

To: BSA Foundation Trustees
From: Laura Wernick FAIA, Chair
Re: Meeting Agenda
Date: Wednesday, June 14, 2017

Our next meeting begins at 12:00 pm to 2 pm on Wednesday, June 14 at BSA Space, 290 Congress Street, Boston. Lunch will be provided at 12:00 pm.

AGENDA

- 12:00 PM Call to Order
- Approval of May Minutes
- 12:05 PM Audit Report
- Call for Approval
- 12:30 PM Strategic Discussion
- Conversation on Future Steps about Community and Civic Agenda
- 1:40 PM Development Report
- 1:45 PM Review Committees Goals/Agenda
- 1:55 PM Next Steps + Other Business
- Nominations
- 2:00 PM Adjourn

ENCLOSURES

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Minutes from the May 17 Meeting of the Board of Trustees

Present: *Trustees:* Nadine Gerdts, Eric Krauss, Anne-Marie Lubenau FAIA, Kelly Sherman, David Silverman AIA, Laura Wernick FAIA, Cathy Wissink, Rick Dimino, Rickie Golden, Eric Krauss, Ken Willis, Ted Touloukian AIA

Staff: Victoria McKay, Ben Cohen, Pamela de Oliveira-Smith, Michael Kuttner, Sabina Verghese, Eric White.

Absent: Bennet Heart, Steve Eustis

Call to order: Noting the presence of a quorum, President Wernick called the meeting to order at 12:12 pm and welcomed the Board.

Minutes of prior meeting: Upon a motion by Davis, seconded by Sherman, it was VOTED to accept the minutes of the February and April 2017, Board meeting as submitted; Unanimous.

Welcome and Introduction: President Wernick introduced the new hiring of Victoria McKay, BSA Foundation Development Director. Trustees provided introductions to Victoria.

Strategic Planning: Wernick facilitated a discussion surrounding the joint board meeting with BSA Board members. White provided a recap of the strategic plan and joint meeting with key focuses on feedback from the meeting and proposed strategic plan measures of success. Lubenau suggested outcomes as a measurement of success to understand impact and facilitate larger conversations. Davis spoke to establishing clarity of “greater Boston” boundaries.

Upon a motion by President Wernick, seconded by Davis, it was VOTED to change “By 2030, Boston is recognized nationally as a model of a resilient, equitable and architecturally vibrant city and region”; Unanimous.

By the June board meeting there will be proposed outlines of 1) measures of success, 2) business plan, and 3) short term priorities. For the Sept. board meeting, there will be a near-term business plan and gaps of budget implications. *Action required:* The board will devote time and attention to looking at the BSA value, architectural point of view, Boston Foundation policy stance with initiatives, and civic taskforce principles.

Dimino spoke to: 1) current assessment of programs and understanding whether it is delivering 2) what is the community assessment of these programs and are we applying ourselves effectively given our resources? *Action required:* White to acquiring the metrics from Polly to assess the effectiveness of the Foundation’s goals with programs, assess the re-alignment of resources, and establish short-term priorities for assessment and baseline metrics.

Treasurer Report: Anticipating Audit 2016 for June 2017. Ahead in revenue for first 3 months and small operating surplus.

Development Report

Donor Meetings will begin in June 2017. White calls attendees to become ambassadors to share information regarding the BSA Foundation with personal or on-the-road meetings.

Nominations for Board:

White provided insight into the nomination process for two new board member openings and renewing board commitment.

Exhibition Committee:

Michael Kuttner, BSA Design Director, is working to establish a succinct budget for the exhibit.

Adjourn:

Upon a motion by Wernick, seconded by Sherman, it was VOTED to adjourn the meeting at 2pm;
Unanimous.

Respectfully submitted,

Sabina Verghese
(on behalf of Steve Eustis, Secretary)

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2017 BSA Foundation Board Meetings

Wednesday, January 11 – Board Orientation	Noon to 2pm
Wednesday, February 15 – Board Strategic Planning Workshop	Noon to 4pm
Wednesday, April 12 – Joint Meeting with BSA Board	Noon to 2pm
Wednesday, May 17 – Board Meeting	Noon to 2pm
Wednesday, June 14 – Board Meeting	Noon to 2pm
Wednesday, September 13 – Board Meeting	Noon to 2pm
Wednesday, October 11 – Annual Board & Budget Meeting	Noon to 2pm
Wednesday, December 6 – Board Meeting	Noon to 2pm

BSA & BSA Foundation Reception

Thursday, January 19 (social event for both boards) Location: BSA Space	6 to 8pm
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To: BSA Foundation Board of Trustees
From: Eric White, Executive Director
Re: Executive Director's Report
Date: June 14, 2017

Administrative

Best wishes to Gretchen Rabinkin AIA who is leaving to become the new Executive Director of the Boston Society of Landscape Architects and Penny Mitchell Hon. BSA whose last day is Friday, June 16. We will do a national search for the community and policy position(s). The new Executive Assistant, Kristen Lewandowski, begins on Monday, June 19 and Victoria McKay, the new Managing Director of Advancement begins in mid-August. Victoria is interviewing candidates for the development manager.

Financials

The audit for fiscal year 2016 is completed and has been reviewed by the Audit Committee. The Audit is attached.

Civic/Community:

The Boston Athletic Association charrette and NPS visioning charrette are proceeding. The Sumner Schoolyard project is passing into the hands of Boston Public Schools and the Public Facilities Department, who will be issuing an RFP for the redesign shortly. We will work with them to lead a design charrette, with a landscape design team later this year.

The "Fulfilling the Promise" Emerald Necklace series wrapped up in May and we are looking to incorporate lessons learned from it into the Imagine Boston 2030 process. The program was live-streamed on Facebook and videoed by WGBH Forum Network with a recap posted on architects.org.

Programs & Communications

Common Boston 2017 was held on June 3 and 4, with the kickoff of the dParty on June 2. Attendance was lower this year from last year. The new AIA Guide to Boston app has been launched. The official program launch is tonight, June 14 at the BSA. Student Design Day and Family Design Days are both scheduled for this week. Opening of "The New Inflatable Moment" was well attended.

Recent press (for both)

- Boston Architecture Cruises Are Back Memorial Day Weekend (bostonmagazine.com)
- BSA Space's new exhibition explores the past, present, and future of inflatable architecture (archpaper.com)
- Roxbury Neighborhood Gets Win In Affordable Housing Development Competition (bankerandtradesman)
- An inflatable architecture exhibit will open at BSA space (boston.com)
- El nuevo momento de los inflables en BSA Space (metalocus.es)
- Today's Architects Are Obsessed With Inflatable Design—Here's Why Inflatable architecture, which was wildly popular in the 1960s and '70s, is back (fastcodesign.com)
- A New Exhibition Explores Inflatable Structures in Architecture (bostonmagazine.com)
- Tracing the evolution of inflatable architecture and utopia in "The New Inflatable Moment" at BSA Space (bustler.net)
- The Bubble is Back: Exhibit Highlights Inflatable Structures' Resurgence (metropolismag.com)
- Boston Design Week Celebrates a Successful Fourth Year - Fifth Annual festival will take place April 4-15, 2018 (artfixdaily.com)
- 'The New Inflatable Moment' at BSA Space will explore the role of pneumatic architecture in envisioning utopia (archinect.com)

VISION:

By 2030, Boston is a model of a resilient, equitable and architecturally vibrant city and region.

MISSION:

To build a better Boston by:

1. Engaging the public in the importance and power of design.

2. Inspiring more vibrant neighborhoods and a more resilient and equitable city through design explorations with community-based audiences.

3. Provoking change through strong collaborative efforts and strategic use of our resources, including BSA Space.

BACKGROUND:

About the BSA Foundation, the Boston Society of Architects/ AIA (BSA), and BSA Space.

The **BSA Foundation**, created by the BSA in 1971, is committed to engaging the public in appreciating design excellence and helping solve our community's challenges through design. In 2014, the Foundation expanded our focus to "build a better Boston by engaging communities, inspiring vision, and provoking positive change" through design. We deliver the mission through exhibitions at BSA Space, youth and family design education programs, cultural programming, community, and civic work.

The **BSA** is committed to professional development for our members, advocacy on behalf of great design, and sharing an appreciation for the built environment with the public at large. Established in 1867, the BSA today has nearly 4,000 members and produces a diverse array of programs and publications, including ABX, and ArchitectureBoston the design ideas magazine. A chapter of the American Institute of Architects, the BSA is a nonprofit, professional-service organization for the design and building industry profession.

BSA Space is Boston's center for architecture and design and is home to the BSA and BSA Foundation. We host exhibitions, public and professional. Visitors are invited to view their world differently, imagine new possibilities for improving their community, and learn achievable and remarkable ways to do it. The BSA Space opened in 2012 and is free and open to the public.

STRATEGIC GOAL 1: Ensuring access for every child in Boston to design education.

1. Expand design education programs to more neighborhoods.
2. Offer family design programs on more weekends.
3. Engage potential partner design education groups, local universities, state and local education leaders in a roundtable to facilitate expansion of design education.
4. Develop design education coalition to meet with leading city and state education administrators to explore and develop design curriculum for schools.
5. Develop and regularly offer design education training programs for educators and architects.
6. Tie exhibitions (when appropriate) to youth design education goals.
7. Mobilize foundation and corporate support for education initiatives.
8. Align BSA Foundation grants to support design education.

STRATEGIC GOAL 2: Providing access to design resources for every neighborhood in Boston.

1. Expand community design programs to more communities in need by developing a project selection process.
2. Engage public figures, community leaders, key institutions, architecture firms, and design schools to deepen our understanding of community needs and opportunities and explore how to build the infrastructure.
3. Engage related organizations to build a coalition focused on providing design, planning, and building resources in communities.
4. Tie appropriate exhibitions to addressing neighborhood design challenges.
5. Partner with local universities and others to develop assessment tools.
6. Mobilize foundation and corporate support for community initiatives.
7. Align BSA Foundation grants to support community resources projects.

STRATEGIC GOAL 3: Effecting changes in policies that result in socially and environmentally excellent design for everyone in Greater Boston.

1. Build structure to organize and grow design workshop/charrette programming.
2. Deepen the impact of the Designing Boston (and related) programs.
3. Coordinate policy and growth agenda with the BSA advocacy agenda.
4. Build a coalition of like-minded organizations to advance policies and growth that support equity, resiliency and design excellence.
5. Develop and implement coordinated communication strategies around policy and growth.
6. Provide high quality public programs that increase awareness of excellent design policies and growth.
7. Mobilize foundation and corporate support for the design policy and growth agenda.

MEASURES OF SUCCESS:
• Assess school programs that offer design education for benchmark and annually track changes

MEASURES OF SUCCESS:
• TBD

MEASURES OF SUCCESS:
• TBD

DELIVERY TOOLS:

YOUTH & FAMILY PROGRAMS:
Learning by Design
KidsBuild!
Family Design Days

COMMUNITY DESIGN:
CDRC
Workshops & charrettes
Designing Boston & forums

EXHIBITIONS:
6,500 square feet of gallery space

GRANTS:
Distributed more than \$1million supporting community based design education.

CULTURAL PROGRAMMING:
Common Boston
AIA Guide to Boston App
Tours, Films

BSA FOUNDATION

Financial Statements

December 31, 2016 and 2015

(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, 2016 and 2015, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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, 2016 and 2015 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.

May 17, 2017

BSA FOUNDATION

Statements of Financial Position

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 48,796	\$ 27,837
Contributions receivable, net of allowance for doubtful accounts of \$8,000 in 2016 and 2015	403,839	408,359
Accounts receivable	50,435	11,937
Due from allied organization	267,158	6,785
Prepaid expenses and other current assets	33,000	84,817
Investments, at fair value	1,646,450	1,482,957
Amounts held for others	<u>28,763</u>	<u>23,377</u>
Total assets	<u>\$ 2,478,441</u>	<u>\$ 2,046,069</u>
<u>Liabilities and Net Assets</u>		
Accounts payable and accrued expenses	\$ 27,430	\$ 29,237
Due to allied organization	341,229	34,232
Amounts held for others	<u>28,763</u>	<u>23,377</u>
Total liabilities	<u>397,422</u>	<u>86,846</u>
Commitments and contingencies		
Net assets:		
Unrestricted	1,643,180	1,550,864
Temporarily restricted	<u>437,839</u>	<u>408,359</u>
Total net assets	<u>2,081,019</u>	<u>1,959,223</u>
Total liabilities and net assets	<u>\$ 2,478,441</u>	<u>\$ 2,046,069</u>

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

BSA FOUNDATION

Statements of Activities and Changes in Net Assets

For the Years Ended December 31, 2016 and 2015

	2016	2015
Changes in unrestricted net assets:		
Revenues:		
Contributions	\$ 21,444	\$ 18,876
Support from allied organization	427,935	427,935
Grants	5,000	2,500
Program income	211,562	165,237
Investment income	35,870	52,443
Net assets released from restriction	168,921	240,729
Total support and revenue	870,732	907,720
Expenses:		
Programs:		
Public, education and civic programs	150,624	109,925
Exhibitions	332,813	249,549
Scholarships, grants and awards	19,900	40,000
Total programs	503,337	399,474
Fundraising	243,464	227,002
General and administrative	83,704	121,963
Total expenses	830,505	748,439
Other income (expenses):		
Net realized and unrealized gains (losses) on investments	60,017	(49,076)
Investment advisory fees	(7,928)	(7,449)
Total other income (expenses)	52,089	(56,525)
Increase in unrestricted net assets	92,316	102,756
Changes in temporarily restricted net assets:		
Revenues:		
Contributions	164,401	420,882
Grants	34,000	-
Net assets released from restriction	(168,921)	(240,729)
Increase in temporarily restricted net assets	29,480	180,153
Increase in net assets	121,796	282,909
Net assets, beginning of year	1,959,223	1,676,314
Net assets, end of year	\$ 2,081,019	\$ 1,959,223

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

BSA FOUNDATION

Statements of Cash Flows

For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Increase in net assets	\$ 121,796	\$ 282,909
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Net realized and unrealized (gains) losses on investments	(60,017)	49,076
Changes in operating assets and liabilities:		
Contributions receivable	4,520	(202,987)
Accounts receivable	(38,498)	(11,777)
Prepaid expenses and other current assets	51,817	(83,464)
Due from allied organization	(260,373)	(5,354)
Due to allied organization	306,997	12,938
Accounts payable and accrued expenses	(1,807)	20,016
	<u>124,435</u>	<u>61,357</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Proceeds from sale of investments	462,371	262,011
Purchases of investments	(565,847)	(340,524)
	<u>(103,476)</u>	<u>(78,513)</u>
Net cash used in investing activities		
Increase (decrease) in cash and cash equivalents	20,959	(17,156)
Cash and cash equivalents at beginning of year	<u>27,837</u>	<u>44,993</u>
Cash and cash equivalents at end of year	<u>\$ 48,796</u>	<u>\$ 27,837</u>

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

BSA FOUNDATION

Notes to Financial Statements

December 31, 2016 and 2015

(1) Nature of Operations

The BSA Foundation (the “Foundation”) is a Massachusetts non-profit organization with a mission to promote public awareness of the built environment and the processes that shape it. The Foundation’s activities include the hosting of educational conferences as well as providing financial support to public education programs that elevate public awareness of design in the broadest sense. The Foundation derives its revenues primarily from fundraising and grants.

(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) Financial Statement Presentation

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets represent net assets without existing donor-imposed stipulations as to their use by the Foundation. Temporarily restricted net assets are net assets with donor imposed time or purpose restrictions that have not yet expired or been met by the Foundation. Permanently restricted net assets are assets with donor-imposed restrictions that require the amount to be held in perpetuity by the Foundation.

(b) 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.

(c) 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.

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BSA FOUNDATION

Notes to Financial Statements

December 31, 2016 and 2015

(d) Contributions Receivable

Contributions receivable consist of unconditional promises to give that are expected to be collected in future years. Contributions receivable are reported as temporarily restricted support 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 it considers sufficient to provide adequate protection against losses resulting from uncollected contributions. In judging the adequacy of the allowance, the Foundation considers multiple factors, including its historical experience with collections, the general economic environment, and the need for specific reserves for pledges 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.

(e) Accounts Receivable

Accounts receivable are stated at the amounts management expects to collect from outstanding balances at year-end. No allowance for doubtful accounts is deemed necessary because management expects to collect these amounts.

(f) Recognition of Income

BSA 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 temporarily restricted net assets if the donor imposes restrictions on their use, including those for which payment is not due until future periods. Upon the satisfaction of the usage 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 unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Realized gains on investments are computed using the average cost method.

Revenues from programs and services are recognized when the services have been performed, amount is considered known, and collection is reasonably assured.

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BSA FOUNDATION

Notes to Financial Statements

December 31, 2016 and 2015

(g) 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.

(h) 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.

(i) 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.

(j) Risks and Uncertainties

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

Accounts receivable represent amounts related to programs and exhibitions and other miscellaneous sources of income. It is the Foundation's policy to evaluate the potential debtor's financial condition, prior to extending credit, in order to determine the amount of open credit to be extended.

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. 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

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BSA FOUNDATION

Notes to Financial Statements

December 31, 2016 and 2015

possible that the value of the Foundation's investments and total net assets balance could fluctuate materially.

(k) 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.

(l) Reclassifications

Certain 2015 amounts have been reclassified to conform to the 2016 presentation. These reclassifications had no effect on previously reported results of operations or net assets.

(3) Contributions Receivable

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, 2016 and 2015, respectively. Contributions receivable consisted of the following as of December 31:

	<u>2016</u>	<u>2015</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 143,810	\$ 101,000
Two to five years	291,180	348,725
	<u>434,990</u>	<u>449,725</u>
Less discount to present value	<u>(23,151)</u>	<u>(33,366)</u>
	411,839	416,359
Less allowance for doubtful accounts	<u>(8,000)</u>	<u>(8,000)</u>
	<u>\$ 403,839</u>	<u>\$ 408,359</u>

(4) 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

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BSA FOUNDATION

Notes to Financial Statements

December 31, 2016 and 2015

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.

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, 2016</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents:				
Money market funds	\$ 20,601	\$ 20,601	\$ -	\$ -
Marketable securities:				
U.S. equity funds	1,239,238	1,239,238	-	-
U.S. bond funds	386,611	386,611	-	-
Total investments	<u>\$1,646,450</u>	<u>\$ 1,646,450</u>	<u>\$ -</u>	<u>\$ -</u>

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BSA FOUNDATION

Notes to Financial Statements

December 31, 2016 and 2015

<u>December 31, 2015</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents:				
Money market funds	\$ 17,221	\$ 17,221	\$ -	\$ -
Marketable securities:				
U.S. equity funds	1,102,457	1,102,457	-	-
U.S. bond funds	363,279	363,279	-	-
Total investments	<u>\$1,482,957</u>	<u>\$ 1,482,957</u>	<u>\$ -</u>	<u>\$ -</u>

(5) Investments

Investments consist of marketable securities, stated at fair value, and are summarized as follows as of December 31, 2016 and 2015:

	<u>2016</u>		<u>2015</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 20,601	\$ 20,601	\$ 17,221	\$ 17,221
U.S. equity funds	1,132,611	1,239,238	1,029,781	1,102,457
U.S. bond funds	385,989	386,611	369,288	363,279
	<u>\$ 1,539,201</u>	<u>\$ 1,646,450</u>	<u>\$ 1,416,290</u>	<u>\$ 1,482,957</u>

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

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 22,576	\$ 21,209
Capital gain distributions	13,294	31,234
Total investment income	<u>35,870</u>	<u>52,443</u>
Net realized and unrealized gains (losses) on investments	60,017	(49,076)
Investment advisory fees	<u>(7,928)</u>	<u>(7,449)</u>
Total return (loss) on investments	<u>\$ 87,959</u>	<u>\$ (4,082)</u>

(Continued)

BSA FOUNDATION

Notes to Financial Statements

December 31, 2016 and 2015

(6) Related Party Transactions

A related party, the Boston Society of Architects, (the “BSA”), provides administrative services to the Foundation for a fee. The BSA is a not-for-profit membership organization. The BSA charged the Foundation \$8,600 in management fees in each of the years ended December 31, 2016 and 2015, which are included in general and administrative expenses in the Foundation’s statements of activities and changes in net assets.

On March 17, 2014, the Foundation entered into a one-year transition agreement with the BSA, overseen by a joint committee. The purpose of the agreement was to develop a joint strategic collaboration plan that allowed the Foundation to carry out the public educational programs and related fundraising that were historically developed and operated by the BSA. All activities undertaken via the collaboration are intended to further the Foundation’s charitable mission. Initial areas of collaboration included civic initiatives, exhibitions, lectures, forums and symposiums.

On May 7, 2015, the Foundation and the BSA entered into a joint collaboration agreement for a period of five years that may be renewed for subsequent two-year terms unless terminated earlier by either party. Under the provisions of the agreement, the Foundation agrees to pay the BSA for services rendered by the BSA. The agreement includes an expense-sharing arrangement whereby specified personnel, facilities and services costs are directly allocated to the Foundation. All BSA employees and contractors who work on Foundation programs and activities remain employees and contractors of the BSA, and the BSA 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 BSA will support the Foundation by participating in necessary meetings and by sharing its staff and operating resources. The BSA 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, 2016 and 2015, the BSA provided support to the Foundation in the amount of \$427,935 paid in monthly installments. These amounts are 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 BSA for payroll and benefit expenses totaling \$349,161 and \$276,647 during the years ended December 31, 2016 and 2015, respectively. These expenses have been allocated to programs, fundraising and general and administrative expenses in the statement of activities and changes in net assets.

(Continued)

BSA FOUNDATION

Notes to Financial Statements

December 31, 2016 and 2015

During the years ended December 31, 2016 and 2015, the Foundation also reimbursed the BSA in the amounts of \$15,752 and \$40,538, respectively, for program, fundraising and general expenses paid by the BSA on its behalf. During the years ended December 31, 2016 and 2015, the BSA collected program fees and donations on behalf of the Foundation totaling \$17,164 and \$16,884, respectively. As of December 31, 2016 and 2015, amounts payable to the BSA were \$341,229 and \$34,232, respectively and amounts receivable from the BSA were \$267,158 and \$6,785, respectively. These amounts are included in due to allied organization and due from allied organization, respectively, on the Foundation's balance sheets.

(7) Amounts Held for Others

During 2016 and 2015, the Foundation acted as a fiscal agent for three nonprofit entities and received and expended cash on their behalf. Amounts held for others totaled \$28,763 and \$23,377 as of December 31, 2016 and 2015, respectively, and are reported as assets and liabilities in the accompanying financial statements.

(8) Defined Contribution Plan

Certain employees who worked for the Foundation but were employees of the Boston Society of Architects ("BSA") participated in a qualified profit sharing retirement plan covering all eligible employees under Internal Revenue Code Section 401(k), which was sponsored by the BSA. During the years ended December 31, 2016 and 2015, the Foundation recognized compensation expense of \$6,421 and \$5,247 for matching contributions made by the BSA for these participants.

(9) Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Purpose restrictions:		
Civic programs	\$ 34,000	\$ -
Time restrictions:		
Contributions receivable	403,839	408,359
	<u>\$ 437,839</u>	<u>\$ 408,359</u>

(Continued)

BSA FOUNDATION

Notes to Financial Statements

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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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Purpose restrictions accomplished:		
Civic programs	\$ -	\$ 22,834
Expiration of donor-imposed time restrictions	<u>168,921</u>	<u>217,895</u>
	<u>\$ 168,921</u>	<u>\$ 240,729</u>

(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 \$24,000 for the years ended December 31, 2016 and 2015 are included in fundraising expenses in the statements of changes in net assets.

(11) Subsequent Events

The Foundation has evaluated all subsequent events through May 17, 2017, the date the financial statements were available to be issued.