MASSACHUSETTS BAY COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

INDEPENDENT AUDITOR'S REPORTS AS REQUIRED BY THE UNIFORM GUIDANCE AND *GOVERNMENT AUDITING STANDARDS* AND RELATED INFORMATION

June 30, 2025

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ADVISORY TAX AUDIT

MASSACHUSETTS BAY COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Independent Auditor's Reports as Required by the Uniform Guidance and *Government Auditing Standards* and Related Information

June 30, 2025

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Massachusetts Bay Community College:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Massachusetts Bay Community College's (an agency of the Commonwealth of Massachusetts) (the "College") compliance with the types of compliance requirements described in the Office of Management and Budget ("OMB") *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2025. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Massachusetts Bay Community College and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Massachusetts Bay Community College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Massachusetts Bay Community College's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed one instance of noncompliance which are required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2025-002. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control* over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control* over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Finding 2025-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the College as of and for the year ended June 30, 2025. We issued our report thereon dated January 14, 2026, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance. 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

WithumSmith+Brown, PC

March 13, 2026

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ADVISORY TAX AUDIT

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 AUDITOR'S REPORT

To the Board of Trustees of
Massachusetts Bay Community College:

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 *("Government Auditing Standards")*, the financial statements of Massachusetts Bay Community College (the "College"), and its discretely presented major component unit, which comprise the statement of net position as of June 30, 2025, the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon with a date of January 14, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the College's internal control over financial reporting ("internal control") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic 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 College'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control in the Foundation, a discretely presented major component unit of the College, described in the accompanying schedule of findings and recommendations as Finding 2025-001 that we consider to be a material weakness.

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Report of Compliance and Other Matters

As part of obtaining reasonable assurance about whether Massachusetts Bay Community College's financial statements are free from 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 financial statements. 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*.

Foundation's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Foundation's response to the finding identified in our audit and described above. The Foundation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

WithumSmith+Brown, PC

January 14, 2026

Current Year Findings

Finding 2025-001

Criteria

Investments with the intention to be held in excess of one-year should be classified as non-current under generally accepted accounting principles in the United States of America (U.S. GAAP).

Condition

The Foundation has determined that it had improperly classified long-term investments held in the endowment as current within the June 30, 2024 financial statements.

Cause

Year-end financial reporting procedures did not identify the need to reclassify endowment investments to noncurrent assets.

Effect

The misclassification resulted in current investments being overstated and noncurrent investments being understated by approximately $2.5 million at June 30, 2024.

Recommendation

We recommend that the Foundation implement enhanced year-end financial reporting procedures, including review checklists and supervisory review, to ensure that investments with the intention to be held in excess of one-year are classified as noncurrent assets.

Management Response

Management accepts the Finding 2025-001 regarding the classification of investments between current and non-current as prescribed by generally accepted accounting principles and recommended by the Foundation's auditors. This change was a presentation matter only and had no impact on our investment balance in total. The Foundation will implement the change to bring the financial reporting in line with generally accepted principles and best practices.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

MASSACHUSETTS BAY COMMUNITY COLLEGE
(an Agency of the Commonwealth of Massachusetts)

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

	Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Award Number	Federal Expenditures	Passed Through to Subrecipients
STUDENT FINANCIAL ASSISTANCE CLUSTER					
U.S. Department of Education:					
Direct Awards:					
Federal Supplemental Educational Opportunity Grant	84.007	N/A	N/A	$ 135,012	$ -
Federal Work-Study Program	84.033	N/A	N/A	78,043	-
Federal Pell Grant Program	84.063	N/A	N/A	8,388,194	-
Federal Direct Student Loans	84.268	N/A	N/A	1,142,583	-
Total Student Financial Assistance Cluster				9,743,832	-
RESEARCH AND DEVELOPMENT CLUSTER					
National Science Foundation:					
Direct Awards:					
STEM Education (formerly Education and Human Resources)	47.076	N/A	N/A	337,098	-
Pass-through Awards:					
STEM Education (formerly Education and Human Resources)	47.076	Northeastern University	502780-78050	22,565	-
STEM Education (formerly Education and Human Resources)	47.076	Northeastern University	512034-78050	5,407	-
				27,972	-
STEM Education (formerly Education and Human Resources)	47.076	The State University of New York	1185206-10-98604	47,186	16,763
Total National Science Foundation				412,256	16,763
U.S. Department of Defense					
Pass-through Awards:					
Basic, Applied and Advanced Research in Science and Engineering	12.630	Massachusetts Technology Collaborative	22531	203,068	146,880
Total Research and Development Cluster				615,324	163,643

See the accompanying notes to the Schedule of Expenditures of Federal Awards.

MASSACHUSETTS BAY COMMUNITY COLLEGE
(an Agency of the Commonwealth of Massachusetts)

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

NON-CLUSTER					
U.S. Department of Education:					
Direct Awards:					
Higher Education Institutional Aid	84.031A	N/A	N/A	102,235	-
Fund for the Improvement of Postsecondary Education	84.116Z	N/A	N/A	302,567	-
Subtotal - Direct Awards				404,802	-
Pass-through Awards:					
Career and Technical Education - Basic Grants to States	84.048	Massachusetts Department of Education	FV048A2421	211,424	-
Total U.S. Department of Education				616,226	-
U.S. Department of Labor:					
Pass-through Awards:					
Workforce Data Quality Initiative (WDQI)	17.261	Bunker Hill Community College	CC-38932-22-60-A-25	77,296	-
Corporation for National and Community Service					
Direct Awards:					
Federal AmeriCorps Program	94.006	N/A	N/A	14,305	-
Total Non-Cluster				707,827	-
Total Federal Funds				$ 11,066,983	$ 163,643

See the accompanying notes to the Schedule of Expenditures of Federal Awards.

MASSACHUSETTS BAY COMMUNITY COLLEGE
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Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Note 1 - **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Massachusetts Bay Community College (the "College") under programs of the federal government for the year ended June 30, 2025. The information on the Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the College.

Note 2 - **Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

Note 3 - **Indirect Cost Rate**

The College has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - **Federal Direct Student Loans**

The College disbursed $1,142,583 of loans under the Federal Direct Student Loans program, which include Stafford Subsidized and Unsubsidized Loans and Parent Plus Loans. The College is only responsible for the performance of certain administrative duties, and accordingly, there are no significant continuing compliance requirements, and these loans are not included in the College's financial statements.

MASSACHUSETTS BAY COMMUNITY COLLEGE
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Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

<u>Section I – Summary of Auditor's Results:</u>

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	_x_ yes___ no
• Significant deficiencies identified that are not considered to be material weaknesses?	___ yes _x_ no
Noncompliance material to the financial statements noted?	___ yes _x_ no

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
• Material weaknesses identified?	___ yes _x_ no
• Significant deficiencies identified that are not considered to be material weaknesses?	_x_ yes___ no
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	_x_ yes___ no

MASSACHUSETTS BAY COMMUNITY COLLEGE
(an Agency of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2025

Section I – Summary of Auditor's Results - Continued:

Identification of Major Programs

Name of Federal Program or Cluster	Assistance Listing #
Student Financial Assistance Cluster:	
Federal Supplemental Educational Opportunity Grant	**84.007**
Federal Work-Study Program	**84.033**
Federal Pell Grant Program	**84.063**
Federal Direct Student Loans	**84.268**

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

Auditee qualified as a low-risk auditee? ___ yes _x_ no

MASSACHUSETTS BAY COMMUNITY COLLEGE
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Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2025

Section II – Financial Statement Findings:

Finding 2025-001

Criteria
Investments with the intention to be held in excess of one-year should be classified as non-current under generally accepted accounting principles in the United States of America (U.S. GAAP).

Condition
The Foundation has determined that it had improperly classified long-term investments held in the endowment as current within the June 30, 2024 financial statements.

Cause
Year-end financial reporting procedures did not identify the need to reclassify endowment investments to noncurrent assets.

Effect
The misclassification resulted in current investments being overstated and noncurrent investments being understated by approximately $2.5 million at June 30, 2024.

Recommendation
We recommend that the Foundation implement enhanced year-end financial reporting procedures, including review checklists and supervisory review, to ensure that investments with the intention to be held in excess of one-year are classified as noncurrent assets.

Management Response
Management accepts the Finding 2025-001 regarding the classification of investments between current and non-current as prescribed by generally accepted accounting principles and recommended by the Foundation's auditors. This change was a presentation matter only and had no impact on our investment balance in total. The Foundation will implement the change to bring the financial reporting in line with generally accepted principles and best practices.

<u>Section III – Federal Awards Findings and Questioned Costs:</u>

Finding number:	2025-002
Federal agency:	U.S. Department of Education (“ED”)
Programs:	Student Financial Assistance Cluster
Assistance listing #’s:	84.063, 84.268
Award year:	2025

Criteria
According to 34 CFR 685.309(b)(2):

> Unless [the institution] it expects to submit its next updated enrollment report to the Secretary within the next 60 days, a school must notify the Secretary within 30 days after the date the school discovers that –
>
> (i) A loan under Title IV of the Act was made to or on behalf of a student who was enrolled or accepted for enrollment at the school, and the student has ceased to be enrolled on at least a half-time basis or failed to enroll on at least a half-time basis for the period for which the loan was intended; or
>
> (ii) A student who is enrolled at the school and who received a loan under Title IV of the Act has changed his or her permanent address.

<u>The Dear Colleague Letter GEN-12-6</u> issued by the U.S. Department of Education (“ED”) on March 30, 2012 states that in addition to student loan borrowers, Enrollment Reporting files will include two additional groups of students: Pell Grant and Perkins Loan recipients.

According to 2 CFR Part 200, Appendix XI Compliance Supplement updated April 2018:

> Under the Pell Grant and loan programs, institutions must complete and return within 15 days the Enrollment Reporting roster file placed in their Student Aid Internet Gateway mailboxes sent by ED via the National Student Loan Data System (“NSLDS”). The institution determines how often it receives the Enrollment Reporting roster file with the default set at a minimum of every 60 days. Once received, the institution must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the NSLDS website. Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer.

Condition
The Federal Government requires the College to report student enrollment status to the National Student Loan Data System ("NSLDS") correctly. Of the 40 students selected for testing, 1 student had a status change that was not reported to NSLDS within the required timeframe and 1 student had a status change for which the effective date was not reported to NSLDS properly.

Cause
The College did not have adequate procedures in place to ensure that students with status changes were reported to NSLDS properly and within the required timeframe.

Effect
The College did not report the student's status change to NSLDS properly, which may impact the student's loan grace periods.

Questioned Costs
Not applicable.

Perspective
Our sample was not, and was not intended to be, statistically valid. Of the 40 students selected for testing, 1 student, or 2.5% of our sample, had a status change that was not reported to NSLDS within the required timeframe and 1 student, or 2.5% of our sample, had a status change for which the effective date was not reported to NSLDS properly.

Identification as a Repeat Finding, if applicable
Not applicable.

Recommendation
The College should provide training to employees responsible for processing information for the NSLDS and ensure that they have adequate knowledge in the related rules and regulations. This training should include an explanation of the College's date of determination of withdrawal, the importance of reporting timely and accurately and the consequences of late and inaccurate reporting. Additionally, submission of additional rosters may reduce the likelihood of the finding in the future.

View of Responsible Officials
The College agrees with the finding.

MassBay Community College
Wellesley Hills Campus
50 Oakland Street
Wellesley Hills, MA 02481
Tel: 781.239.3000

Management's Summary Schedule of Prior Audit Findings

The College had a Single Audit performed on the Schedule of Expenditures of Federal Awards for the year ended June 30, 2024. There were no audit findings reported within the Single Audit report.

MassBay Community College
Wellesley Hills Campus
50 Oakland Street
Wellesley Hills, MA 02481
Tel: 781.239.3000

Management's Corrective Action Plan

Finding number: 2025-002
Federal agency: U.S. Department of Education ("ED")
Programs: Student Financial Assistance Cluster
Assistance listing #'s: 84.063, 84.268
Award year: 2025

The College will be looking at making some business process changes to review files submitted to NSC (National Student Clearing House) and NSLDS (National Student Loan Data Service) monthly and perform monthly data reconciliation between responsible offices to ensure students are accurately reported to ED/NSLDS. This new implementation will allow the College/Office to better verify each student's enrollment status and visibility of reporting issues in the future.

Timeline for Implementation of Corrective Action Plan:
The procedure was implemented starting with the Spring 2026 semester and has continued since.

Contact Person: Alex Jean-Jacques, Director of Financial Aid Operations