended July 31, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 18, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Boston Graduate School of Psychoanalysis, Inc.'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity'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 Boston Graduate School of Psychoanalysis, Inc.'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 determination of financial statement amounts. 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*.

To the Board of Directors of
Boston Graduate School of Psychoanalysis, Inc.
Page 2

Purpose of this Report

This report is intended 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 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.

Treeful Damaso Ariceto Inc

January 18, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Boston Graduate School of Psychoanalysis, Inc.

Report on Compliance for Each Major Federal Program

We have audited Boston Graduate School of Psychoanalysis, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Boston Graduate School of Psychoanalysis, Inc.'s major federal programs for the year ended July 31, 2021. Boston Graduate School of Psychoanalysis, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to each federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Boston Graduate School of Psychoanalysis, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Boston Graduate School of Psychoanalysis, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Boston Graduate School of Psychoanalysis, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Boston Graduate School of Psychoanalysis, Inc. complied, in all material respects, with types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended July 31, 2021.

To the Board of Directors of
Boston Graduate School of Psychoanalysis, Inc.

Report on Internal Control over Compliance

Management of Boston Graduate School of Psychoanalysis, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Boston Graduate School of Psychoanalysis, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control on compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Boston Graduate School of Psychoanalysis, Inc.'s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Treeful Damaso Ariceto Inc

January 18, 2022

BOSTON GRADUATE SCHOOL OF PSYCHOANALYSIS, INC.

Statement of Financial Position

July 31, 2021

ASSETS

Cash and cash equivalents	\$ 777,114
Accounts receivable	18,668
Prepaid expense	29,537
Investments at fair value	2,165,955
Property and equipment, net	<u>760,374</u>
Total assets	<u>\$ 3,751,648</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 265,442
Deferred revenue	12,725
Accrued professional fees	113,589
PPP loan payable	--
Mortgage payable	<u>531,544</u>
Total liabilities	923,300

NET ASSETS

Without donor restrictions	
Undesignated	662,393
Board designated	<u>2,165,955</u>
Total net assets	<u>2,828,348</u>
Total liabilities and net assets	<u>\$ 3,751,648</u>

See accompanying notes and independent auditors' audit report.

BOSTON GRADUATE SCHOOL OF PSYCHOANALYSIS, INC.

Statement of Activities

For the Year Ended July 31, 2021

**UNRESTRICTED REVENUE, GAINS AND OTHER
SUPPORT**

Tuition and fees	\$ 1,531,775
Net program revenue - New York, New Jersey	180,503
Cares Act directed revenue	59,761
	<u>1,772,039</u>
Less scholarship and student aid	(82,557)
Less Cares Act student rebates and discounts	<u>(59,761)</u>
Net student fees	1,629,721
Cares Act grant revenue	224,024
Contributions	50,278
PPP grant	218,040
Net realized and unrealized gains on investments	250,061
Unrealized loss on fair value of interest rate swap	(10,292)
Investment management fees	(18,425)
Net investment income	<u>36,102</u>
Total unrestricted revenue, gains and other support	2,379,509

EXPENSES

Instruction and training	474,250
Financial and general management	552,236
Property and plant	137,966
Public relations	163,011
Academic administration	94,555
Information resources	66,799
Student services	207,289
Depreciation and amortization	<u>67,069</u>

Total expenses 1,763,175

Change in unrestricted net assets 616,334

NET ASSETS - Beginning of year 2,212,014

NET ASSETS - End of year \$ 2,828,348

See accompanying notes and independent auditors' audit report.

BOSTON GRADUATE SCHOOL OF PSYCHOANALYSIS, INC.

Statement of Functional Expenses

July 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 237,635	\$ 582,570	\$ 820,205
Professional service	--	5,000	5,000
Administration fees	--	10,743	10,743
Education and training	186,366	--	186,366
Payroll tax	51,465	34,410	85,875
Depreciation	--	67,069	67,069
Fringe benefits	(1,216)	3,663	2,447
Occupancy	--	35,150	35,150
Insurance	--	31,144	31,144
Utilities	--	39,136	39,136
Office	--	5,785	5,785
Accounting	--	12,050	12,050
FIPSE	--	224,024	224,024
Repairs and maintenance	--	115,118	115,118
Other expenses	--	15,054	15,054
Dues and subscriptions	--	24,112	24,112
Marketing	--	83,897	83,897
Total Expenses	<u>\$ 474,250</u>	<u>\$ 1,288,925</u>	<u>\$ 1,763,175</u>

See accompanying notes and independent auditors' audit report.

BOSTON GRADUATE SCHOOL OF PSYCHOANALYSIS, INC.

Statement of Cash Flows

For the Year Ended July 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in unrestricted net assets	\$ 616,334
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	67,069
Realized and unrealized gains on investments	(250,061)
Forgiveness of PPP loan	(218,040)
Changes in operating assets and liabilities	
Accounts receivable	31,223
Prepaid expenses	10,367
Accounts payable	188,118
Accrued liabilities	97,117
Deferred revenue	<u>(116,278)</u>
Net cash from operating activities	425,849
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(5,575)
Sale of investments	808,280
Purchase of investments	<u>(774,052)</u>
Net cash provided from investing activities	<u>28,653</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment of long term-debt	<u>(35,856)</u>
Net cash provided from financing activities	<u>(35,856)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	418,646
CASH AND CASH EQUIVALENTS	
Beginning of year	<u>358,468</u>
CASH AND CASH EQUIVALENTS	
End of year	<u>\$ 777,114</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	
Interest paid	<u>\$ 19,310</u>

See accompanying notes and independent auditors' audit report.

BOSTON GRADUATE SCHOOL OF PSYCHOANALYSIS, INC.

Notes to the Financial Statements

For the Year Ended July 31, 2021

NOTE 1 – Nature of Operations and Summary of Significant Accounting Policies

The Boston Graduate School of Psychoanalysis, Inc. (BGSP or the Organization) is a private, not-for-profit degree granting institution for higher education chartered by the Commonwealth of Massachusetts.

BGSP was founded in 1973 to provide psychoanalysis education, clinical training, and research skills to a diverse student community. Unlike traditional post-graduate psychoanalytic training programs, BGSP offers master's degrees in Psychoanalysis, Mental Health Counseling, and Psychoanalysis and Culture, as well as the Doctor of Psychoanalysis degree in both Psychoanalysis and Psychoanalysis and Culture. In addition, BGSP offers its original post-graduate Certificate in Psychoanalysis. BGSP is accredited by the New England Commission of Higher Education.

BGSP is governed by its Board of Trustees, which commonly controls the New York Graduate School of Psychoanalysis (NYGSP). NYGSP is an independent entity and is accredited as a branch campus of BGSP.

The Organization is primarily supported by tuition, registration, and program revenues.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (US GAAP). A summary of the Organization's significant accounting policies is set forth below.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Classification of Net Assets

Resources are classified for accounting purposes into three categories of net assets: unrestricted, temporarily restricted, or permanently restricted. The Organization has no temporarily or permanently restricted net assets as of July 31, 2021.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, BGSP considers cash and cash equivalents to be cash in checking accounts, bank certificates of deposit, cash in money market reserves, and investments with maturities at date of purchase of three months or less.

Accounts Receivable

Accounts receivables represent amounts due for tuition. Based on historical trends Management has determined a \$3,000 allowance for doubtful accounts to be reasonable, which has been reflected in the financial statements.

BOSTON GRADUATE SCHOOL OF PSYCHOANALYSIS, INC.

Notes to the Financial Statements

For the Year Ended July 31, 2021

NOTE 1 – Nature of Operations and Summary of Significant Accounting Policies - Continued

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment gain is, reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Property and Equipment

The Organization capitalizes property and equipment having an initial unit cost in excess of \$1,000 and records depreciation using the straight-line method over their estimated useful lives of 5-7 years.

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value.

Revenue Recognition

Tuition is recognized as income in the period when it is earned. Student deposits, along with advance payments for tuition related to the next semester, have been deferred and will be reported as unrestricted as earned.

Income Tax Status

BGSP is a not-for-profit corporation exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. BGSP's Form 990, Return of Organization Exempt from Income Tax, for the years ended July 31, 2019, 2020 and 2021 are subject to examination by the IRS, generally for three years after they were filed.

Advertising Costs

Advertising costs are expensed as incurred and approximated at \$83,761 for the year ended July 31, 2021.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable are considered to be limited due to high historical collections. Investments are made by diversified investment managers whose performance is monitored by management and the board of directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the board of directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

BOSTON GRADUATE SCHOOL OF PSYCHOANALYSIS, INC.

Notes to the Financial Statements

For the Year Ended July 31, 2021

NOTE 2 – Accounts Receivable

At July 31, 2021, the net accounts receivable totaled \$21,668 and consist of:

Tuition receivable	\$ 21,668
Less: allowance for bad debts	(3,000)
Accounts receivable, net	<u>\$ 18,668</u>

NOTE 3 – Property and Equipment

Property and equipment consist of the following at July 31, 2021:

Land	\$ 400,000
Building and improvements	1,731,718
Furniture and equipment	<u>275,561</u>
	2,407,279
Less: accumulated depreciation and amortization	<u>(1,646,905)</u>
Net property and equipment	<u>\$ 760,374</u>

Depreciation expense for the year ended July 31, 2021 was \$67,069.

NOTE 4 – Investments

The Organization's investments are summarized as of July 31, 2021:

Corporate bonds	\$ 993,115
Equities	1,171,840
State of Israel bond	<u>1,000</u>
Total Investment securities	<u>\$ 2,165,955</u>

Investment return for the year ended July 31, 2021:

Dividend and interest income	\$ 36,102
Realized gain on sale of investments, net	189,627
Unrealized gain on investments, net	60,434
Investment management fees	<u>(18,425)</u>
Net Investment return	<u>\$ 267,738</u>

NOTE 5 – Fair Value Measurements and Disclosures

Fair value is the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy prioritizes the inputs in fair value measurements and expands disclosures about fair value measurements. "Level I" measurements are measurements using quoted prices in active markets for identical assets or liabilities. "Level II" measurements use significant other observable inputs. "Level III" measurements are measurements using significant unobservable inputs which require development of assumptions. In recording the fair value of its assets and liabilities, Boston Graduate School of Psychoanalysis, Inc. uses Level I and Level III measurements.

BOSTON GRADUATE SCHOOL OF PSYCHOANALYSIS, INC.

Notes to the Financial Statements

For the Year Ended July 31, 2021

NOTE 5 – Fair Value Measurements and Disclosures - Continued

The Organization has evaluated the results of the fair value hierarchy as of July 31, 2021 as follows:

	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Financial Instruments Measured at Fair Value on a Recurring Basis:	\$ 2,165,955	\$0	\$12,247

NOTE 6 – Mortgage Payable

BGSP has a mortgage note payable with TD Bank. The mortgage matures November 1, 2022. The Organization has a floating-to-fixed rate swap to manage the risk of increased debt service costs resulting from rising variable interest rates. The swap consists of an \$800,000, ten-year floating-to-fixed rate swap whereby the Organization pays a fixed rate of 3.905% and receives the LIBOR-BBA rate. The notional amount of the swap will decline until maturity on November 1, 2022.

Interest expense for the year ended July 31, 2021 was \$19,310 and is included in property and plant expense on the statement of activities and change and net assets.

The Organization is required to comply with certain financial covenants as listed in the credit and security agreement with TD Bank. At July 31, 2021 the Organization is in compliance with all of the requirements.

Future required principal payments:

<u>Year ending July 31</u>	
2022	\$ 36,480
2023	<u>495,064</u>
Total	<u>\$ 531,544</u>

NOTE 7 – Derivative Financial Instrument: Interest Rate Swap

On November 15, 2015 the Organization entered into an interest rate swap to manage the interest rate exposure of its variable rate debt. The swap is recorded at fair value, which is the estimated amount the Organization would receive or pay to terminate the agreement, taking into account current interest rates and the current credit-worthiness of the swap counterparty.

Change in the swap's fair value during the year ended July 31, 2021, resulted in an unrealized loss on fair value of \$(10,292) which is included in nonoperating changes in net assets in the Statement of Activities and Changes in Net Assets. The fair value of the swap was an asset of \$12,247 at July 31, 2021, and is included in prepaid expenses and other income on the Statement of Financial Position.

The Organization's externally managed investment funds may include derivatives. The fair value of any such derivatives is included in the calculation of the fair values of the Organization's investments in such funds.

BOSTON GRADUATE SCHOOL OF PSYCHOANALYSIS, INC.

Notes to the Financial Statements

For the Year Ended July 31, 2021

NOTE 8 – Endowment

The Organization has a board designated endowment for long term investment. The board designated endowment allows use of net dividend and interest income for operations while reinvesting gains and losses.

Endowment, July 31, 2020	\$ 1,950,122
Board releases	(51,905)
Investment return:	
Investment income	17,677
Unrealized and realized gains	250,061
Endowment, July 31, 2021	<u>\$ 2,165,955</u>

The Organization has adopted investment spending policies for endowment assets that provide unrestricted revenue. The Organization's spending and investment policies work together to maximize this revenue. The investment policy establishes an achievable return objective through diversification of asset classes. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The current spending policy is to distribute the net investment income of the endowment funds while maintaining the corpus.

NOTE 9 – Related Party

The New York Graduate School of Psychoanalysis (NYGSP) is a private, not-for-profit, degree-granting institution for higher education. NYGSP is governed by its Board of Trustees, which is commonly controlled by the Board of Trustees of the Boston Graduate School of Psychoanalysis (BGSP). NYGSP is accredited by the New England Commission of Higher Education as BGSP's branch campus. BGSP collected \$62,289 in management fees from NYGSP during the year ended July 31, 2021.

NOTE 10 – Paycheck Protection Program

On May 6, 2020, the Company received loan proceeds in the amount of approximately \$218,040 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business.

The loans and accrued interest are forgivable after eight weeks or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week or twenty-four-week period.

The full balance of \$218,040 was forgiven by the SBA.

NOTE 11 – Liquidity and Availability of Financial Assets

The Organization has \$795,782 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$777,114 and accounts receivable of \$18,668. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The accounts receivable is subject to implied time restrictions but are expected to be collected within one year.

BOSTON GRADUATE SCHOOL OF PSYCHOANALYSIS, INC.

Notes to the Financial Statements

For the Year Ended July 31, 2021

NOTE 11 – Liquidity and Availability of Financial Assets - Continued

The Organization has a goal to maintain financial assets, which consist of cash, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$285,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 12 – Subsequent Events

In early March 2020 until now, the COVID-19 virus was declared a global pandemic, and it unfortunately continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

The Organization has evaluated subsequent events through January 18, 2022, the date the financial statements were available to be issued.

BOSTON GRADUATE SCHOOL OF PSYCHOANALYSIS, INC.

Schedule of Expenditures of Federal Awards

For the Year Ended July 31, 2021

Federal Grantor/ Pass-Through Grantor/ Federal Program Title	Federal CFDA Number	Agency or Pass- Through Number	Expenditures
DEPARTMENT OF EDUCATION			
William D. Ford Federal Direct Loans	84.032	G31943	<u>\$ 1,025,596</u>

BOSTON GRADUATE SCHOOL OF PSYCHOANALYSIS, INC.

Notes to The Schedule of Expenditures of Federal Awards

For the Year Ended July 31, 2021

Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal loan activity of the Boston Graduate School of Psychoanalysis, Inc. under programs of the federal government for the year ended July 31, 2021. The information in this Schedule is presented in Accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the Boston Graduate School of Psychoanalysis, Inc., it is not intended to, and does not, present the financial Position, changes in net assets, or cash flows of the Boston Graduate School of Psychoanalysis, Inc.

BOSTON GRADUATE SCHOOL OF PSYCHOANALYSIS, INC.
Schedule of Findings and Questioned Costs
For the Year Ended July 31, 2021

Section I – Summary of Audit Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control of financial reporting:

- Material weakness(es) identified? _____ Yes x No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?
None Reported _____ Yes x No

Noncompliance material to financial statements noted? _____ Yes x No

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified? _____ Yes x No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?
None Reported _____ Yes x No

Type of auditor’s report issued on compliance for the major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2CFR Section 200.516(a) _____ Yes x No

Identification of major program: CFDA Number:
 Federal Family Education Loans 84.032

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? x Yes _____ No



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