The institution's financial resources are sufficient to sustain the achievement of its educational objectives and to further institutional improvements now and in the foreseeable future. The institution demonstrates through verifiable internal and external factors its financial capacity to graduate its entering class. The institution administers its financial resources with integrity.

## **DESCRIPTION**

The College has made considerable progress in managing its financial resources during the past five years and is now more financially stable than it was at the time of the 2006 NEASC Self-Study. While remaining a heavily tuition-dependent institution, the College has benefited from a significant increase in enrollment revenue during this period. Student tuition and fees have increased from \$4.3 million in 2005 to \$6.66 million in 2010, an increase of 55%. During the past five years, the College has also supplemented this revenue stream with substantial increases in grants and gifts. During this period, grants and gifts income increased from \$634, 000 in 2005 to \$1,255,000 in 2010, an increase of 99%. Substantially all of the income generated at the College is directed to the overall support of its student body.

The College carries no long-term debt but has continued to establish a \$500,000 line of credit that it exercises annually and repays prior to the end of each fiscal year. The endowment value during the last five years has languished due to continued capital improvements and loss of market equity. Endowment values have declined from \$4.0 million in 2005 to \$2.97 million in 2010. Professional investment advisors, under guidelines established by the Board of Directors as to investment mix, market concentration, and risk level, manage the endowment investments, with oversight by the Finance Committee. While not a part of the College's endowment, the value of the strategically located campus has been estimated to be in excess of \$15 million.

The College has recently updated its Strategic Plan including 5-year financial projections. A collaborative effort brought together the long term goals of financial viability and the overall stability and growth of our student population and academic standing. This has resulted in providing the most comprehensive long term academic roadmap commensurate with financial stability in the recent history of the college. While the financial progress projected over this period will not be immediate, it does provide a roadmap for sound financial planning resulting in gradual and sustainable improvement. This multi-year financial planning further allows the college to forecast in advance planned changes in demographic and academic trends.

In 2009, the College hired it first Chief Financial Officer (CFO) and with the establishment of this position, implemented a more thorough, organized budget process. Emphasizing a team approach to the process involves the various deans, senior staff, and department chairs, the objective to prepare a

balanced budget using estimated revenues as the basis for overall expenses. The process begins in late winter when the CFO meets with the Dean of Admissions and the Director of Development to develop revenue projections for the upcoming fiscal year, which begins July 1. Next, the CFO sends out individual budgets for the past year with updated information on how each departmental budget has performed versus their original budget in the current year. New budget request forms are also included. Individual department chairs work with the Dean of Academic Affairs in preparing individual programmatic budgets while the remaining deans and directors work directly with the CFO; all are requested to submit budget requests for personnel and operating expenses for their departments. Once all the preliminary budget requests have been submitted and reviewed by the CFO, a department-by-department meeting is conducted to review each budget. These meetings lead to the resubmission of final budgets during May of each year. The CFO and the President then meet to approve the individual budgets and prepare them for presentation to the Finance Committee. All departments are also requested to submit prioritized equipment and capital expenditure needs for their areas, including all hardware and software requests. Once each request is approved, a separate capital expenditure section is included in the overall budget. Upon review by the Finance Committee and approval of the President, the completed budget is presented to the Board of Directors for final approval.

The CFO is responsible for monthly review and compliance in monitoring the results, to determine if adjustments must be made to achieve a balanced budget. Monthly, the Finance Committee closely monitors the financial results and compares actual results with the budget to address any issues of concern. They report their findings at regularly scheduled quarterly meetings of the Board of Directors.

The College is unique because many incoming students do not apply, enroll, or even become accepted until well into the summer of the new fiscal year. This presents a major problem in forecasting enrollment revenues in the May and June period. Once all enrollment revenues are known, usually in October of the new school year, the College adjusts the original estimated tuition revenues. In 2010, when a torrential rain storm collapsed the roof of the administrative offices in July, the relocation of all enrollment personnel for a seven-week period severely disrupted the enrollment process at the busiest and most critical time of our year. The resultant decline in enrollment from 2010, of approximately 9%, has led to a pronounced re-projection of the budget and most likely projects a loss for the coming year.

#### **Audit**

The Audit Committee is responsible for insuring that the College finances are audited in a responsible manner in accordance with generally accepted accounting standards. The external auditors perform annual financial statement audits, audit the internal control structure, prepare the annual financial statements, and recommend procedural improvements in their management letter. The Audit Committee reviews both the audited statements and the management letter, and reports to the Board of Directors at its annual meeting where any issues or exceptions to the management letter are addressed and rectified.

### **Capital Expenditures**

The College has made continued annual progress in addressing our aging facilities. The majority of the capital budgeting for the College over the past five years has been the result of vitally needed improvements to the infrastructure, such as new boilers and technology upgrades that include new computing labs, new electronic labs, a new lathe, new HVAC equipment, and new college management software. Meanwhile, given the budgetary constraints of funding operating deficits, capital expenditures for plant and other equipment have been held to those of absolute necessity to maintain the existing plant in adequate operating condition. A capital budget is now included as part of the annual budget process and both equipment and capital improvements are planned and budgeted annually.

## **Fundraising**

In 2004 the College instituted a resource development program to fill the gap between tuition revenue and annual operating expenses. Current fundraising targets alumni, corporations, foundations, directors, and individual donors, as well as sponsoring special events. The Director of Operations led these efforts that were carried out by volunteers, including a grant-writing committee of employees that identified needs, researched prospects, and submitted grant applications. In 2005, BFIT took the next step towards establishing a permanent development office by hiring a highly effective contract grants writer. In the 2006 fiscal year, the Board created a Development Committee that has been actively involved in shaping and implementing the fundraising plan presented at the annual Board meeting. In 2008, the College hired a full-time Director of Development to focus on developing relationships with and soliciting the full complement of institutional and individual sources that correspond to the mission and purpose of the College. The development effort is capitalizing on the availability of funds to assist the College in serving primarily academically underserved and financially disadvantaged students desiring a technical education. The College has received significant gifts and grants that have resulted in increases in annual fundraising revenue every year. Since 2009 the Development Office has been a two-person office with a Director of Development and a Development Associate. The contract grants writer also still works with the College.

### **APPRAISAL**

# **Strengths**

- Fundraising revenue in 2008 reached \$895,000 and \$1,255,000 in 2009/10. In addition, the College succeeded in securing a \$99,000 grant for 2010/11 from the Department of Health and Human Services Health Resources and Services Administration (HRSA) to begin an Ophthalmic Assisting Program. In the past two-and-a-half years, the College also has been awarded three, multi-year National Science Foundation (NSF) grants totaling over \$1 million:
  - 2008 SCATE South Carolina Advanced Technological Education The College adapted and implemented this innovative Technology Gateway Curriculum dedicated to expanding excellence in technician education and increasing the quantity, quality, and diversity of Engineering Technology graduates to support business and industry and to encourage continued economic development. Grant award: \$150,000.

- 2010 STEM (Science, Technology, Engineering, and Math) "All Stars" Scholarships this grant increases access to College and boosts the success rates of academically talented Boston area students studying science, technology, engineering, and math. Grant award: \$599,000 over five years.
- 3. 2010 AVF Alternate Fuel Vehicle Operations and Maintenance grant for the Associate's Degree and an additional "sustainable business practices" component for the Bachelor of Science Degree in Automotive Technology, making us the only College in Massachusetts to train hybrid vehicle technicians. Grant award: \$380,000 over five years.
- In fall 2010, two more NSF grant applications were submitted for \$943,790: one is for Engineering Technologies, and the second for 21<sup>st</sup> Century Electrical Technicians.
- Hiring a CFO within the last year has significantly improved the financial management of the College
  and enables the creation and oversight of a sound budgeting process. Individual departments and
  programs are now tightly budgeted with monthly reviews to insure that all are within their
  parameters. Timely adjustments and re-projections can now be made in response to current
  conditions and requirements.
- In a troubled economy, the College is very fortunate to have loyal foundation funders, supportive trustees, and the NSF grants as a base. The long-term development goals are to make more capital improvements, increase the annual fund revenue, and increase the endowment by steadily engaging more major gift donors and alumni.

## Concerns

- The primary issues facing the College continue to be addressing the deferred maintenance problems brought about by years of neglect and the inadequate financial condition to rectify this need. Although the College has made continued annual progress in addressing its aging facilities, two of our three buildings are over 100 years old. Significant necessary and emergency repairs continue to hamper the overall issue of addressing the deferred maintenance requirements in an orderly and prioritized manner. The College has recently engaged BLW Engineering to conduct a comprehensive study of the total infrastructure of the campus in hopes of obtaining an accurate estimate and prioritization of the repairs necessary to renovate and upgrade the campus buildings and facilities. The estimate for this work is in the area of \$10 \$15 million and would not include the possibility of a much needed expansion for the College.
- In addition, the College must focus on the vital need to increase its endowment. A Board member has pledged \$500,000 as a matching grant with all monies to go to the endowment fund, the income to fund scholarships. To date, the College has raised \$203,000 of this match and must complete this effort by the end of June 2013. Doing so will increase the endowment's current value by 33%.

- The College has a \$500,000 line of credit that it exercises annually. While the line of credit is annually repaid, a plan to reduce and eventually eliminate the annual expected use of this line of credit to meet short-term expenses must be implemented.
- The sudden enrollment drop in 2010 highlights the College's reliance on tuition revenue as an overriding source of revenues. Although the drop can be attributed to the flood in the administration building, the consequences were a drop in anticipated revenues and the necessary adjustments to the current budget. Even with adjustments, a loss for the year is now possible.
- There is a need to introduce new programs to bring the College into alignment with the technologies
  of today. The College remains one of the last private two-year Colleges and steps are being taken to
  guide the academic program towards more four-year degree programs.

### **Projection**

- To continue to address the aging infrastructure, a capital budget is now included as part of our annual budget process, and both equipment and capital improvements are planned and budgeted annually. The CFO, Director of Operations, and President will oversee developing and monitoring the capital budget.
- In order to increase the College's endowment to allow for a source of funds, should they be required, the President, Director of Operations, CFO, Development Director, and the Development Committee will study the feasibility and timing of a capital campaign.
- The Development Office is overseeing the goal of matching the Board member's \$500,000 pledge by June 2013.
- The CFO will monitor cash flow and recommend solutions to limit the College's use of its current \$500,000 line of credit.
- The Dean of Admissions, along with the senior staff at the College, will strive to project more
  accurately incoming enrollment starting with the class of 2011. Prior to 2010 the College's
  enrollment had more than doubled over the previous six years. The College has a capacity of
  approximately 950 students and the annual increases will be targeted to achieve this goal over the
  next five years.
- The new Dean of Academic Affairs will continue programmatic review and take steps to guide the academic program into more four-year degrees. The College is currently submitting to the Board of Higher Education for approval of a new 2 +2 degree program in Health Information Technology to be introduced fall2012.

#### **INSTITUTIONAL EFFECTIVENESS**

The College has on an ongoing basis improved the mechanisms for internal and external evaluation of its fiscal condition and financial management. The integrity of the College is paramount during this process and the results are used to improve the College in accordance with its mission