

MONTSERRAT COLLEGE OF ART, INC.

FINANCIAL STATEMENTS

JUNE 30, 2019

MONTSERRAT COLLEGE OF ART, INC.

Financial Statements

June 30, 2019 and 2018

C O N T E N T S

Independent Auditors' Report	1-3
Financial Statements:	
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to the Financial Statements	8-28
Reports Required Under <i>Government Auditing Standards</i>:	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financials Statements Performed in Accordance with <i>Government Auditing Standards</i>	29-30



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Montserrat College of Art, Inc.
Beverly, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of Montserrat College of Art, Inc. (the "College") which comprise the statements of financial position as of June 30, 2019 and the related statements of activities and changes in net assets, functional expenses 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 audits. We conducted our audits 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 the College as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the College's financial statements for the year ended June 30, 2018, and we expressed an unmodified opinion on those audited financial statements in our report dated October 17, 2018. In our opinion, the summarized comparative information presented herein as of, and for, the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 2 of the financial statements, the College adopted Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Matters

Our audits were 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 November 19, 2019 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

O'Connor + Drew, P.C.

**Certified Public Accountants
Braintree, Massachusetts**

November 19, 2019

MONTSERRAT COLLEGE OF ART, INC.

Statements of Financial Position

June 30, 2019

Assets

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and equivalents	\$ 2,225,848	\$ 2,673,587
Marketable securities	1,821,102	738,127
Student accounts receivable, net	97,000	59,302
Contributions receivable, net	94,950	164,067
Grant receivable	-	5,952
Prepaid expenses and other assets	157,288	138,861
Property, plant and equipment, net	<u>9,234,155</u>	<u>9,310,742</u>
Total Assets	<u>\$ 13,630,343</u>	<u>\$ 13,090,638</u>

Liabilities and Net Assets

Liabilities:		
Unearned revenue	\$ 619,762	\$ 762,815
Accounts payable	333,771	260,565
Accrued expenses	339,824	259,884
Student housing deposits	89,700	87,600
Long-term debt, net of mortgage issuance costs	<u>5,300,878</u>	<u>5,545,045</u>
Total Liabilities	<u>6,683,935</u>	<u>6,915,909</u>
Net Assets:		
Without donor restrictions	5,199,716	4,533,169
With donor restrictions	<u>1,746,692</u>	<u>1,641,560</u>
Total Net Assets	<u>6,946,408</u>	<u>6,174,729</u>
Total Liabilities and Net Assets	<u>\$ 13,630,343</u>	<u>\$ 13,090,638</u>

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

MONTSERRAT COLLEGE OF ART, INC.

Statements of Activities and Changes in Net Assets

For the Year Ended June 30, 2019
(with comparative totals for the year ended June 30, 2018)

	2019			2018
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Operating Revenues:				
Tuition and fees	\$ 12,259,021	\$ -	\$ 12,259,021	\$ 11,711,025
Housing	2,736,955	-	2,736,955	2,531,332
Less: scholarship and awards	<u>(4,989,448)</u>	<u>-</u>	<u>(4,989,448)</u>	<u>(4,631,172)</u>
Undergraduate tuition, fees and housing, net	10,006,528	-	10,006,528	9,611,185
Private contributions and grants	624,946	261,813	886,759	631,399
Other income	125,959	-	125,959	130,081
Net assets released from restrictions	<u>199,444</u>	<u>(199,444)</u>	<u>-</u>	<u>-</u>
Total Operating Revenues	<u>10,956,877</u>	<u>62,369</u>	<u>11,019,246</u>	<u>10,372,665</u>
Operating Expenses:				
Program:				
College and Continuing Education	3,125,679	-	3,125,679	2,975,303
Student Academic Services and Housing	<u>3,297,697</u>	<u>-</u>	<u>3,297,697</u>	<u>3,290,409</u>
Total Program	<u>6,423,376</u>	<u>-</u>	<u>6,423,376</u>	<u>6,265,712</u>
Management and General:				
Institutional support	2,417,501	-	2,417,501	2,294,917
Plant maintenance	<u>1,146,845</u>	<u>-</u>	<u>1,146,845</u>	<u>1,118,590</u>
Total Management and General	<u>3,564,346</u>	<u>-</u>	<u>3,564,346</u>	<u>3,413,507</u>
Fundraising	<u>341,481</u>	<u>-</u>	<u>341,481</u>	<u>329,959</u>
Total Operating Expenses	<u>10,329,203</u>	<u>-</u>	<u>10,329,203</u>	<u>10,009,178</u>
Changes in Net Assets From Operating Activities	<u>627,674</u>	<u>62,369</u>	<u>690,043</u>	<u>363,487</u>
Non-Operating Activity:				
Investment return	<u>38,873</u>	<u>42,763</u>	<u>81,636</u>	<u>56,391</u>
Total Increase in Net Assets	666,547	105,132	771,679	419,878
Net Assets, Beginning of Year	<u>4,533,169</u>	<u>1,641,560</u>	<u>6,174,729</u>	<u>5,754,851</u>
Net Assets, End of Year	<u>\$ 5,199,716</u>	<u>\$ 1,746,692</u>	<u>\$ 6,946,408</u>	<u>\$ 6,174,729</u>

The accompanying notes are integral part of the financial statements.

MONTSERRAT COLLEGE OF ART, INC.

Statements of Functional Expenses

For the Year Ended June 30, 2019

(with comparative totals for the year ended June 30, 2018)

	2019					2018	
	<u>Program Services</u>		<u>Management and General</u>				
	<u>College and Continuing Education</u>	<u>Student Academic Services and Housing</u>	<u>Institutional Support</u>	<u>Plant and Maintenance</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Salaries and benefits	\$ 2,599,247	\$ 1,486,658	\$ 1,412,527	\$ 250,583	\$ 208,263	\$ 5,957,278	\$ 5,722,991
Rentals and maintenance	6,564	568,177	56,371	194,279	-	825,391	826,172
Utilities	-	168,057	-	390,814	-	558,871	570,504
Depreciation and amortization	171,644	210,099	135,129	-	-	516,872	539,646
Travel and events	159,346	185,425	74,278	-	88,669	507,718	494,864
Professional services and outside help	4,683	73,209	176,320	110,221	13,741	378,174	372,612
Advertising, printing and mailing	15,084	165,638	38,105	-	17,362	236,189	212,821
Educational and office supplies	83,486	148,692	-	-	-	232,178	189,082
Insurance	-	118,986	110,280	-	-	229,266	205,575
Interest	73,502	89,969	54,531	-	-	218,002	228,207
Security	-	-	-	187,926	-	187,926	184,127
Computer and office supplies	-	-	183,592	-	-	183,592	195,151
Other	12,123	70,760	72,664	13,022	10,056	178,625	164,760
Bad debts	-	-	53,647	-	-	53,647	38,365
Dues, subscriptions and memberships	-	12,027	29,921	-	-	41,948	42,008
Computer, telephone and network	-	-	20,136	-	3,390	23,526	22,293
	<u>\$ 3,125,679</u>	<u>\$ 3,297,697</u>	<u>\$ 2,417,501</u>	<u>\$ 1,146,845</u>	<u>\$ 341,481</u>	<u>\$ 10,329,203</u>	<u>\$ 10,009,178</u>

The accompanying notes are integral part of the financial statements.

MONTSERRAT COLLEGE OF ART, INC.

Statements of Cash Flows

For the Years Ended June 30,

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Increase in net assets	\$ <u>771,679</u>	\$ <u>419,878</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	516,872	539,646
Bad debts	53,647	38,365
Realized and unrealized gains on investments	(52,824)	(34,825)
Stock donations	(60,419)	(10,881)
Permanently restricted contributions	(77,905)	(500)
Changes in assets and liabilities:		
Student accounts receivable	(91,345)	(30,123)
Contributions receivable	69,117	68,163
Grant receivable	5,952	(5,952)
Prepaid expenses other assets	(18,427)	34,380
Accounts payable and accrued expenses	153,146	(25,571)
Student deposits and unearned revenue	<u>(140,953)</u>	<u>100,914</u>
Net Adjustments	<u>356,861</u>	<u>673,616</u>
Net Cash Provided by Operating Activities	<u>1,128,540</u>	<u>1,093,494</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(430,194)	(448,955)
Proceeds from sales of marketable securities	882,651	350,545
Purchases of marketable securities	(1,852,383)	(339,330)
Receipt of permanently restricted contributions	<u>77,905</u>	<u>500</u>
Net Cash Applied to Investing Activities	<u>(1,322,021)</u>	<u>(437,240)</u>
Cash Flows from Financing Activities:		
Proceeds from note payable	-	135,000
Payments on capital lease obligation	-	(10,775)
Payments on notes payable	<u>(254,258)</u>	<u>(238,541)</u>
Net Cash Applied to Financing Activities	<u>(254,258)</u>	<u>(114,316)</u>
Net (Decrease) Increase in Cash and Equivalents	(447,739)	541,938
Cash and Equivalents, Beginning of Year	<u>2,673,587</u>	<u>2,131,649</u>
Cash and Equivalents, End of Year	<u>\$ 2,225,848</u>	<u>\$ 2,673,587</u>

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

MONTSERRAT COLLEGE OF ART, INC.

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Note 1 - **Summary of Significant Accounting Policies**

Organization

Montserrat College of Art, Inc. (the “College”) is a not-for-profit corporation, formed in 1970, that provides an intensive visual arts education that will enable students to sustain a lifelong involvement in art and design, and to become informed, responsible members of society. The College operates in Beverly, Massachusetts. Its student body comes primarily from northeastern United States; however, the College has a national and international reach.

The College has been approved by the Commonwealth of Massachusetts Board of Higher Education as a degree-granting institution awarding Bachelor of Fine Arts degrees. It is accredited by the New England Commission of Higher Education and the National Association of Schools of Art and Design.

Comparative Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the College’s financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Basis of Presentation

The accompanying financial statements have been prepared utilizing the accrual basis of accounting in accordance with generally accepted accounting principles in the United State of America which require the College to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expensed for any purpose in performing the objectives of the College. These net assets may be used at the discretion of the College's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some restrictions are temporary in nature; those restrictions will be met by actions of the College or by the passage of time. Other restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

MONTSERRAT COLLEGE OF ART, INC.

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Note 1 - **Summary of Significant Accounting Policies - Continued**

Basis of Presentation - Continued

Restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without restrictions in the statements of activities

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the College's ongoing purpose. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about future events. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. Management evaluates the estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances. Adjustments to estimates and assumptions are made as facts and circumstances require. As future events and their effects cannot be determined with certainty, actual results may differ from the estimates used in preparing the accompanying financial statements. Significant estimates and assumptions are required as part of determining the value of accounts receivable, promises to give, and estimating depreciation.

Cash and Equivalents

Cash and equivalents include all cash on deposit with banks and short-term investments with original maturities of three months or less.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a reserve for bad debt expense, which is based on its assessment of the current status of individual receivables from students, grants and others. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the reserve and a credit to accounts receivable.

MONTSERRAT COLLEGE OF ART, INC.

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Note 1 - Summary of Significant Accounting Policies - Continued

Contributions receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Fair Value Measurements

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

- | | |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the College can access. |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none">• Quoted prices for similar assets or liabilities in active markets;• Quoted prices for similar assets or liabilities in inactive markets;• Inputs other than quoted prices that are observable for the asset or liability; and |

MONTSERRAT COLLEGE OF ART, INC.

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Note 1 - **Summary of Significant Accounting Policies - Continued**

Fair Value Measurements - Continued

- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Property and Equipment

Property and equipment is stated at cost, and depreciation is provided using the straight-line method over the following periods:

Buildings	40 years
Leasehold improvements	6 to 12 years
Equipment, furniture and fixtures	7 to 10 years
Library books	5 to 10 years
Computers	3 to 5 years
Computer software	3 years
Motor vehicles	7 years

Depreciable assets are valued at cost if purchased, or at fair value if contributed. Expenditures for repairs and maintenance are charged to operations as incurred. Renewals and betterments that extend the lives of the assets are capitalized. The cost of property retired or sold, together with the related accumulated depreciation, is removed from the appropriate accounts, and any resulting gain or loss is included in operations.

MONTSERRAT COLLEGE OF ART, INC.

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Note 1 - **Summary of Significant Accounting Policies - Continued**

Unearned Revenue

Unearned revenue consists of amounts received for tuition, housing charges, and fees that are applicable to future summer programs and for the next academic year. The College reports unearned revenue net of related accounts receivable.

Income Taxes

The College has been notified by the Internal Revenue Service that it meets the qualifications to be classified as a tax-exempt entity under Section 501 (c)(3) of the Internal Revenue Code. As a not-for-profit entity exempt from income taxes, the College may, however, be subject to tax on unrelated business income.

Accounting principles generally accepted in the United States of America require an entity to assess the probability that a tax position has a more likely than not (“MLTN”) sustainability after review by tax authorities. If a tax position is deemed not to meet this threshold, any unrecognized tax benefits and costs are estimated and recognized. Tax returns are routinely open for review by the tax authorities for three years from their due date. In certain circumstances the statute of limitations may remain open indefinitely. As a not-for-profit entity exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, the College may, however, be subject to tax on unrelated business income.

Endowment Funds

Massachusetts law requires not-for-profit organizations and other entities that receive donor contributions to operate in conformity with its enacted version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). In the absence of overriding explicit donor stipulations, UPMIFA prescribes guidelines for expenditures of donor restricted funds and focuses on the prudent spending of the entire donor restricted fund, including accumulated earnings, rather than the historical dollar concept. UPMIFA’s requirement that amounts may be appropriated for expenditure only after careful consideration of the seven factors outlined in its spending guidelines is bolstered by its intent to have the governing board of the organization make its decisions in light of the donors' intended purpose of the endowment fund, stipulated or otherwise.

UPMIFA requires donor restricted funds to be classified in accordance with their restrictions. Gains on endowment funds and other amounts permitted to be disbursed in accordance with the donors' stipulations must be classified as net assets with donor restrictions until approved for expenditure by the organization. Earnings on endowment funds that have not yet been specifically approved for expenditure, but will

MONTSERRAT COLLEGE OF ART, INC.

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Note 1 - **Summary of Significant Accounting Policies - Continued**

Endowment Funds

be, must be classified as net assets with donor restrictions until approved for expenditure by the organization.

The College's Trustees classify donor restricted funds and earnings thereon in accordance with applicable state law as interpreted by the Attorney General. Endowment fund assets are appropriated for expenditure in accordance with the directions and/or intent of the donor. Unrealized losses that reduce fair value to an amount below the donated value are charged to net assets without donor restrictions. Unrealized gains will be classified as net assets without donor restrictions to the extent fair value again equals donated cost, at which time unrealized gains will be classified in accordance with the College's spending policy.

The College's investment policy for endowment funds is intended to preserve capital to the extent possible and provide a reasonably predictable stream of revenue to provide appropriate funding to the programs supported by endowment funds.

At June 30, 2019 and 2018, the aggregate fair value of certain investments was \$1,529 and \$2,029 less than their original cost.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

MONTSERRAT COLLEGE OF ART, INC.

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Note 1 - **Summary of Significant Accounting Policies - Continued**

Donated Securities, Materials, Equipment and Services

When significant, donated securities, materials and equipment are reflected as contributions in the accompanying statements at their estimated fair market values as of the date of receipt. Only services that create or enhance nonfinancial assets, require specialized skills and are performed by people with those skills, and would otherwise be purchased by the College are recognized as contributions.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met, and the promises become unconditional.

Tuition, Fees and Housing

Tuition, fees, and housing are recognized as revenue when earned.

Advertising

The College's policy is to expense advertising costs as incurred.

Collections

Collection items acquired either through purchase or donation are not capitalized. Purchases of collection items are recorded as decreases in net assets without donor restrictions if purchased with net assets without donor restrictions and as decreases in net assets with donor restrictions if purchased with donor restricted assets. Contributions of collection items are not recognized in the statements of activities and changes in net assets. Proceeds from deaccessions or insurance recoveries are reflected on the statements of activities and changes in net assets based on the absence or existence and nature of donor-imposed restrictions.

Functional Expenses

The College allocates expenses on a functional basis among its programs and supporting services. Allocations of functional expenses are based on management's discretion, time, studies, and estimates. These variables may change from year to year. As a result, there may be fluctuation in the comparative presentation of the data from year to year. Supporting services are those related to operating and managing the College and its programs on a day-to-day basis and are composed of the following:

MONTSERRAT COLLEGE OF ART, INC.

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Note 1 - **Summary of Significant Accounting Policies - Continued**

Functional Expenses - Continued

Management and general - includes all activities related to the College's internal management and accounting for program services.

Fundraising - includes all activities related to maintaining contributor information, writing grant proposals, distribution of materials, and other similar projects related to the procurement of funds for the College's programs.

Expenses that can be identified with a specific program or supporting service are allocated directly to those classifications. Other expenses that are common to several functions are allocated in accordance with the College's indirect costs allocation plan.

Marketable Securities

The College carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the changes in net assets in the accompanying statements of activities and changes in net assets.

Adoption of New Accounting Pronouncement

Not-for-Profit Entities - Presentation of Financial Statements for Not-for-Profit Entities – The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14. The adoption of this pronouncement had a material effect on the presentation of the financial statements but did not necessitate an adjustment to total net assets of prior periods or operations of the current period. The pronouncement changes the net asset classification and investment return and enhances the disclosures for information about liquidity and availability of resources and expenses. The ASU has been applied retrospectively to all periods presented.

New Accounting Pronouncements

Revenue from Contracts with Customers - FASB issued ASU 2014-09 effective, as amended, for periods beginning after December 15, 2019, for non-public companies. The purpose of the pronouncement is to remove inconsistencies and weaknesses in current revenue recognition requirements; to provide a more robust framework for addressing revenue recognition issues and to improve comparability of recognition across entities, industries, jurisdictions and capital markets. The ASU requires the College to perform certain specific steps to identify performance obligations and determine transaction prices to establish the appropriate revenue recognition, in

MONTSERRAT COLLEGE OF ART, INC.

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Note 1 - **Summary of Significant Accounting Policies - Continued**

New Accounting Pronouncements - Continued

addition to improved disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Management is in the process of evaluating this pronouncement and has not yet determined its impact, if any, on the financial statements.

Leases - The FASB issued ASU 2016-02 effective for non-public and most not-for-profit entities for fiscal years beginning after December 15, 2020. Implementation of this standard will require lessees to recognize on their balance sheet, the rights and obligations resulting from leases categorized as operating leases as assets and liabilities. It provides for an election on leases with terms of less than twelve months to be excluded from this standard. Management is in the process of evaluating this standard and has not yet determined its impact on the financial statements.

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

Reclassification

Certain amounts in the June 30, 2018 financial statements have been reclassified to conform to the June 30, 2019 presentation.

MONTSERRAT COLLEGE OF ART, INC.

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Note 2 - **Marketable Securities**

The College invests in equity and fixed income securities through direct investments, mutual funds, and exchange traded funds. The securities are held by a financial services company. The Board of Trustees has adopted an investment policy to guide investment decisions with respect to the College's return objectives and risk parameters. The investment policy calls for the College to be invested in approximately 55% to 70% equities and 25% to 40% bonds. Subsequent to year end, the Board of Trustees approved a new investment policy. This policy calls for 100% of endowed funds to be invested in equities, and invested, non-endowed funds to be invested in fixed income investments.

Investments, carried at fair value based on quoted market prices, are comprised of the following at June 30, 2019:

	<u>Cost</u>	<u>Market Value</u>
Equity Investments	\$ 1,303,487	\$ 1,317,175
Fixed Income Investments	<u>499,971</u>	<u>503,927</u>
Total Investments	<u>\$ 1,803,458</u>	<u>\$ 1,821,102</u>

Investments, carried at fair value based on quoted market prices, are comprised of the following at June 30, 2018:

	<u>Cost</u>	<u>Market Value</u>
Equity Investments	\$ 441,086	\$ 526,173
Fixed Income Investments	<u>214,998</u>	<u>211,954</u>
Total Investments	<u>\$ 656,084</u>	<u>\$ 738,127</u>

Note 3 - **Student Accounts Receivable**

Student accounts receivable represents amounts due for tuition, fees, and housing from currently enrolled and former students. The College extends unsecured credit to students and parents of dependent students in connection with their studies. Some of those students are no longer enrolled or have completed their degrees.

MONTSERRAT COLLEGE OF ART, INC.

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Note 3 - **Student Accounts Receivable - Continued**

The College establishes a reserve for uncollectible balances after reasonable efforts have been made to collect the outstanding balances including working with a collection agency.

Student accounts receivable consists of the following at June 30,:

	<u>2019</u>	<u>2018</u>
Student accounts receivable	\$ 699,444	\$ 617,306
Less: allowance for doubtful accounts	<u>(602,444)</u>	<u>(558,004)</u>
	<u>\$ 97,000</u>	<u>\$ 59,302</u>

Note 4 - **Contributions Receivable**

Contributions receivable consist of unconditional promises to give from individuals. Management has recorded these contributions at their estimated fair value. For the years ended June 30, 2019 and 2018, discounts of five percent have been used to reflect the present value of the non-current portion of the unconditional promises to give.

Contributions receivable are as follows at June 30,:

	<u>2019</u>	<u>2018</u>
Individual contributions	\$ 97,500	\$ 185,750
Less: unamortized discount	(1,047)	(5,430)
Less: reserve for uncollectible pledges	<u>(1,503)</u>	<u>(16,253)</u>
	<u>\$ 94,950</u>	<u>\$ 164,067</u>

MONTSERRAT COLLEGE OF ART, INC.

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Note 4 - **Contributions Receivable - Continued**

A schedule of the anticipated future minimum receipts of individual contributions is as follows at June 30,:

	<u>2019</u>	<u>2018</u>
Amounts due in:		
Less than one year	\$ 76,000	\$ 90,750
One to five years	<u>21,500</u>	<u>95,000</u>
Total	<u>\$ 97,500</u>	<u>\$ 185,750</u>

Note 5 - **Fair Value Measurement**

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019.

Marketable Securities: Marketable securities consist of direct and indirect (mutual funds) investments in equity and debt securities. Mutual funds and direct investments are priced daily on the open market.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

Although the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The College's investments consist entirely of Level 1 assets as of June 30, 2019 and 2018.

MONTSERRAT COLLEGE OF ART, INC.

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Note 6 - **Property, Plant and Equipment**

A summary of the major components of property and equipment is as follows at June 30,:

	<u>2019</u>	<u>2018</u>
Land and buildings	\$ 13,635,103	\$ 13,422,661
Construction in process	37,912	37,802
Library materials	588,299	588,299
Educational equipment	1,926,324	1,936,841
Office equipment	1,181,668	1,504,117
Motor vehicles	17,709	17,709
Furniture and fixtures - student housing	<u>286,430</u>	<u>243,211</u>
	17,673,445	17,750,640
Less: accumulated depreciation	<u>(8,439,290)</u>	<u>(8,439,898)</u>
Property and Equipment	<u>\$ 9,234,155</u>	<u>\$ 9,310,742</u>

Depreciation expense for the years ended June 30, 2019 and 2018, was \$506,781 and \$529,555, respectively.

Note 7 - **Debt Obligations**

Line of Credit

The College has a revolving line of credit, allowing for maximum drawings of \$1,000,000 and \$1,400,000 bearing interest at Prime and 1% plus Prime as of June 30, 2019 and 2018, respectively. (Prime was 5.50% and 4.75 % as of June 30, 2019 and 2018, respectively) The note is secured by all business assets and is due on demand and subject to annual renewal in December 2019. The note requires the College to meet certain operating and financial covenants. As of June 30, 2019 and 2018, no amounts were outstanding under this line.

MONTSERRAT COLLEGE OF ART, INC.

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Note 7 - **Debt Obligations – Continued**

Long-Term Debt

The College's long-term debt consists of the following as of June 30,:

	<u>2019</u>	<u>2018</u>
Notes payable	\$ 5,329,468	\$ 5,583,726
Less: mortgage issuance costs	<u>(28,590)</u>	<u>(38,681)</u>
	<u>\$ 5,300,878</u>	<u>\$ 5,545,045</u>

The College has a note payable bearing interest at 4.00% at June 30, 2019 and 2018, in the original amount of \$7,400,000, dated April 2012, secured by certain real estate of the College. The note requires monthly payments of principal and interest of \$36,998 through March of 2022. A balloon payment of \$4,553,312 is due in April 2022. The note requires the College to meet certain operating and financial covenants. As of June 30, 2019 and 2018, \$5,231,968 and \$5,463,726 was outstanding under this note, respectively.

On August 1, 2017, the College entered into a note payable agreement with a landlord for \$135,000 to use for renovating class room space in a building the College leases from the landlord. The note does not bear interest and requires monthly principal payments of \$1,875 through October 2024. As of June 30, 2019, \$97,500 was outstanding under this note.

The maturity of this debt over the next five years and thereafter is as follows as of June 30, 2019:

Years Ending	
<u>June 30,</u>	
2020	\$ 261,460
2021	271,195
2022	4,766,813
2023	22,500
2024	<u>7,500</u>
	<u>\$ 5,329,468</u>

MONTSERRAT COLLEGE OF ART, INC.

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Note 7 - **Debt Obligations – Continued**

Mortgage Issuance Costs

The College amortizes mortgage issuance costs over the same period as the repayment terms of the acquired debt. Mortgage issuance costs of \$28,590 and \$38,681 are net of accumulated amortization of \$72,319 and \$62,228 as of June 30, 2019 and 2018, respectively. Amortization expense was \$10,091 for the years ended June 30, 2019 and 2018. Amortization expense in future years is \$10,091 per year through June 30, 2021, and \$8,409 for the year ended June 30, 2022.

Total interest expense on all indebtedness for the years ended June 30, 2019 and 2018, was \$218,002 and \$228,207, respectively.

Note 8 - **Net Assets**

Net Assets Without Restrictions

Net assets without donor restrictions comprise the receipt of funds relating to activities the College engages in that are not restricted in nature, and gains on endowed net assets. Board designated net assets are earmarked to be included in the endowment. Net assets without restrictions consist of the following at June 30,:

	<u>2019</u>	<u>2018</u>
Undesignated	\$ 4,726,459	\$ 4,533,169
Board Designated	<u>473,257</u>	<u>-</u>
	<u>\$ 5,199,716</u>	<u>\$ 4,533,169</u>

Net Assets With Restrictions

Net assets with restrictions consist of the following at June 30,:

	<u>2019</u>	<u>2018</u>
Scholarships and Grants	\$ 889,776	\$ 883,120
Endowed	<u>856,916</u>	<u>758,440</u>
	<u>\$ 1,746,692</u>	<u>\$ 1,641,560</u>

MONTSERRAT COLLEGE OF ART, INC.

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Note 9 - **Endowment Net Assets**

Endowment funds consist of donor-restricted and board designated funds. Board designated endowment funds are earmarked by the Board to be invested to provide income for the College's general operations. Changes in endowment net assets for the years ended June 30, 2019 and 2018 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, at June 30, 2017	\$ (2,900)	\$ 732,053	\$ 729,153
Investment return	871	47,145	48,016
Contributions	-	500	500
Amounts appropriated for expenditure	<u>-</u>	<u>(21,258)</u>	<u>(21,258)</u>
Endowment net assets, at June 30, 2018	(2,029)	758,440	756,411
Investment return	24,559	42,260	66,819
Board designated	449,198	-	449,198
Contributions	-	77,905	77,905
Amounts appropriated for expenditure	<u>-</u>	<u>(21,689)</u>	<u>(21,689)</u>
Endowment net assets, at June 30, 2019	<u>\$ 471,728</u>	<u>\$ 856,916</u>	<u>\$ 1,328,644</u>

MONTERRAT COLLEGE OF ART, INC.

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Note 10 - **Retirement Plan**

The College provides a TIAA-CREF retirement plan to full-time faculty and staff members who have completed two years of service. The retirement plan is administered by an outside agency. For the year ended June 30, 2019, the College voted to make an elective match of 3% to eligible plan participants. The match, which was accrued and paid subsequently to year end, totaled \$67,762. The College contributed a 2.5% elective match for the year ended June 30, 2018, totaling \$45,954.

Note 11 - **Lease Commitments**

The College leases student apartments and academic space under agreements with periods ranging from one to ten years. Rent expense for the years ended June 30, 2019 and 2018, was \$820,175 and \$807,378, respectively. Certain properties are rented under tenant-at-will arrangements with members of the Board and businesses they control. Related party rent expense for the years ended June 30, 2019 and 2018 was \$168,384 and \$209,835, respectively.

Future minimum lease payments subsequent to June 30, 2019 are as follows:

Years Ending <u>June 30,</u>	
2020	\$ 636,060
2021	655,085
2022	643,700
2023	646,706
2024	484,285
Thereafter	<u>5,100,226</u>
	\$ <u>8,166,062</u>

As of June 30, 2019, there were no future minimum lease payments due to members of the Board of Trustees and businesses they control. All lease agreements with related parties were tenant-at-will arrangements as of the year ended June 30, 2019.

Note 12 - **Related Party Transactions**

For the years ended June 30, 2019 and 2018, contributions from members of the Board of Trustees, or companies they control, amounted to approximately 24% and 27% of

MONTSERRAT COLLEGE OF ART, INC.

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Note 12 - **Related Party Transactions - Continued**

total contributions, respectively. Approximately \$52,500 and \$116,000 in gross contributions receivable are due from members of the Board of Trustees, or companies they control, as of June 30, 2019 and 2018, respectively.

A member of the Board of Trustees is the President of a Company from which the College purchases educational supplies. During the years ended June 30, 2019 and 2018, the College purchased goods totaling \$1,485 and \$227, respectively.

Two members of the Board of Trustees are partners in law firms that provide legal services to the College. These firms provided the College with legal services of \$10,492 and \$11,242 during the years ended June 30, 2019 and 2018, respectively.

A member of the Board of Trustees is an officer of a bank, which is a participant in a mortgage note issued to the College. In addition, the College has a depository relationship with this institution.

The Dean of College Relations is married to an individual that owns a company from whom the College purchases printing services. During the year ended June 30, 2019 and 2018, the College purchased goods and services totaling \$44,471 and \$7,771, respectively.

Note 13 - **Supplemental Cash Flow Information**

Cash paid for interest was \$218,211 and \$227,878 during the years ended June 30, 2019 and 2018, respectively.

During the year ended June 30, 2019, fixed assets with a cost basis of \$507,369 and accumulated depreciation of \$507,369 were disposed of.

Note 14 - **Composite Score Standard**

As a condition of eligibility to participate in the various Federal assistance programs, the College is required to demonstrate financial responsibility, as defined in the United States Department of Education regulations, by maintaining a “composite score standard” of at least 1.5. The regulations also established a composite score zone between 1.0 and 1.4, demonstrating an institution as financially weak, but viable.

MONTSERRAT COLLEGE OF ART, INC.

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Note 14 - **Composite Score Standard - Continued**

Regulations allow institutions falling within this zone up to three consecutive years to improve their financial condition without requiring surety.

For the years ended June 30, 2019 and 2018, the College has calculated its composite score as 2.7 and 2.4, respectively.

Note 15 - **Concentrations, Risks and Uncertainties**

Cash

The College maintains cash balances at several financial banking institutions, and at times during the year, these balances may exceed the federally insured limit. The College had deposits of \$920,435 and \$715,508 in excess of FDIC insurance at December 31, 2019 and 2018, respectively. Management monitors the financial condition of these banking institutions, along with its balances in cash, to keep this potential risk at a minimum.

Contributions

For the years ended June 30, 2019 and 2018, two donors represented approximately 92% and 86% of the gross outstanding contributions receivable balance, respectively. For the years ended June 30, 2019 and 2018, 54% and 17% of contributions are from contributors, including certain related parties, donating \$30,000 or more, respectively.

Student Financial Aid

Through the U.S. Department of Education, the College participates in the Title IV Higher Education Act programs. These programs include Pell Grants, Federal Work Study, Federal Direct Loan Program, and Federal Supplemental Educational Opportunity Grants. Receipts from these Federal programs represent approximately 38% and 39% of tuition and fee revenue for the years ended June 30, 2019 and 2018, respectively.

Uncertainties

In addition to revenues from tuition and fees, the College is dependent upon revenues from grants and contributions. Although management believes that it will have sufficient funds to meet its operating expenses between funds already available and promised grants, there is no guarantee that these grants and other sources of funds will continue into future years. As a result, management continues to actively seek new grants and other sources of revenue.

MONTSERRAT COLLEGE OF ART, INC.

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Note 15 - **Concentrations, Risks and Uncertainties - Continued**

Claims

From time to time, the College may be involved in various claims and lawsuits, both for and against the College, arising in the normal course of business. Management believes that any financial responsibility that may be incurred in settlements of such claims and lawsuits would not be material to the College's financial position.

Note 16 - **Availability and Liquidity**

The following represents the College's financial assets available to meet general expenditures within one year at June 30,:

	<u>2019</u>	<u>2018</u>
Financial assets at year-end:		
Cash and equivalents	\$ 2,225,848	\$ 2,673,587
Investments, short-term	1,821,102	738,127
Accounts receivable	97,000	59,302
Current portion of unconditional promises to give	<u>74,497</u>	<u>74,500</u>
	<u>4,218,447</u>	<u>3,545,516</u>
Less: amounts not available to be used within one year:		
Board designated net assets	473,257	-
Net assets with restrictions	<u>1,746,692</u>	<u>1,641,560</u>
	<u>2,219,949</u>	1,641,560
Addback:		
Endowment drawdown for operations	23,000	21,689
Non-current portion of unconditional promises to give	<u>21,500</u>	<u>89,567</u>
	<u>44,500</u>	111,256
Financial assets available to meet general expenditures within one year	<u>\$ 2,042,998</u>	<u>\$ 2,015,212</u>

MONTSERRAT COLLEGE OF ART, INC.

Notes to the Financial Statements - Continued

June 30, 2019 and 2018

Note 16 - **Availability and Liquidity - Continued**

The College reviews its cash position on a regular basis to ensure that adequate funds are on hand to meet expenses. If funds are needed for expenses, management can liquidate its short-term investments or request that the Board undesignate previously designated assets. To help manage unanticipated liquidity needs, a committed line of credit of \$1,000,000 can be drawn upon (\$1,400,000 as of June 30, 2018) (see Note 7). As of June 30, 2019 and 2018, management believes the College has no liquidity issues.

Note 17 - **Management's Acceptance of Financial Statements**

Management has evaluated subsequent events through November 19, 2019, the date for which the financial statements were available for issuance. Management accepted the financial statements and did not identify any events subsequent to June 30, 2019 requiring disclosure in these financial statements.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
Montserrat College of Art, Inc.
Beverly, Massachusetts

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of Montserrat College of Art, Inc. (the "College"), which comprise the statement of financial position as of June 30, 2019, the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated November 19, 2019.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered the College'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 College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College'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*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "O'Connor + Drew, P.C.".

**Certified Public Accountants
Braintree, Massachusetts**

November 19, 2019