

To: BSA/AIA Board of Directors and BSA Foundation Board of Trustees  
 Fr: Natasha Espada AIA, President, and Ted Touloukian AIA, Chair  
 Re: Joint Boards meeting agenda  
 Date: Thursday, September 10, 2020

---

This meeting will convene via Zoom at 8:30 am on Thursday, September 17.

- 8:30 am Call to order
- Approval of the joint minutes from the June 11 Board meeting **[VOTE]**
  - Review of the BSA electronic vote on Honors & Awards and Nominating Committees
- 8:35 am Meeting introduction and expectations  
Natasha Espada AIA and Ted Touloukian AIA
- 8:40 am Communications assessment and recommendations  
Natalie Kay, Karma Agency
- 9:25 am Update and vote on Equity, Diversity & Inclusion plan **[VOTE: BSA/AIA and BSA Foundation Board]**  
Natasha Espada AIA
- 9:45 am Financial Updates:  
Dan Perruzzi AIA, Eric Krauss
- Review of the 2019 BSA/AIA and BSA Foundation audits.  
Accept the BSA/AIA Audit Report **[VOTE: BSA/AIA Board]**  
Accept the BSA Foundation Audit Report **[VOTE: BSA Foundation Board]**
  - Financial update from Q2 and upcoming budget meetings
- 10:00 am Proposed De-carbonization Policy Platform proposal **[VOTE: BSA/AIA Board]**  
Andrea Love AIA, Jacob Knowles PE, Ellen Watts FAIA
- 10:15 am Introduction to Governance Review  
Diana Nicklaus AIA, Bennet Heart
- 10:25 am Additional business
- 10:30 am Adjourn

**Enclosures for Board Package**

June Meeting Minutes	p. 2
BSA/AIA electronic vote	p. 3
2020 BSA Foundation Audit	p. 4
Q2 Financial Reports	p. 24
Proposed De-carbonization Policy	p. 26
Platform Highlights from the BSA	p. 28
Scorecard	
2020 BSA/AIA Audit (separate file)	
EDI update materials (forthcoming)	

**Supplemental Materials**

2020 BSA/AIA Board List	p. 1
2020 BSA Foundation Board List	p. 2
2020 BSA/AIA Board Meeting Dates	p. 3
2020 BSA Foundation Board Meeting Dates	p. 4
BSA/AIA Scorecard	p. 5
Google Analytics on website	p. 20
BSA/AIA Strategic Plan	p. 21
BSA Foundation Strategic Plan	p. 23
Faces of the BSA Staff	p. 24



**June 12, 2020 Minutes of the BSA Joint Board Meeting**

**Present:** **BSA/AIA Board**  
Sam Batchelor AIA, Susan Blomquist AIA, Jean Carroon FAIA, Lawrence Chan FAIA, Natasha Espada AIA, Anda French AIA, Paul Hajian AIA, Brooke Helgerson AIA, Jacob Knowles, Andrea Love AIA, Tim Love FAIA, Greg Minott AIA, Diana Nicklaus AIA, Mary Anne Ocampo Assoc. AIA, Daniel Perruzzi AIA, Anthony Piermarini AIA, Mark Rukamathu AIA, Courtney Sharpe, Ellen Watts FAIA

**BSA Foundation**  
Rebecca Berry AIA, Greg Bialecki Esq., Meera Deean, Bennet Heart, Peter Kuttner FAIA, Patrick McCafferty PE, Bud Ris, David Silverman AIA, Ted Touloukian AIA, Laura Wernick FAIA, Kenneth Willis

**Staff:** *Polly Carpenter, Billy Craig, Michela Davola, Jenny Effron, Maia Erslev, Karolina Hac, Paige McWhorter, Patricia Olshan, Ben Peterson, Erika Shea, Eric White*

**Absent:** Jeffry Burchard AIA, Paul Pettigrew AIA, George Proakis AICP, Eric Krauss, Richard Taylor

**Call to order** Noting the presence of a quorum, President Espada and Chair Touloukian called the meeting to order at 8:00 am and welcomed board members.

**Minutes of previous meetings**

It was VOTED to accept the minutes for the previous BSA/AIA board meeting and BSA Foundation Board meeting.

**Motion was approved: Unanimous.**

**Presentations** DiCicco, Gulman & Company (DCG), Karma Agency, and Resilient Philanthropy presented their work to date and plans for the future of accounting, communications, and philanthropy respectively. Board members then discussed presentations in smaller groups and reported back.

**Other Business** The boards discussed the EDI Matrix from 2018, with a consensus that the matrix should be updated to reflect action needed in response to calls for racial and social justice. There was a call to make sure EDI is incorporated into all aspects of the organization. Jacob Knowles also brought up that the BSA supported Net Zero Stretch Code and a petition was recently submitted to the Building Regulations Board (BBRS).

**Adjourn** It was VOTED to adjourn at 10:08 am.

**Motion was approved: Unanimous.**

Respectfully submitted,

Karolina Hac on behalf of  
Diana Nicklaus AIA Secretary



**Electronic Vote - Honors & Awards, and Nominating Committees reports**  
**August 3, 2020**

At the May Board meeting the Board approved voting electronically to accept the reports of the Honors and Awards, and Nominating Committees. Below are the results of those electronic votes.

**Result for Honors & Awards Committee Report**

Motion: To accept the recommendations of the BSA/AIA Honors and Awards Committee report.

Accepted: 17 YES, 0 NO, 0 ABSTAIN

**Result for Nominating Committee Report**

Motion: To accept the recommendations of the BSA/AIA Nominating Committee report.

Accepted: 17 YES, 0 NO, 0 ABSTAIN

**BSA FOUNDATION**

Financial Statements

December 31, 2019 and 2018

(With Independent Auditors' Report Thereon)



## INDEPENDENT AUDITORS' REPORT

The Board of Trustees and Management  
BSA Foundation:

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

We have audited the accompanying financial statements of BSA Foundation, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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. 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 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 BSA Foundation as of December 31, 2019 and 2018 and the changes in its net assets, its cash flows, and its functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Nardello + Taylor LLP

May 22, 2020

**BSA FOUNDATION**

Statements of Financial Position

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 34,894	\$ 36,178
Contributions receivable, net of allowance for doubtful accounts of \$25,000 in 2019 and 2018, respectively	894,725	796,982
Due from allied organization	801	2,057
Prepaid expenses and other current assets	72,862	56,550
Investments, at fair value	2,572,954	2,162,969
Office equipment, net of accumulated depreciation of \$1,787 and \$812 in 2019 and 2018, respectively	1,138	2,113
Amounts held for others	<u>30,532</u>	<u>41,174</u>
Total assets	<u>\$ 3,607,906</u>	<u>\$ 3,098,023</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 86,415	\$ 40,091
Due to allied organization	600	10,014
Deferred revenue	11,500	-
Amounts held for others	<u>30,532</u>	<u>41,174</u>
Total liabilities	<u>129,047</u>	<u>91,279</u>
Commitments and contingencies		
Net assets:		
Without donor restrictions	2,569,134	2,174,762
With donor restrictions	<u>909,725</u>	<u>831,982</u>
Total net assets	<u>3,478,859</u>	<u>3,006,744</u>
Total liabilities and net assets	<u>\$ 3,607,906</u>	<u>\$ 3,098,023</u>

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

**BSA FOUNDATION**

Statements of Activities and Changes in Net Assets

December 31, 2019 and 2018

	2019	2018
Changes in net assets without donor restrictions:		
Revenues:		
Contributions	\$ 50,533	\$ 307,899
Support from allied organization	427,935	427,935
Grants and sponsorships	21,000	11,500
Program income	75,808	45,620
Investment income, net of investment expenses	69,383	45,759
Net assets released from restriction	313,065	253,524
Total support and revenue	957,724	1,092,237
Expenses:		
Program services:		
Public education and civic programs	212,447	154,621
Exhibitions	178,503	136,460
Scholarships, grants and awards	21,500	20,034
Total programs	412,450	311,115
Supporting services:		
General and administrative	190,077	450,723
Fundraising	326,825	255,403
Total supporting services	516,902	706,126
Total expenses	929,352	1,017,241
Other income (expenses):		
Net realized and unrealized gains (losses) on investments	366,000	(194,613)
Total other income (expenses)	366,000	(194,613)
Increase (decrease) in net assets without donor restrictions	394,372	(119,617)
Changes in net assets with donor restrictions:		
Revenues:		
Contributions	360,808	579,122
Grants and sponsorships	30,000	35,000
Net assets released from restriction	(313,065)	(253,524)
Increase in net assets with donor restrictions	77,743	360,598
Increase in net assets	472,115	240,981
Net assets, beginning of year	3,006,744	2,765,763
Net assets, end of year	\$ 3,478,859	\$ 3,006,744

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

## BSA FOUNDATION

### Statements of Cash Flows

December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Increase in net assets	\$ 472,115	\$ 240,981
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Net realized and unrealized (gains) losses on investments	(366,000)	194,613
Bad debt expense	8,443	22,375
Depreciation expense	975	812
Changes in operating assets and liabilities:		
Contributions receivable	(106,186)	(347,973)
Prepaid expenses and other current assets	(16,312)	(14,500)
Due from allied organization	1,256	425
Due to allied organization	(9,414)	8,446
Accounts payable and accrued expenses	46,324	9,318
Deferred rent	11,500	-
Net cash provided by operating activities	42,701	114,497
Cash flows from investing activities:		
Proceeds from sale of investments	573,558	2,400,834
Purchases of investments	(617,543)	(2,733,719)
Purchases of office equipment	-	(2,925)
Net cash used in investing activities	(43,985)	(335,810)
Decrease in cash and cash equivalents	(1,284)	(221,313)
Cash and cash equivalents at beginning of year	36,178	257,491
Cash and cash equivalents at end of year	\$ 34,894	\$ 36,178

#### Supplemental cash flow data:

During the year ended December 31, 2018, the Foundation received an in-kind contribution from a donor valued at \$258,673 for promotional advertising on national and local media.

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

**BSA FOUNDATION**

Statement of Functional Expenses

For the Year Ended December 31, 2019

Expense	Program Services				Supporting Services			Total Expenses
	Public Education and Civic Programs	Exhibitions	Scholarships, Grants and	Total Program	General and Administrative	Fundraising	Total Supporting Services	
Salaries	\$ 120,074	\$ 30,637	\$ -	\$ 150,711	\$ 109,490	\$ 165,654	\$ 275,144	\$ 425,855
Health and retirement benefits	3,659	951	-	4,610	8,291	16,061	24,352	28,962
Payroll taxes	11,159	3,043	-	14,202	10,595	16,451	27,046	41,248
Total personnel expenses	134,892	34,631	-	169,523	128,376	198,166	326,542	496,065
Program fees, supplies and other expenses	77,555	143,872	-	221,427	230	-	230	221,657
Special events - Meet and Ask	-	-	-	-	-	28,661	28,661	28,661
Major gifts	-	-	-	-	-	78,365	78,365	78,365
Awards	-	-	21,500	21,500	-	-	-	21,500
Professional fees	-	-	-	-	16,517	17,872	34,389	34,389
Bad debt expense	-	-	-	-	8,443	-	8,443	8,443
Conferences and meetings	-	-	-	-	3,737	-	3,737	3,737
Management fees	-	-	-	-	8,600	-	8,600	8,600
Other taxes and fees	-	-	-	-	6,857	-	6,857	6,857
Association memberships dues	-	-	-	-	1,791	-	1,791	1,791
Computer expenses	-	-	-	-	4,273	-	4,273	4,273
Fundraising expenses	-	-	-	-	-	2,388	2,388	2,388
Marketing and stationery	-	-	-	-	-	1,373	1,373	1,373
Training expense	-	-	-	-	3,900	-	3,900	3,900
Office expenses	-	-	-	-	2,907	-	2,907	2,907
Postage	-	-	-	-	1,394	-	1,394	1,394
Depreciation expense	-	-	-	-	975	-	975	975
Miscellaneous	-	-	-	-	2,077	-	2,077	2,077
Total functional expenses	\$ 212,447	\$ 178,503	\$ 21,500	\$ 412,450	\$ 190,077	\$ 326,825	\$ 516,902	\$ 929,352

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

**BSA FOUNDATION**

Statement of Functional Expenses

For the Year Ended December 31, 2018

Expense	Program Services				Supporting Services			Total Expenses
	Public Education and Civic Programs	Exhibitions	Scholarships, Grants and	Total Program	General and Administrative	Fundraising	Total Supporting Services	
Salaries	\$ 114,144	\$ 29,452	\$ -	\$ 143,596	\$ 91,301	\$ 157,327	\$ 248,628	\$ 392,224
Health and retirement benefits	4,854	794	-	5,648	9,740	13,179	22,919	28,567
Payroll taxes	11,414	2,945	-	14,359	8,000	15,733	23,733	38,092
Total personnel expenses	130,412	33,191	-	163,603	109,041	186,239	295,280	458,883
Advertising expenses	-	-	-	-	260,084	-	260,084	260,084
Program fees, supplies and other expenses	24,209	103,269	-	127,478	178	-	178	127,656
Special events - Meet and Ask	-	-	-	-	-	61,838	61,838	61,838
Awards	-	-	20,034	20,034	-	-	-	20,034
Professional fees	-	-	-	-	18,060	-	18,060	18,060
Bad debt expense	-	-	-	-	22,375	-	22,375	22,375
Conferences and meetings	-	-	-	-	8,783	-	8,783	8,783
Management fees	-	-	-	-	8,600	-	8,600	8,600
Other taxes and fees	-	-	-	-	6,743	-	6,743	6,743
Association memberships dues	-	-	-	-	4,334	-	4,334	4,334
Computer expenses	-	-	-	-	4,229	-	4,229	4,229
Fundraising expenses	-	-	-	-	-	3,827	3,827	3,827
Marketing and stationery	-	-	-	-	-	3,499	3,499	3,499
Training expense	-	-	-	-	3,266	-	3,266	3,266
Office expenses	-	-	-	-	2,701	-	2,701	2,701
Postage	-	-	-	-	1,032	-	1,032	1,032
Depreciation expense	-	-	-	-	812	-	812	812
Miscellaneous	-	-	-	-	485	-	485	485
Total functional expenses	\$ 154,621	\$ 136,460	\$ 20,034	\$ 311,115	\$ 450,723	\$ 255,403	\$ 706,126	\$ 1,017,241

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

## BSA FOUNDATION

### Notes to Financial Statements

December 31, 2019 and 2018

#### (1) Nature of Operations

The BSA Foundation (the “Foundation”) is a Massachusetts nonprofit organization with a mission to promote public awareness of the built environment and the processes that shape it. The Foundation’s activities are conducted in the Boston area, and include hosting of educational programs and events, providing small grants to community and education organizations, hosting exhibitions, and engaging the public through a variety of means to elevate awareness of design in the broadest sense. The Foundation derives its revenues primarily through fundraising, investment income, program fees and grants. The Foundation receives financial support from an allied organization, Boston Society of Architects (the “Society”).

#### (2) Summary of Significant Accounting Policies

The following is a summary of significant accounting policies applied by the Foundation in the preparation of the accompanying financial statements.

##### (a) Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time the liabilities are incurred.

##### (b) Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

##### (c) Contributions Receivable

Contributions receivable consist of unconditional promises to give that are expected to be collected in future years. Contributions receivable are reported as net assets with donor restrictions unless explicit donor stipulations or circumstances surrounding the contribution make clear the donor intended it to be used to support activities in the current period.

The Foundation maintains an allowance for doubtful accounts at an amount considered to provide adequate protection against losses resulting from uncollected contributions. In judging the adequacy of the allowance, the Foundation considers multiple factors,

# BSA FOUNDATION

## Notes to Financial Statements

December 31, 2019 and 2018

including its historical experience with collections, the general economic environment, and the need for specific reserves for contributions receivable. Management will charge off to the allowance any balance that remains after it has exhausted reasonable collection efforts and concludes that additional collection efforts are not cost-justified. Contributions receivable are considered past due based on the terms of the unconditional promise received from the donor.

(d) Investments

Investments in marketable securities are stated at fair value and consist of equity and bond mutual funds, as well as temporary investments in money market funds.

(e) Property and Equipment

Property and equipment are stated at cost or estimated fair market value at the time of donation if donated to the Foundation. Amounts over \$1,000 with useful lives greater than one year are capitalized. Repairs and maintenance are expensed when incurred. Depreciation and amortization are provided for on the straight-line method over the estimated useful lives of the assets, which are as follows:

Computer software and equipment	3-5 years
Furniture and fixtures	3-7 years

(f) Net Assets

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

Net assets without donor restrictions - Net assets available for use in general operations and not subject to restrictions imposed by donors or certain grantors.

Net assets with donor restrictions – Net assets subject to restrictions imposed by donors or certain grantors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Foundation

## BSA FOUNDATION

### Notes to Financial Statements

December 31, 2019 and 2018

has no net assets with donor restrictions that are perpetual in nature as of December 31, 2019 and 2018.

#### (g) Revenue and Revenue Recognition

The Foundation reports gifts as unrestricted support if they are received without donor stipulations that would limit the use of the donated assets. They are classified as increases in net assets with donor restrictions if the donor imposes restrictions on their use, including those for which payment is not due until future periods. Upon the satisfaction of the purpose or time restriction, the net assets are reclassified as unrestricted support. The Foundation's contributions come primarily from architecture firms, engineering firms, construction firms, other non-profit organizations, and individual donors.

Realized and unrealized gains on investments as well as interest and dividend income are recognized as increases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Realized gains on investments are computed using the average cost method.

On January 1, 2019, the Foundation adopted the new accounting standard ASC 606, *Revenue from Contracts with Customers*, using the modified retrospective method applied to those contracts that were not completed as of December 31, 2018. Results for reporting periods beginning after December 31, 2018 are presented under Topic 606. This adoption has no impact on the prior period retained earnings as of December 31, 2018.

Under Topic 606, revenues from programs and services are recognized at the point in time when the services have been performed, amount is considered known, and collection is reasonably assured.

#### (h) Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Foundation's program services, administration and fundraising and development activities; however, the financial statement do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value on the date the goods or services are received. These donated goods and services have been included as revenue and as related expenses in the accompanying financial statements based upon the value assigned to the services by the contributor or by management.

## BSA FOUNDATION

### Notes to Financial Statements

December 31, 2019 and 2018

(i) Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural expenditure classification. Expenses that are common to several programs or supporting services are allocated on a reasonable basis that is consistently applied. Salaries and health and retirement benefits are allocated based on estimated time and effort. Payroll taxes are allocated as a percentage of salaries.

(j) Advertising Costs

No advertising costs incurred during the year ended December 31, 2019. Approximated \$260,084 during the year ended December 31, 2018, which included in-kind contributions from a donor of \$258,673 for promotional advertising on local and national media.

(k) Exhibition Costs

Exhibition costs are deferred as prepaid expenses, and expenses are recognized ratably over the period in which the exhibition is open to the general public.

(l) Income Taxes

BSA Foundation is a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from income tax. The Foundation files tax returns in the U.S. federal jurisdiction as well as in Massachusetts.

(m) Risks and Uncertainties

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of temporary cash investments, contributions receivable, and marketable securities. The carrying amounts of these financial instruments approximate their fair value.

The Foundation's cash and cash equivalents and investment securities are held by a brokerage firm that is a member of the Securities Investment Protection Corporation (SIPC). Securities held by member brokerage firms, including up to \$250,000 of cash equivalents, are insured by the SIPC up to \$500,000 per customer, per brokerage firm.

## BSA FOUNDATION

### Notes to Financial Statements

December 31, 2019 and 2018

SIPC protection would be triggered only in the event of a financial failure and liquidation of a participating brokerage firm or if the customer's securities are not returned. This protection does not cover investment losses in customer accounts due to market fluctuations or other claims for losses incurred while the brokerage firm remains in business.

Investment securities are exposed to various risks, such as changes in interest rates or credit ratings and market fluctuations. Due to the level of risk associated with certain investment securities and changes in the market value of investment securities, it is possible that the value of the Foundation's investments and total net assets balance could fluctuate materially.

#### (n) Use of Estimates

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

#### (o) Reclassifications

Certain 2018 amounts have been reclassified to conform to the current year presentation. The Foundation adopted ASU 2016-14, resulting in a change in accounting principles. Investment expenses have been netted against investment income. There was no effect on the changes in net assets for the years ended December 31, 2019 and 2018.

#### (p) Adoption of New Accounting Guidance

During the year ended December 31, 2018, the Foundation implemented ASU 2016-14, *Financial Statements of Not-for-Profit Entities*. Accordingly, net assets are classified into two categories: without donor restrictions and with donor restrictions. The ASU requires additional disclosures about the liquidity and availability of funds and requires the reclassification of investment expenses, which are netted against investment income and include both external and direct internal investment expenses. ASU 2016-14 also requires the inclusion of a statement of functional expenses as part of the basic financial statements for all not-for-profit entities.

During the year ended December 31, 2019, the Organization implemented ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASC 606 sets forth a new revenue recognition model that requires identifying the contract(s) with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating

## BSA FOUNDATION

### Notes to Financial Statements

December 31, 2019 and 2018

the transaction price to the performance obligations and recognizing the revenue upon satisfaction of performance obligations. The Foundation adopted the provisions of ASU 2014-09 and related subsequently-issued amendments beginning on January 1, 2019.

#### (3) Liquidity and Availability

The Foundation regularly monitors the availability of resources to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. 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 public, education and civic programs, exhibitions in BSA Space, and the distribution of scholarships, grants and other awards.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are comprised of the following as of December 31, 2019 and 2018:

	2019	2018
Cash and cash equivalents	\$ 34,894	\$ 36,177
Contributions receivable within one year	378,855	301,350
Due from allied organization	801	2,057
Prepaid expenses and other current assets	72,862	56,550
Annual appropriation from investments	135,000	135,000
	<u>\$ 622,412</u>	<u>\$ 531,134</u>

In addition to financial assets available to meet general expenditures within one year of the balance sheet date, the Foundation operates with a balanced budget and anticipates collecting sufficient unrestricted revenue to cover general expenditures. The Foundation receives annual support of \$427,935 from the Society under the terms of a collaboration agreement further described in Note 7.

The Foundation's governing board has designated the long-term investments as an operating reserve and makes an annual appropriation of approximately 4.5% of the fair value of the investments for general expenditures in the next 12-month period. The board may also, at its discretion, approve additional appropriations from investments during the year, in order to meet the Foundation's cash flow needs.

## BSA FOUNDATION

### Notes to Financial Statements

December 31, 2019 and 2018

#### (4) Contributions Receivable

Contributions receivable consist of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Unconditional promises expected to be collected in:		
Within one year	\$ 378,855	\$ 301,350
Two to five years	585,815	574,140
More than five years	6,000	-
	<u>970,670</u>	<u>875,490</u>
Less unamortized discount to present value	<u>(50,945)</u>	<u>(53,508)</u>
	919,725	821,982
Less allowance for uncollectible amounts	<u>(25,000)</u>	<u>(25,000)</u>
Net contributions receivable	<u>\$ 894,725</u>	<u>\$ 796,982</u>

Contributions receivable, less an appropriate reserve, are recorded at their estimated fair value. Amounts due in more than one year are recorded at the present value of the estimated future cash flows, discounted at adjusted risk-free rates applicable in the years in which the promises were received, 3% for the years ended December 31, 2019 and 2018, respectively.

#### (5) Fair Value Measurements

Under U.S. GAAP, fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset a liability. As a basis for considering such assumptions U.S. GAAP establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value.

Level 1 – Observable inputs that reflect the quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 – Unobservable inputs which are supported by little or no market activity.

## BSA FOUNDATION

### Notes to Financial Statements

December 31, 2019 and 2018

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The Foundation measures its investments in mutual funds at fair value using quoted market prices in active markets. Fair values of all investment holdings are measured using the published closing market price as of the last trading day of the year. The following table sets forth by level within the fair value hierarchy, the Foundation's assets at fair value:

<u>December 31, 2019</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents:				
Money market funds	\$ 25,792	\$ 25,792	\$ -	\$ -
Mutual funds:				
U.S. equity funds	1,103,882	1,103,882	-	-
International equity funds	495,219	495,219	-	-
U.S. bond funds	945,606	945,606	-	-
Common stock	2,455	2,455		
Total investments	<u>\$2,572,954</u>	<u>\$ 2,572,954</u>	<u>\$ -</u>	<u>\$ -</u>
<u>December 31, 2018</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents:				
Money market funds	\$ 16,420	\$ 16,420	\$ -	\$ -
Mutual funds:				
U.S. equity funds	980,314	980,314	-	-
International equity funds	402,908	402,908	-	-
U.S. bond funds	763,327	763,327	-	-
Total investments	<u>\$2,162,969</u>	<u>\$ 2,162,969</u>	<u>\$ -</u>	<u>\$ -</u>

#### (6) Investments

Investments consist of marketable securities, stated at fair value, and are summarized as follows as of December 31, 2019 and 2018:

## BSA FOUNDATION

### Notes to Financial Statements

December 31, 2019 and 2018

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Money market funds	\$ 25,792	\$ 25,792	\$ 16,420	\$ 16,420
U.S. equity funds	972,973	1,103,882	1,078,643	980,314
International equity funds	425,579	495,219	407,679	402,908
U.S. bond funds	913,874	945,606	763,103	763,327
Common stock	681	2,455	-	-
	\$2,338,899	\$2,572,954	\$2,265,845	\$2,162,969

Total return on investments was as follows for the years ended December 31:

	2019	2018
Investment income, net	\$ 69,383	\$ 45,759
Net realized and unrealized gains (losses) on investments	366,000	(194,613)
Total income (loss) on investments	\$ 435,383	\$ (148,854)

#### (7) Related Party Transactions

A related party, Boston Society of Architects, (the “Society”), provides administrative services to the Foundation for a fee. The Society is a not-for-profit membership organization. The Society charged the Foundation \$8,600 in management fees in the years ended December 31, 2019 and 2018, which are included in general and administrative expenses in the Foundation’s statements of activities and changes in net assets.

On May 7, 2015, the Foundation and the Society entered into a collaboration agreement for a period of five years that may be renewed for subsequent two-year terms unless terminated earlier by either party. The purpose of the agreement is to develop a joint strategic collaboration that allows the Foundation to carry out the public educational programs and related fundraising that were historically developed and operated by the Society. All activities undertaken via the collaboration are intended to further the Foundation’s charitable mission. Initial areas of collaboration include civic initiatives, exhibitions, lectures, forums and symposiums. During 2019, the Board of Directors of

## BSA FOUNDATION

### Notes to Financial Statements

December 31, 2019 and 2018

the Society and the Board of Trustees of the Foundation amended and restated in its entirety the collaboration agreement for a term of another five years. Under the terms of the amended and restated agreement, the objectives and obligations of the two parties will remain substantially the same. The new agreement requires that the Joint Strategic Collaboration Committee and both boards become familiar with the current strategic plans of both organizations and work cooperatively to implement their respective plans. The Joint Strategic Collaboration Committee, along with the Society and Foundation boards will also coordinate the annual budgets of the two organizations, while recognizing that their respective budgets shall remain independent and subject to separate board review and approval.

Under the provisions of the agreement, the Foundation agrees to pay the Society for services rendered by the Society. The agreement includes an expense-sharing arrangement whereby specified personnel, facilities and services costs are directly allocated to the Foundation. All Society employees and contractors who work on Foundation programs and activities remain employees and contractors of the Society, and the Society has sole responsibility for terms of employment and contractor arrangements. The Foundation's responsibility is to focus its attention on public outreach and engagement for the benefit of the joint organizations. The Society will support the Foundation by participating in necessary meetings and by sharing its staff and operating resources. The Society will continue to pursue its professional programs that support the creation of architecture, including expositions, committees, websites and design awards.

During the years ended December 31, 2019 and 2018, the Society provided support to the Foundation in the amount of \$427,935, paid in monthly installments. This amount represents 41.3% and 29.4% of the Foundation's total revenues for the years ended December 31, 2019 and 2018, respectively, and is reported as support from allied organization in the statement of activities and changes in net assets. Under the terms of the agreement, the Foundation reimbursed the Society for payroll and benefit expenses totaling \$482,696 and \$458,883 during the years ended December 31, 2019 and 2018, respectively. These expenses have been allocated to programs, fundraising and general and administrative expenses in the statement of activities and changes in net assets.

During the years ended December 31, 2019 and 2018, the Foundation reimbursed the Society in the amounts of \$17,283 and \$11,408, respectively, for other program, fundraising and general expenses paid by the Society on its behalf. During the years ended December 31, 2019 and 2018, the Foundation also reimbursed the Society for donations collected on behalf of the Society totaling \$2,491 and \$21,346, respectively. During the years ended December 31, 2019 and 2018, the Society collected program fees and donations on behalf of the Foundation totaling \$15,857 and \$36,774, respectively. As

## BSA FOUNDATION

### Notes to Financial Statements

December 31, 2019 and 2018

of December 31, 2019 and 2018, amounts payable to the Society were \$600 and \$10,014, respectively and amounts receivable from the Society were \$801 and \$2,057, respectively. These amounts are included in due to allied organization and due from allied organization, respectively, on the Foundation's statements of financial position.

During the years ended December 31, 2019 and 2018, the Foundation paid legal fees of \$1,517 and \$768 to a law firm owned by an attorney who is a member of the Foundation's board of trustees.

#### (8) Amounts Held for Others

During 2019 and 2018, the Foundation acted as a fiscal agent for three nonprofit entities and received and expended cash on their behalf. Amounts held for others totaled \$30,532 and \$41,174 as of December 31, 2019 and 2018, respectively, and are reported as assets and liabilities in the accompanying financial statements.

#### (9) Defined Contribution Plan

Certain employees who worked for the Foundation but were employees of the Society participated in a qualified profit sharing retirement plan covering all eligible employees under Internal Revenue Code Section 401(k), which was sponsored by the Society. During the years ended December 31, 2019 and 2018, the Foundation recognized compensation expense of \$10,775 and \$8,151 for matching contributions made by the Society for these participants.

#### (10) Commitments and Contingencies

During 2015, the Foundation entered into a five-year agreement with a third party to participate in its annual fundraising workshops during the years 2015 through 2019, and to hold an annual fundraising event with a total commitment of \$120,000. The annual amounts of \$10,000 and \$24,000 for the years ended December 31, 2019 and 2018, respectively, are included in fundraising expenses in the statements of changes in net assets and in the statement of functional expenses.

#### (11) Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at December 31, 2019 and 2018:

## BSA FOUNDATION

### Notes to Financial Statements

December 31, 2019 and 2018

	2019	2018
Purpose restrictions:		
Exhibitions	\$ -	\$ 30,000
Fundraising events	-	5,000
Housing fellow	15,000	-
	15,000	35,000
Time restrictions:		
Contributions receivable	894,725	796,982
	\$ 909,725	\$ 831,982

Net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by the passage of time were as follows for the years ended December 31, 2019 and 2018:

	2019	2018
Purpose restrictions accomplished:		
Exhibitions	\$ 30,000	\$ -
Fundraising events	5,000	-
Housing fellow	15,000	-
	50,000	-
Expiration of donor-imposed time restrictions	263,065	253,524
	\$ 313,065	\$ 253,524

#### (12) Subsequent Events

COVID-19, an infectious disease, was identified and had been fast-spreading in the United States since February 2020. Fears of a global COVID-19 pandemic have battered the stock market, resulting in a substantial decline in the value of the investments stated in Note 5. The COVID-19 outbreak has caused disruption of program activities. Collection of contribution receivables, which come primarily from architecture firms, engineering firms, and construction firms, may also be negatively impacted as a result of it. While the disruption is currently expected to be temporary, the related financial impact and duration cannot be reasonably estimated at this time.

The Foundation has evaluated all subsequent events through May 22, 2020, the date the financial statements were available to be issued.

## Q2 20 Combined Financial Reporting Highlights

The BSA and Foundation combined Actuals have a deficit of (\$899K) when compared to the budgeted numbers through the second quarter. The largest component of the overall difference is the Investment earnings. The investment activity accounts for a loss of (\$521K) which is 58% of the total deficit. The market dropped significantly in March but recovered partially in Q2.

	<b>BSA YTD Q2 Actuals</b>	<b>Foundation YTD Q2 Actuals</b>	<b>Combined YTD Q2 Actuals</b>	<b>Adjusted YTD Q2 Budget</b>	<b>Variance Actual compare to Adj Budget</b>
<b>Revenue</b>	\$1,440,575	\$383,795	\$1,824,370	\$1,917,959	(\$93,590)
<b>Expense</b>	<u>\$1,576,536</u>	<u>\$465,557</u>	<u>\$2,042,093</u>	<u>\$2,134,309</u>	<u>(\$92,216)</u>
<b>Net</b>	(\$135,961)	(\$81,762)	(\$217,723)	(216,350)	(\$1,373)
Depreciation	\$159,832	\$488	\$160,320	\$158,524	\$1,796
Capital Draw	\$0.00	\$0.00	\$0.00	\$437,333	(\$437,333)
Investment	<u>(\$516,682)</u>	<u>(\$4,710)</u>	<u>(\$521,392)</u>	<u>\$0.00</u>	<u>(\$521,392)</u>
<b>Other Total</b>	(\$676,514)	(5,198)	(\$681,712)	\$278,806	(\$960,518)
<b>Overall Net</b>	<b>(\$812,475)</b>	<b>(\$86,960)</b>	<b>(\$899,435)</b>	<b>\$62,456</b>	<b>(\$959,145)</b>

**Total Membership** dues are under by (\$8K) compare to Adjusted Budget.

**Total Programs** have a surplus of \$24K compare to Adjusted Budget.

- Boutique Conference didn't occur due to COVID-19, but did have an expense of \$10K for Graphic costs
- EC101 Carbon Series Prof seminars had a surplus of \$38.6K
- YDPDI is in line with the budget
- Exhibitions have a net loss of \$4k in Actuals
- Design Awards Gala have a surplus of \$10K
- WID has a surplus of \$5K
- Kitchen supplies expense total \$8K (Food, utensils, and drinks for committees)

**Total Communication/Marketing** are at a net loss of \$63k vs the budget

- Fullfunnel contract help for Website has the biggest expense of \$96K
- Classified has a surplus of \$13K
- Web Maint and Outsource for AB retainer-Tony Leone Design – \$20K in expense

**Atlantic Wharf Rent** total rent has been reduced by \$84,029 due to a Covid-19 related deferral. Under Accrual reporting the Atlantic Wharf rent is \$212.5K through Q2. For this analysis the deferred rent is not included in the current year expense, it is included in the budgeted expenditures for future years. The deferred rent includes base rent, property tax, and Landlord Operating Cost.

**Capital Expenditure** – total \$1700 for a laptop, we are expecting another \$10-15K for the rest of the year for a new phone system.

**Human Resources** are at \$922K, \$50K under compare to Adjusted Budget.

**To:** BSA Board of Directors  
**From:** BSA Policy/Advocacy Task Force  
**CC:** Eric White, Jennifer Efron, AIA MA Board BSA representatives  
**Date:** September 9, 2020

**RE:** BSA Advocacy and Policy Platform for Decarbonization

---

In June of 2019, the AIA membership overwhelmingly voted to declare urgency of climate action. The AIA urged its members to get fully involved in education, practice, advocacy and outreach as a means to change design and construction practices to achieve decarbonization in the built environment. In support of that resolution and the need for immediate action around the threats of climate change, the BSA Policy/Advocacy Task Force proposes the following policy platform for adoption by the BSA Board:

1. **Increase the stringency of energy efficiency codes** – The BSA advocates for statewide adoption of more stringent energy efficiency requirements, including alignment with passive house principles for thermal load reduction, through adoption in the Stretch Code and other regulatory and legislative policies and processes. Building operations represent 28% of annual global carbon emissions. We need to continually raise the bar on minimum acceptable energy performance in Massachusetts and identify incentives to achieve maximum feasible outcomes. Building thermal load reduction is a foundational issue, enabling cost effective implementation of the subsequent agenda items.
2. **Transition to All Electric Buildings** – The BSA advocates for the transition to all electric buildings. Buildings need to wean off fossil fuels and transition to all electric, clean renewable energy.
3. **Power Buildings with Renewable Energy** – The BSA advocates for all buildings to be powered by on-site and off-site renewable energy. To decarbonize our buildings, they need to be powered by on-site renewable energy or new renewable energy sources that result in a direct reduction in grid emissions.
4. **Focus on Embodied Carbon** – The BSA advocates for policies and programs that fully disclose the impacts and reduce embodied carbon in the building sector. Annually 11% of global carbon emissions come from embodied carbon of the materials that we use to construct the building sector.
5. **Select Low-Impact Refrigerants** - The BSA advocates for the policies around refrigerant selection that reduce ozone depletion and global warming potential. In *Drawdown*, Paul Hawken listed refrigerant management as one of the biggest ways to reduce global carbon emissions.
6. **Ensure Buildings Operate Efficiently** – The BSA advocates for policies that support efficient building operations. Building commissioning, energy disclosure ordinances, and other operational actions can help ensure that buildings are operating at the efficiency levels they were designed to achieve.

7. **Address Disparities in Impact of Climate Change on Communities of Color-** The BSA advocates for all climate change policies and initiatives to focus on minority communities where the impacts of carbon emissions and climate change continue to fall disproportionately.

Through the adoption of this platform, the BSA Board is supporting codes and policies leading to the decarbonization of the built environment. The BSA seeks to achieve this objective within our local communities, and through our representation on the AIA Massachusetts Board of Directors, we seek to achieve this objective across the entire Commonwealth of Massachusetts.



## Highlights of BSA/AIA and BSA Foundation Scorecard September 2020

---

### **Overall BSA**

*Activities* Since the pivot to virtual engagement due to COVID continues we have seen significant increases in participation in many programs and knowledge communities. We are also working to shift from a program to impact focus organizationally. Work is underway to build coordinated strategic, communications and governance plans. Our focus continues on equity, sustainability, community and support through COVID. Our work with new consultants – DiCicco Gulman for accounting, Karma Agency for marketing, and expanded the role of Resilient Philanthropy has been excellent.

*Results* New operating processes and procedures are underway. All programs and activities are now virtual for the foreseeable future (at least the end of the year). New programs, services and resources. Significant loss of revenue streams in rentals, advertising, .

### **Goal 1 Architectural Practice Excellence**

*Activities:* FeedBack Mentorship program (year 2) continued with a cohort of 16 mentors/16 mentees. Coffee Conversations ran successfully, allowing EPs to become mentors to graduating students via Zoom meetings. ARE Success Team Study Group kickoff in June. Rotch Travelling Scholarship presentations took place via Zoom, with David Constanza (Cornell) announced as winner.

*Results:* Excellent participation from EPs and students online through Zoom.

*Impact:* Focus on providing firms & architects resources & tools to advance profession EDI. EPs building on 2019 success with to support those in early years of profession.

### **Goal 2 Design & Building Excellence**

*Activities:* Knowledge communities continued strong through the summer with excellent online participation. Embodied Carbon series successful and planning now for fall Practice-Based Research series. Began series Race and Architecture which is drawing significant participation. EDI programs on Guides to Equitable Practice successful with summaries of the Guides now posted.

*Impact:* Since knowledge communities and programs have gone online, we have seen a significant increase in attendance. Reaching a wider audience as opportunities are more accessible. We are also building national programming reputation and looking to build revenue streams.

### **Goal 3 Civic/Policy/Advocacy**

*Activities:* Put out call for net zero case studies, led microgrid feedback sessions for the city, and continued net zero code advocacy work. MIT, iLab (virtual) workshop on expanding mid-scale housing inviting various disciplines to bring ideas about how to create middle density affordable housing locally and to respond to a draft Request for Ideas (RFI) that will be put out by the City and BSA later in the year. Patio Café Pilot completed with 3 businesses designed outdoor cafes and changes to permitting. Actively involved in the ZBA re-nominations.

*Impact:* A strong focus on engaging members and communities to think about the future of efficient affordable housing, equity, BLM and sustainability.

### **Goal 4 Design Education**

*Activities:* COVID has had a huge impact on our education programs, but we still reached nearly 400 youth through direct programs this summer and many more through online resources. Direct programs included 120 students from BPS in Future of Construction series; 5<sup>th</sup> Grade Design Capstone

project; summer design internships; and the Art Bag program for East Boston Families. Prep underway for College Fair with more than 40 schools.

*Results:* Reached 400 students with the majority from under-represented communities.

*Impact:* The majority of students from under-resourced and underserved communities.

### **Goal 5 Community Design**

*Activities:* The Mass+ Cass project completed providing a resource guide for service provisions. Planning virtual community engagement for pre-design with Harborkeepers - Chelsea Creek Visioning. BAC Gateway (With Office of Recovery Services and Mayor's Office of New Urban Mechanics); Winter Streets Activation; I-90 Charles River engagement; Year 13 community design learning pods; Mission Grammar school outdoor learning areas are all underway. Also building plans for structure to select new programs. Also engaged potential partnership with the Justice as Healing group and exploring potential collaborations.

*Impact:* Provide resources and opportunities to engage communities.

### **Exhibitions**

*Activities:* Digital exhibitions are built out for Durable and Women in Design and working on virtual versions of Future Decker and Aga Khan. The exhibition scheduled has shifted to one major exhibition per year. This pushed the current WATER CFP to a June 30 deadline and 2023 exhibition slot.

*Impact:* By posting the exhibitions online, people have the opportunity to view it and we can reach a wider audience.

### **Membership**

*Activities:* 2020 individual membership continues ahead of last year while firm and allied are behind. On-going outreach to prospective Allied members and continued retention efforts continues Design Awards extended deadlines.

*Impact:* Keep our membership engaged and informed during this time.

### **Communications**

*Activity:* Focus is on maintaining regular communications channels while also assessing our communications strategies. Karma Agency is strategizing messaging and deliver efficient and engaging communications around all of our activities.

*Impact:* Connect our members and community in a time of uncertainty. Provide resources and platforms they may need. Social media is driving member engagement as we gather survey responses, push programs, and create opportunities for member dialogue.

### **Operations, Governance**

*Activity:* BSA Space rentals is shut down in mid-March, though we are exploring ways to bring it back. BSA now has all sales activities in-house. Meeting every two weeks with joint executive committee.

*Impact:* New staff helping fulfill both chapter and foundation goals. Transitioning an in-person heavy opportunity menu to virtual opportunities wherever possible. Early traction in sponsored webinars.

### **BSA/AIA Financial**

*Activity:* We brought on DGC as consultant for BSA's finance and accounting systems. Ramped up alternative revenue streams, primarily virtual programming and sponsorships. Converted to QuickBooks Online to streamline accounting process. Secured 3-month rent deferral for May-July.

*Impact:* Recent changes point to time and cost savings.

**Development/Fundraising**

*Activity:* Received grant from Cummings Foundation for \$100,000 towards youth education. Continuing regular (3-5) major gifts calls/week and increasing calls to corporate/firm support

*Impact:* The development team is rethinking possibilities for future fundraising events and how to reframe raised revenue efforts.