

OFFICE OF PROCUREMENT
REQUEST FOR PROPOSAL TITLE: EXTERNAL AUDITING AND TAX SERVICES
RFP NUMBER: 520-023
RFP CLOSING DATE: MARCH 6, 2020 @ 3:00 PM



ADDENDUM #1

Issued: 2/25/2020

ADDENDUM FOR THE PURPOSE OF:

- To extend the closing date from March 3, 2020 at 3:00 pm to March 6, 2020 at 3:00 pm.
- To provide the attached questions and answers.

All other specifications, terms and conditions remain unchanged.

A handwritten signature in blue ink, appearing to read 'Patrick Johnson', written over a horizontal line.

Patrick Johnson, MBA
Director of Procurement

Please **sign** below to acknowledge receipt of this Addendum and return with the proposal. Failure to return this Acknowledgement of Addendum may deem a proposal nonresponsive.

NOTE: ACKNOWLEDGEMENT OF RECEIPT OF BID ADDENDA WILL NOT BE ACCEPTED BY FACSIMILE OR E-MAIL.

Company Name

Authorized Signature

Date

Printed/Typed Signature

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Vendor Questions	MC Response
1. Who is the incumbent for the current contract?	Clifton Larson Allen LLP (CLA).
2. Do you anticipate extending the bid due date?	The closing date has been extended to March 6, 2020 at 3:00 pm.
3. What additional details are you willing to provide, if any, beyond what is stated in bid documents concerning how you will identify the winning bid?	The proposals will be evaluated and scored based on the evaluation criteria as outline in Section 4, Proposal Evaluation and Award.
4. Was the bid posted to the nationwide free bid notification website at www.mygovwatch.com ? Other than your own website, where was this bid posted?	No. The bid is posted on the following websites: State of MD, eMaryland Marketplace Advantage (eMMA), and Montgomery County Inter-Agency Central Vendor Registration System.
5. How long have you been with your current CPA Firm? Any specific reason as why you are going out to bid for the audit engagement?	Contracts are usually awarded a one-year initial term. Beyond the initial term, at the sole option of the College, the contract may be renewed for four additional one-year terms, subject to funding availability and need. The current contract is due to expire March 2020.
6. Is there a local small business (LSB) set aside?	No.
7. Who generally prepares the financial statements?	College Management prepares for all statements & notes; the Foundation prepares all financial statements & notes except cash flow statements.
8. Please provide copies of the required communications from the audit firm if available.	Required communications are governed by auditing standards.
9. Was a management letter issued, and, of so, is it available for review?	No management letter was issued for FY19.
10. What were the prior year's audit fees for each service requested within the RFP?	FY19 \$87,400.
11. Was any of the fieldwork performed remotely? What is management's thoughts about performing some of the fieldwork remotely?	Yes. Prefer to have some of the fieldwork done remotely.
12. How often does the audit firm meet with the board and/or the audit committee?	Twice a year for both the College and Foundation.
13. Were there any special billings during the past year?	Yes.
14. Can you disclose the previous year's audit fee or the amount the College has budgeted for the 2020 audit? If not, what were the estimated hours for the 2019 audit?	See answer #10. July-PBC; Aug to Sep. 4 days a week for both MC and the Foundation.
15. For the last year's audit, when did fieldwork take place and would you prefer this same time frame for the 2020 audit?	First two weeks of August for the Foundation. Last two weeks of August for the College.
16. Were there any problems or disagreements with the prior auditors?	No.
17. Have there been any significant operational changes since the prior year's audit?	No.
18. Has there been any material fraud noted over the past 5 years?	Yes to fraud, immaterial to financial statement presentation.
19. Are there any contingencies or legal issues that could have an impact on future financials?	No not at this time.

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20. At what physical location would you anticipate the bulk of the audit work to be performed? Are the accounting functions centralized at one location or are there multiple sites the auditor would be required to visit?	Central Office located at 9221 Corporate Blvd., Rockville, MD. Centralized accounting functions.
21. Regarding student records, are they also maintained in one location/ or are they electronic?	The majority are electronic.
22. Is there any software utilized in the financial reporting process that was developed by the college or a consultant hired by the college? If so, were any changes made to the software during the current year?	No for FY20. New software go live tentatively scheduled for January 1, 2021.
23. Would the selected auditing firm get auditor access to Banner? We would need access to complete testing.	Yes.
24. How long has the current audit firm served as the auditor's for the Montgomery College?	See answer #5.
25. What is the reason for the RFP? Is the prior audit firm allowed to submit a proposal?	The current contract is due to expire March 2020. Yes.
26. Are there any circumstances that would make the FYE June 30, 2020 audit any different than the prior year audit?	No.
27. Where there any difficulties in completing the prior year audit? If so, please explain what they were and the cause.	No.
28. How many adjusting journal entries were proposed by the predecessor auditor? What was the nature of the entries?	None.
29. Questions to the previous solicitation indicated that the College is open to accelerating certain procedures prior to the official start of fieldwork, is there any period of time that interim testing cannot be performed?	No.
30. Questions to the previous solicitation indicated that the books are usually available on or around August 20 th , can final fieldwork for the audit begin prior to the books being closed?	The books are usually available on or around August 28 th .
31. Was a management recommendation letter issued? If so, may we obtain a copy?	No management letter was issued for FY19.
32. What was the all-inclusive audit fee for the FYE June 30, 2019 audit? Please provide the breakdown as set forth in Section 6 of the RFP.	\$80,000 for audit and \$7,400 to prepare tax form 990T and form 500.
33. Does Montgomery College use any third party service providers (i.e. payroll)? If so, who are they and does Montgomery College receive a copy of their SOC1 Report (formerly SAS 70)?	Yes. CIGNA; FISGLOBAL; TOUCHNET.

***** End of Questions & Answers *****



Office of Procurement
9221 Corporate Blvd
Rockville, MD 20850

REQUEST FOR PROPOSAL

RFP NO. 520-023

RFP TITLE: EXTERNAL AUDITING & TAX SERVICES

All proposals **MUST BE RECEIVED** in the Procurement Office by 3:00 PM local time on **March 3, 2020**.

PROPOSALS WILL NOT BE ACCEPTED VIA FACSIMILE OR E-MAIL

Prices must remain firm for: **120 DAYS AFTER PROPOSAL CLOSING DATE AND TIME**

Proposal Bond Requirements: NONE

**Performance, Labor and
Material Bond requirements: NONE**

Pre-proposal Conference: NONE

MINORITY VENDORS ARE ENCOURAGED TO RESPOND TO THIS SOLICITATION

Important: Your quotation will be jeopardized if any portion of this inquiry is not complete. No proposal will be accepted after the date and time stated above.

Patrick Johnson, MBA
Director of Procurement

A blue ink signature of Patrick Johnson, MBA, Director of Procurement, written over a horizontal line.

NOTE: Prospective Offerors that have received this document from a source other than the Procurement Office should immediately contact the Procurement Office and provide their name and e-mail address so that any amendments to the Bid/RFP or other communications can be sent to them. Failure to contact the Procurement Office may result in non-receipt of important information.

REGISTRATION OF CORPORATIONS NOT REGISTERED IN THE STATE OF MARYLAND Pursuant to 7-202 et. Seq. of the Corporation and Associations Article of the Annotated Code of Maryland, corporations not incorporated in the State of Maryland shall be registered with the State Department of Assessments and Taxation, 301 West Preston Street, Baltimore, Maryland 21201 before doing any interstate or foreign business in this State. A copy of the registration or application for registration may be requested by the College.

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SECTION 1 – PROPOSAL AND CONTRACT INFORMATION

1.1 Intent

It is the intent of this Request for Proposal is to engage a certified public accounting firm to perform annual financial auditing and tax services for Montgomery College, its affiliated organization, Pinkney Innovation Complex for Science and Technology at Montgomery College (PIC MC) and Montgomery College Foundation Incorporated, in accordance with the terms, conditions, and specifications described herein. In the event that a special condition is contradictory to a general condition, the special condition shall prevail.

Montgomery College will hereinafter be referred to as the “College” and “MC.” Montgomery College Foundation Incorporated will hereinafter be referred to as the “Foundation.” Respondents to the RFP will be referred to as “Offerors” and “Proposers.” The Offeror to whom the contract is awarded will be referred to as the “Contractor.”

1.2 Proposal Submittal Due Date

All responses to this Request for Information are due in the Montgomery College Office of Procurement, 9221 Corporate Blvd, Rockville, Maryland 20850 by **3:00 p.m.** on **March 3, 2020** and must be submitted in a SEALED envelope, clearly marked with the RFP Number and Title, the Due Date and Time, and the Name/Address of the Offeror. **No responses will be accepted after this date and time. FACSIMILE OR EMAIL TRANSMISSIONS WILL NOT BE ACCEPTED.** In the event that the College is closed on the RFP closing date due to an unforeseen circumstance, the RFP will be closed at the stated time on the next open business day, unless the Offeror is notified otherwise.

The proposal must be signed by an individual who has full authority from the Offeror to enter into a binding agreement on behalf of the Offeror so that a contract may be established as a result of acceptance of the proposal submitted. By reference, the terms, conditions, and specifications set forth in the Request for Proposal shall serve as the contract terms, conditions, and specifications. No other terms and conditions will apply unless submitted as a part of the proposal response and accepted by the College.

1.3 Contact Information

Request for information or technical questions related to this solicitation should be directed to **Cherree Adams, Purchasing Manager** via e-mail to cherree.adams@montgomerycollege.edu. **The Bidder may not initiate contact with any other College representative about this bid.** All inquiries and questions must be submitted in writing via email and received by **4:00 pm, February 24, 2020**. All questions received by the noted deadline will be answered and sent to all proposing firms via issuance of an addendum. No questions will be accepted after this date.

1.4 Addenda

The College will issue an addendum or addenda to all prospective Offerors known to have received the document, if it becomes necessary to issue any. Only answers provided via an addendum issued by the Procurement Office will be binding. However, Offerors bear sole responsibility for downloading all addenda, if any, for this RFP from the College Procurement website at <http://www.montgomerycollege.edu/procure/> and it is the responsibility of the Offeror to check this site for any addenda before submitting a proposal. Acknowledgement of the receipt of all addenda must accompany the Offeror’s proposal, and all addenda shall become part of the RFP documents. Failure to acknowledge receipt does not relieve the Offeror from complying with all terms of any such addenda.

1.5 Proposal Validity

Offerors must hold their proposal prices for 120 days after the award date. In the event that the awarded Contractor is unable to perform the contract, the College reserves the right to re-solicit the contract or to award the contract to the next highest evaluated Offeror.

1.6 General Conditions and Instructions

Offerors shall refer to, understand, and agree to Attachment D, General Conditions and Instructions, of this proposal. The College reserves the right to reject as non-responsive any offer that objects to any of the terms, conditions, or specifications of this RFP.

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SECTION 1 – PROPOSAL AND CONTRACT INFORMATION -continued

1.7 Submitted Pricing

All pricing is FOB Destination. Pricing must be submitted on the Price Proposal page (Section 6). The prices offered on the Price Proposal must include all charges, costs, and fees incurred in the delivery of this procurement. No allowance will be made at a later date for additional charges due to the Offeror's omission. Payment discounts, if offered, will be taken when appropriate, but will not be considered in the evaluation for award. The College reserves the right to request additional related services in support of its operations, and fees for those services shall be negotiated accordingly. The College is exempt from State of Maryland sales use tax and federal excise tax, and the College will not pay or reimburse those taxes.

1.8 References

The Offeror must provide three (3) references within the past three years that are capable of confirming the Offeror's experience in providing the same or similar level of services. All references must include the company and contact names, mailing address, telephone number, e-mail address, and service dates. Cited references must be able to confirm, without reservation, the Offeror's ability to provide the level of services mandated in this solicitation. The College reserves the right to reject a proposal based on an unsatisfactory reference. The College also reserves the right to request additional references or contact any site using the Offeror's services. If such contact cannot be established with any individual reference after three attempts, the Offeror must provide an additional reference to replace the non-responsive one.

1.9 Subcontractors

The College seeks proposals from Contractors performing all requested services and will enter into an agreement only with the selected Offeror. **No portion of the work shall be subcontracted without the prior written consent of the College throughout the terms of the contract, including renewals and extensions.** In the event the Contractor desires to subcontract part of the services specified herein, the Contractor shall furnish the company or individual name(s), contact name, mailing and e-mail addresses, qualifications, and experience of the proposed subcontractor(s), as well as a description of the services to be performed by the subcontractor. The primary Contractor shall remain fully liable for the work performed by the subcontractor(s) and shall assure compliance with all requirements of the contract if approved by the College. The College reserves the right to reject any proposed subcontractor in its own best interest. Include the qualifications of any outside consultants and associates that may be employed to assist on this project.

1.10 Proposal Evaluation

Proposals submitted in response to this solicitation will include evaluation as follows:

1.10.1 Offeror is **responsible** – Offeror demonstrates ability to provide products and/or services that can meet or exceed requirements. The following criteria will be used to determine responsibility:

1.10.1.1 Offeror has the equipment, ability, and experience to perform the work as stated in the specifications listed in this RFP.

1.10.1.2 Offeror is financially stable.

1.10.2 Offeror is **responsive** – Offeror follows RFP submission instructions and provides all requested materials. The following criteria will be used to determine responsiveness:

1.10.2.1 Offeror has favorable references that can confirm its ability to provide the products and/or services as stated in the specifications listed in this RFP.

1.10.2.2 Offeror has provided all documentation and samples requested in the Scope of Work/Specifications.

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SECTION 1 – PROPOSAL AND CONTRACT INFORMATION -continued

1.11 Proposal Rejection

The College reserves the right to reject any or all offers received as a result of this Request for Proposal. Offers may be rejected for any of the following reasons:

- 1.11.1 Failure to meet the mandatory specifications and requirements.
- 1.11.2 Failure to respond in a timely manner to a request for additional information, data, etc.
- 1.11.3 Failure to supply appropriate and favorable client references.
- 1.11.4 Submittal of an incomplete Price Proposal page.
- 1.11.5 Failure to sign the proposal.
- 1.11.6 Failure to return any addenda acknowledgements
- 1.11.7 Submittal of conditional, alternate or multiple proposals.
- 1.11.8 Failure to demonstrate that it is qualified to carry out the obligations of the contract and to implement and support the work specified herein.
- 1.11.9 Failure to provide samples and/or demonstration materials that are representative of the quality level sought by the College.

1.12 Required Submittal List (RFP Packet should be returned in its entirety)

- Technical Proposal, including all attachments and
 - References (Attachment A)
 - Contractor Information Form (Attachment B)
 - Subcontractor List, if applicable
 - Acknowledgement of Receipt of Addenda, if applicable
- Price Proposal (Section 6)
- Mid-Atlantic Purchasing Team Rider Clause (optional)

1.13 Failure to Submit

Failure to provide any of the items noted in Section 1.12 may deem a proposal non-responsive.

1.14 Estimated Contract Quantities

If applicable, the College's estimated service requirements should not be construed as a guarantee of the actual volume to be purchased.

1.15 Contract Award

An award will be made in the best interest of the College to the highest evaluated and most responsible, responsive Offeror that can meet or exceed the terms, conditions, and specifications of this solicitation. Evaluation of Offerors will be based on Offeror qualifications, competitive pricing, and references. The evaluation for award will be made on the basis of payment to the Contractor in Net 30 Days from the date an acceptable invoice is received by Montgomery College. The College may cancel this Request for Proposal or reject any or all proposals in whole or in part.

1.16 Contract Documents

The Request for Proposal in its entirety, the Offeror's proposal, and the College purchase order will form the contract. Offerors requiring their signed contract or terms and conditions separate and apart from the foregoing must submit such a contract, terms, and conditions with their response. The contract will be examined and evaluated along with the Offeror's proposal. The College reserves the right to reject the Offeror's contract form and terms and conditions.

1.17 Contract Term

The initial term of this contract will be for one (1) year from date of award. Beyond the initial term, at the sole option of the College, the contract may be renewed for four additional one-year terms, subject to funding availability and need, and provided that the Contractor has been in compliance with the terms and conditions of the contract and its service has been satisfactory. The College reserves the right to amend its requirements during the life of the contract to meet the needs of the College.

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SECTION 1 – PROPOSAL AND CONTRACT INFORMATION -continued

1.18 Contract Pricing

Contract prices shall remain fixed for first year of contract. Requests for price increases after first year of contract must be submitted in writing within 60 days of expiration of year one contract term. The same will apply for all successive contract renewal periods, should the College elect to exercise them. Any approved increase will take effect at the start of a contract renewal term. All contract price increase requests, along with supporting documentation must be sent to the Director of Procurement. The College reserves the right to request additional supporting documentation. Any price adjustments cannot exceed the Consumer Price Index (CPI) for the Washington, DC-Baltimore Metropolitan Area as published by the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index, All Urban Consumers (PCI-U), not seasonally adjusted; most current year final index (no preliminary).

1.19 Contract Modification and Amendment

The College retains the unilateral right to require changes in the Scope of Work as long as the changes are within the general scope of work to be performed hereunder. The College, without invalidating the contract documents, may submit a written request to order extra work or to make changes to the agreement by altering, adding to, or deducting from the work, and the contract sum shall reflect such changes. Price adjustments must be accepted, in writing, by Montgomery College before the Contractor performs additional work on the project.

The Contractor cannot accept purchase orders/requests for services or products that are not covered in this contract or make changes to the scope of work unless a price for those services or products has been negotiated with the Procurement Office, and the Contractor has received a signed contract amendment from the Procurement Office.

1.20 INSURANCE REQUIREMENTS

The Contractor shall maintain such insurance as will indemnify and hold harmless the College from Workmen's Compensation and Public Liability claims for property damage and personal injury, including death, which may arise from the Contractor's operations under this contract, or by anyone else directly or indirectly employed by him/her. Certificate of insurance is due within 10 days of notice of award (if applicable).

The Contractor shall maintain insurance in force at all times during the term of this agreement, with an insurance carrier approved or licensed to do business in the State of Maryland acceptable to the College, and with the following minimum insurance coverage.

Workers compensation Insurance covering the Contractor's employees

As required by Maryland State law with the following minimum limits:

Bodily Injury by Accident	\$100,000 each accident
Bodily Injury by Disease	\$500,000 policy limit
Bodily Injury by Disease	\$100,000 each employee

Commercial General Liability Insurance, excluding automobiles Owned or hired by the Contractor, with limits as follows:

Bodily Injury and Property Damage:
\$300,000 combined single limit of bodily injury and property damage
-Contractual Liability – Premises and Operations
-Independent Contractors

Comprehensive Automobile Liability - Providing bodily injury and property damage coverage for owned Vehicles and non-owned vehicles with limits as follows:

Bodily Injury:	\$100,000 each person
	\$300,000 each occurrence
Property Damage:	\$300,000 each occurrence

Additional Insured - Montgomery College shall be named as an additional Insured on all liability policies.

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SECTION 1 – PROPOSAL AND CONTRACT INFORMATION -continued

These coverage's and limits are to be considered minimum requirements under this Agreement and shall in no way limit the liability or obligations of the Contractor. The insurance shall provide that policy coverage will not be cancelled, altered or materially changed without sixty (60)-calendar days' notice to the College by registered or certified mail. The insurance shall not be limited to claims made only while the policy is in effect.

The Contractor shall furnish the College with a certificate of insurance as evidence of the required coverage. The Contractor shall provide liability insurance coverage for material and/or equipment stored for the College for which the Contractor has received payment in an amount of that equaling its replacement value. Such insurance shall specifically identify the materials and/or equipment and shall name the College as an additional insured. The Contractor shall provide the College with evidence of such insurance. In the event that the Contractor's insurance is terminated, the Contractor shall immediately obtain other coverage. Lack of insurance during life of contract shall be grounds for immediate termination of contract.

1.21 Certificate of Liability Insurance

The Contractor shall furnish the College a Certificate of Liability Insurance as evidence of the required coverage within seven (7) days of award of the contract. Such insurance shall name the College as an Additional Insured. Policy and Certificates of Insurance shall reference Montgomery College Contract No. 520-023. Current certificates must be provided to the College throughout the contract term.

1.22 Termination of Insurance

In the event that the Contractor's insurance is terminated, the Contractor shall immediately obtain other coverage. Lack of insurance shall be grounds for immediate termination of the contract.

1.23 Contract Assignment

The Contractor may not assign, transfer, convey, sublet or otherwise dispose of the contract or its rights, title or interest therein or its power to execute such agreement to any other person, company or corporation without the previous consent and approval, in writing, by the College, and consent to such assignment shall not be unreasonably withheld or delayed. Unless otherwise agreed to in writing by the College, the assignee shall bear all costs incurred by the College, directly or indirectly, in connection with or as a result of such an assignment.

1.24 Contract Deadlines and Failure to Deliver

The Contractor is contractually obligated to meet all agreed upon deadlines. Failure of the Contractor to meet any deadline is grounds for termination by default. Additionally, if the Contractor fails to comply with established delivery requirements, the College reserves the right to make an open market purchase of required services and items and to assess, as liquidated damages, the difference between the contract price and the actual cost incurred by the College and to invoice charges to the Contractor.

1.25 Contract Billing

Summary billing for a lump sum amount is not an acceptable format on invoices billed to the College and any invoice presented for payment that lacks itemized billing may be returned. Minimally, invoices must include the College purchase order number. All true and correct invoices must be mailed to Montgomery College, Accounts Payable Office at 9221 Corporate Blvd, Rockville, Maryland 20850 or e-mailed to accountspayable@montgomerycollege.edu.

1.26 Public Record and Proprietary Information

The information contained in Proposals submitted for the College's consideration will be held in confidence until all evaluations are concluded and an award has been made. Pricing and other information that is an integral part of the offer cannot be considered confidential after an award has been made. **Offerors must clearly mark any information considered proprietary and confidential.** The College will honor requests for confidentiality for information of a bona fide proprietary nature as permitted under the Federal Freedom of Information Act and the Maryland Public Information Act.

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SECTION 1 – PROPOSAL AND CONTRACT INFORMATION -continued

1.27 Confidentiality

The Contractor agrees to maintain in strict confidence Montgomery College's confidential information as listed herein. The Contractor may use the College's confidential information solely to perform the services required, as listed herein and may not disclose such information to any person or entity without the expressed written consent of Montgomery College.

The information contained in proposals submitted for the College's consideration will be held in confidence until all evaluations are concluded and an award has been made. Pricing and other information that is an integral part of the offer cannot be considered confidential after an award has been made. Offerors must clearly mark any information considered proprietary and confidential. The College will honor requests for confidentiality for information of a proprietary nature. Pricing may not be deemed confidential.

1.28 Tobacco and E-Cigarette Policy

Montgomery College is a tobacco-free institution. The use of tobacco and e-cigarette products is prohibited in all indoor and outdoor College-owned property and facilities, including all buildings and building entrances; walkways; recreational and athletic areas; parking lots; bus stops/shelters; College owned or leased vehicles; and facilities leased and controlled by the College as well as at meetings or conferences sponsored by the College, regardless of the location. This use prohibition extends to the Contractor's employees, agents, subcontractors, and Contractors.

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SECTION 2 – BACKGROUND AND SCOPE OF SERVICES

2.1 Background

Montgomery College (MC) is a public, fully accredited two-year educational institution. The College is considered a “body politic” under Maryland state law as an instrumentality of the State of Maryland. The College serves roughly 54,000 students each year, through credit and noncredit programs, at nonresidential campuses located in Germantown, Rockville, and Takoma Park/Silver Spring and at off-campus sites throughout Montgomery County.

The Board of Trustees of Montgomery College is the institution's legal governing body and is comprised of community individuals including one student who are appointed by the governor. The Board consists of 10 members, all of whom are appointed to staggered six-year terms (except the student member, who is appointed to a one-year term). All Board members have full voting rights. The College president serves as Secretary-Treasurer of the Board.

Montgomery College's budget is subject to approval by the Montgomery County Council. The College's financial statements include the accounts of the Pinkney Innovation Complex for Science and Technology at MC which were established to foster and expand educational research opportunities for the faculty and students of the College. The current fund balance is approximately **\$287 million** and an additional budget of **\$27 million** in enterprise and other funds for FY20. In FY19, the College administered over **\$53 million** in Federal Student Financial Assistance (FSFA). The College is funded by student tuition and fees, Federal, State and County funds. The College employs approximately 2,991 employees.

Montgomery College Foundation Incorporated (the Foundation) is a legally separate, tax-exempt organization established under Section 501(c) (3) of the internal Revenue Code to enhance the College and its programs with total assets over **\$120 million** as of the June 30, 2019 audited financial statements. The principal address of the College and the Foundation is 9221 Corporate Blvd, Rockville, Maryland, 20850.

2.2 Scope of Services

Montgomery College is seeking a certified and qualified accounting firm to perform annual financial audits. Both before and during the time of audit, the contractor will be expected to deal with these officials as necessary for administrative support, including arranging for computer time, preparation of detailed transaction listings, assembly of documentation, etc.

The scope of work will vary based on the proposal of the specific assignment and timing of the engagement. However, all work will be in the realm of external auditing and tax services. Services to include but not limited to the following:

- **Express** an opinion on the College's financial statements in accordance with Generally Accepted Auditing Standards
- **Express** an opinion on the Foundation's annual financial statements in accordance with Generally Accepted Auditing Standards
- **Report** on internal control and compliance in accordance with Government Auditing Standards
- **Express** an opinion on compliance related to federal funds in accordance with Uniform Guidance
- **Express** an opinion on Maryland Higher Education Commission (MHEC-CC-4) Report
- **Provide** all required communications per current accounting standards for public institution of higher education
- **Perform** Single Audit of the College
- **Perform** Financial Statement Audits for the College and Foundation
- **Perform** limited procedures on required supplementary information (RSI) and other supplementary schedules that supports the audited statements such as, management's discussion and analysis, GASB required supplementary pension and OPEB information, schedule of expenditures and federal awards
- **Tax** Consultation
- **Preparation** of annual Federal and State tax returns for tax-exempt non-profit and 501(c) Corporation where applicable (**forms listed on price proposal page**)

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SECTION 2 – BACKGROUND AND SCOPE OF SERVICES-continued

2.3 Delivery of Audit Results

Financial audit reports are to be submitted in a completed and bound form (Financial Statements and Annual Financial Audit). The number of bound copies shall be determined by College and Foundation staff.

- I. Single Audit report is to be submitted in a completed and bound form.
- II. Letter of Certification of the College's annual financial report, Maryland Higher Education Commission form SBCC-CC-4.
- III. Letter of Certification of the College's annual financial statements required by the Maryland Higher Education Commission.
- IV. Letter of adequate reserves for the Maryland Insurance Administration (special permit).
- V. Auditor's Management letter. Written drafts reports of the auditor's findings and recommendations are required so that they can be reviewed by the College Board of Trustees or the Foundation Board of Directors.
- VI. The Foundation Audit report and the preparation of the IRS Form 990. The 990 Form is submitted to both State and Federal Governments.
- VII. Other reports, opinions, and letters are to be presented in written and electronic format (PDF).

2.4 MC's Accounting Policies

Policies are effective as of the RFP date and are presented as part of the proposal under **Appendix III** through **Appendix V**.

2.5 Project Understanding/Approach

Offeror shall submit a project approach, detailing process. Approach must include completion timelines and specific plans and methodology for providing the required services. Include the estimated amount of time to be spent performing audit by each level of audit staff.

Project Management

A Project Manager must be designated to the project, and an organizational chart showing the manager and all project staff must be included. Provide team members (resume) educational background and experience, including sub-consultants, if applicable. The information should describe the nature of the work and the role of these individuals and/or companies as they relate to this project.

2.6 Audit Period

Audits will cover the following fiscal periods. **FY 2020** (July 1, 2019 – June 30, 2020), **FY 2021** (July 1, 2020 – June 30, 2021), and **FY 2022** (July 1, 2021 – June 30, 2022), **Optional years 4 & 5: FY2023** (July 1, 2022 – June 30, 2023), **FY2024** (July 1, 2023 – July 1, 2024).

2.7 Audit Committee Meetings and Client Conferences

Pre-audit and post-audit conferences may be requested by the Audit Committee of the Board of Trustees or with the Board as a whole, for the purpose of discussing matters of mutual concern. The Foundation Board of Directors may also request a pre-audit and post-audit conference. In addition, progress meetings will be held periodically with College's Senior Vice President for Administrative and Fiscal Services or other College administrators and staff throughout the audit process.

2.8 College and Foundation Responsibility

The College's Office of Business Services and the Foundation Finance department will prepare the financial statements, RSI, and the schedule of expenditures of federal awards in accordance with U.S. GAAP. Management will also be responsible for identifying all federal awards received, understanding and complying with the compliance requirements, and for the preparation of the schedule of expenditures of federal awards in accordance with the requirements of the Uniform Guidance. Assistance with correspondence and confirmation requests will be provided by the College and Foundation staff and all supporting documentation requested to support the audit or tax compliance work will be made available including documentation of student awards, copies of reports to the Department of Education, the Student Financial Aid Handbook and other documents as needed.

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SECTION 2 – BACKGROUND AND SCOPE OF SERVICES-continued

2.9 College Finance and Accounting System

The College has an integrated on-line administrative ERP application, Ellucian Banner running on a VMWare platform in HP Blade Center equipment. The database engine is ORACLE 12.2.0.1, which runs on a Linux 7, 64-bit operating system. The Administrative network is completed separated from the academic network or certain other operations systems in the College. Outside access to the administrative network is controlled by the layers of sophisticated firewall.

Management of the Banner ERP system can only be access either physically on site or via encrypted Virtual Private Network tunnels. The user accesses the database through Banner software, developed by Ellucian Company, LP. The Banner software consist of the following administrative functional modules: Finance and Accounts Receivable, Human Resources, Student, Financial Aid and Alumni.

The Foundation has been set up as a separate module on the Banner system under a separate chart of accounts. The Finance module went live on July 1, 1998. Student system modules both went live on July 1, 1999.

The Banner system also has the capacity where users can access the self-service portion of the system via the MyMC Web Portal. Each module within Banner has a web component that is referred to as Self Service Banner. The Administrative Banner database (non-self-service) is presented to the user through a system of forms, which the user can query, post or query and post to the database. The ability of a user to query or post to given tables of the Banner database is controlled through security classes that are assigned to users by a security administrator. Security classes are assigned within each modules of the Banner system therefore security and functional issues in the Finance module are handled with the separateness of an accounting system. Within the integrated database the Finance module takes on the characteristics and functionally of a traditional finance and general ledger accounting system.

Important Note: The College is in the process of converting its financial management system from Banner SCT to Workday, a cloud based ERP financial management system. Workday for HR, Payroll and Finance is expected to go-live early 2021.

2.10 Engagement Exception

In accordance with the State of Maryland Law, the contract for audit services may be declared null and void at the option of the Board of Trustees for any year the Legislative Auditor of the State of Maryland submits notification of intent to conduct the required annual audit of the College.

2.11 Performance Bond Requirements

Refer to General Conditions and Instructions (Bid and Performance Security).

2.12 Review of Audit Reports

A preliminary copy of each audit report, including all supporting documents shall be reviewed with appropriate staff before finalizing.

2.13 Use of College Equipment

Upon written request, use of or access to College equipment may be necessary in the performance of an audit.

2.14 Audit Location

An appropriate work area will be provided as needed. Removal of College original records or College equipment from College premises is prohibited.

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2.15 Working Papers

Original working papers shall remain the property of the awarded Contractor and shall be retained for a five-year period. However, the College and the Foundation shall have the right to inspect and/or duplicate working papers upon submission of a written request to the Contractor.

2.16 Audit Schedule

After issuance of contract award, a meeting will be held with awarded Contractor to discuss the audit schedule.

Note: Financial Reports are available at the following web addresses:

1. FY2019 Annual Financial Report to the Maryland Higher Education Commission (SBCC-CC4)
https://www.montgomerycollege.edu/_documents/offices/administrative-and-fiscal-services/finance-office/2019-cc4.pdf
2. Montgomery College Single Audit Year Ended June 30, 2019
https://www.montgomerycollege.edu/_documents/offices/administrative-and-fiscal-services/finance-office/2019-single-audit.pdf
3. Montgomery College Financial Statements Years Ended June 30, 2019 & 2018
https://www.montgomerycollege.edu/_documents/offices/administrative-and-fiscal-services/finance-office/2019-financial-statements.pdf
4. Montgomery College Foundation, Incorporated Financial Statements Years Ended June 30, 2019 and 2018
See Attachment "H"

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Questions and Answers from previous solicitation
Updated for information purposes only

QUESTION	ANSWER
When does the College and the Foundation have their books ready for the auditors after fiscal year end?	They are usually available on or around the 20th of August.
Did the current audit firm perform interim fieldwork?	Yes.
How many weeks were your current auditors in the field?	Approximately 3-4 weeks in total for both the Foundation and the College financial audit. Approximately 1 week for the Single Audit.
Are you open to accelerating certain procedures, such as revenue selections prior to official start of fieldwork?	Yes.
What is the required timing for deliverables?	Financial Audit needs to be finalized prior to September 30th. Single Audit finalized by end of October.
Were there any control recommendations made by prior year auditors?	No.
Have there been any recent general ledger or other accounting system upgrades? Any planned for the near future?	See section 2.8 College Finance and Accounting System.
Are there significant topside journal entries, or re-class entries made when reconciling the general ledger directly from the system to the financial statements?	No.
Were there any auditor proposed adjustments in the prior year?	No.
Will you provide post- closing adjustments to the audit team?	Yes.
What service providers do you use in connection with preparation of the audits (i.e. actuaries)?	Aon and Segal Consulting.
Any new debt entered into during the year? Any plans to in the next few years?	No.
Please describe any planned significant capital activities for the next two years.	Building renovations and construction projects.
Please describe the accounting systems used in the financial statement process including general ledger, student financial aid, etc.	Banner (Ellucian Company L.P.)
Is there any significant new federal programs/CFDA which would impact major program determination?	No.
Will the College have remediated all single Audit findings prior to year-end?	Yes.
Please provide information on the potential impact of adopting GASB 84 and GASB 87.	The College is in the process of implementing GASB 84 and compiling inventory to prepare for GASB 87, leases.

*******END OF QUESTIONS & ANSWERS*******

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SECTION 3 – QUALIFICATIONS AND REQUIREMENTS

3.1 Offerors Qualifications

The Contractor must have the necessary personnel, experience, certification, knowledge, skills, abilities, licenses, facilities, equipment, supplies, insurance, and technology in place to fulfill the requirements of the resulting contract and to provide the requested services on a timely basis and in compliance with all municipal, county, state, and federal codes, ordinances, regulations, and laws and industry best practices and standards.

- a) Proposers must possess a minimum of ten (10) years of business experience providing services as required in this RFP.
- b) Proposer must be licensed to do business in the state of Maryland.
- c) Minimum of five (5) years of documented successful past experience providing auditing and tax services to higher education institutions.

Bidder's proposal shall include the following:

- I. Project approach, including the amount of time spent performing audit or tax work by each level of staff.
- II. Personnel composition of the bidder's office that will be servicing this contract, such as partners, managers, senior staff and regular staff, including number of CPA's or other certifications, etc. Resumes' of all key personnel that will be assigned to this contract must be submitted with proposal.
- III. Proof of experience in conducting certified audits of educational institutions, non-profit organizations and public entities. Proof of experience of preparing annual tax returns for educational and charitable organizations.
- IV. Proof of experience in conducting audits in accordance with Government Auditing Standards, issued by the Comptroller General of the United States and Office of Management & Budget Circular A-133 and Uniform Guidance.
- V. References from three clients for which desired services were performed. While not a requirement, it is preferred that at least one reference be an educational institution similar in size and scope to Montgomery College.
- VI. Latest copy of the firm's Peer review.

3.2 Mandatory Requirements

In order to be considered the following qualifications must be met:

- The CPA firm and the partner-in-charge must be properly licensed to practice in the State of Maryland.
- The CPA firm and audit team members must be independent in accordance with:
 - Government Auditing Standards, issued by the Comptroller General of the United States, and;
 - AICPA Standards, including Ethics Interpretation 101-10, entitled "The effect of independence of relationships with entities included in the governmental financial statements."
 - Auditors engaged in the audit must meet the continuing education requirements of the Government Auditing Standards.

3.3 Contractors Responsibility for Employees/Subcontractors

The contractor shall be responsible for the acts and omissions of all the firm's employees and all Subcontractor employees, their agents and all other persons performing any of the work under a contract with the contractor. The contractor shall at all times enforce strict discipline and good order among the contractor's employees and shall not employ on the work site any unfit person or anyone not skilled in the task assigned.

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SECTION 4 – PROPOSAL EVALUATION AND AWARD

4.1 Evaluation

4.1.1 Evaluation Process

All proposals submitted will first be examined for responsiveness and completeness by the College evaluation team. Those proposals which do not clearly respond to the proposal submission requirements may be rejected at the discretion of the College. Those proposals not rejected will be evaluated to determine which offer best meets the requirements in the RFP and is in the best interest of the College. Proposal information will be evaluated and scored by the College, and its decision will be final.

Technical Proposals will be opened first at the date and time advised in the RFP documents, and evaluated by a College Evaluation Committee. The Price Proposals remain sealed and are held by the Procurement Office. Evaluation of Technical Proposals will be based on the criteria provided in the RFP, the substantiated ability of an Offeror to perform the required services, and the Offeror's responsiveness to the RFP requirements.

4.1.2 Evaluation Criteria

Technical Proposals will be initially evaluated and scored by the College Evaluation Committee based on the following criteria:

- I) **Statement of Qualifications (35 Points)**. Professional qualifications and technical competence of the firm, subcontractors, and staff proposed for the performance of the required services. Offeror's organization size, length of time the organization has been providing the required services.
- II) **Relevant (Past) Experience (25 Points)**. Offeror must have successfully engaged in professional services of this type for a minimum of ten (10) years. Demonstrated success in projects similar to the one described in this RFP. Experience providing services with municipalities similar in size to Montgomery College.
- III) **Project Understanding and Approach (25 Points)**. Clear understanding of the background and requirements of the Scope of Work (detailed in response). Demonstrate the tasks that must be accomplished to complete the project, and a narrative description of the plan to execute them. The project approach and timeline to be outlined in detail.
- IV) **Completeness of Proposal Documents (5 Points)**. The proposal is organized and complete in every detail, prepared in a simple and straightforward manner, sufficient detail to allow College evaluators a comprehensive and clear understanding of the Offeror's capabilities. All required document submittals are included and in the order requested.
- V) **Proposal Price Proposals remain sealed and are held by the Procurement Office (10 Points)**.
= 100 total maximum points

4.1.3 Technical Proposal

Statement of Qualifications, Past Performance, Project Understanding/Approach and Completeness of Proposal represent the technical proposal. Award will be made in aggregate, to the highest evaluated, most responsive, responsible Offeror meeting all RFP terms, conditions, and specifications.

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SECTION 5 – PROPOSAL SUBMISSION

5.1 Proposal Submission

A submittal consisting of the Technical Proposal and the Price Proposal, **in labeled separate envelopes**, is required when responding to this Request for Proposal. Envelopes must be marked Technical Proposal or Price Proposal. **DO NOT** include price proposal with copies. **Offerors are required to submit:**

- ✚ **One** (1) signed original Technical Proposal (**marked original**; in a separate envelope).
- ✚ **Three** (3) additional copies (**marked copy**; in a separate envelope).
- ✚ **One** signed original price proposal (**marked price proposal**; in a separate envelope).

Proposals shall be certified, signed, and dated by a bona fide agent of the Offeror and include minority classification if applicable. All envelopes must identify that the submission is a response to the RFP and must be marked with the Offeror's name and address, the RFP number, and the closing date and time. Failure to include all required submittals may render the proposal non-responsive. The College will reject any offer without an authorized signature.

The proposal shall be organized using the following outline; responses to each requirement will be in order and clearly marked with the section number to which they respond. All responses must comply with the sequence and items as presented in Paragraph 5.2, RFP Outline, which lists the minimum requirements and packaging for the preparation and presentation of a response. Failure to comply may result in rejection of the response. The proposal should be specific and complete in every detail, prepared in a simple and straightforward manner, and provide sufficient detail to allow College evaluators a comprehensive and clear understanding of the Offeror's capabilities. Offerors are expected to examine the entire Request for Proposal, including all specifications and instructions, failure to do so will be at the Offeror's risk. Each Proposer must furnish the information as required by the RFP.

5.2 Required Technical Proposal Submittals

5.2.1 Include in Technical Proposal the following:

- Transmittal Letter
- Statement of Qualifications
- Project Approach & Timelines
- Completed Reference form (Attachment A)
- Subcontractor Listing (if applicable)
- Completed Contractor Information form (Attachment B)
- Acknowledgement of Receipt of Addenda (if applicable)
- Mid-Atlantic Purchasing Team Rider Clause (Optional)

Offeror's Proposal shall be organized in the following manner:

5.2.2 Transmittal Letter

The transmittal letter must be prepared on the Offeror's business stationery. The letter must introduce the company and give a brief history of the organization and the contact person responsible for the project. The letter should summarize the key points of the proposal; must indicate the Offeror's understanding of the College's requirements; and demonstrate the Offeror's ability to provide the requested services. An individual authorized to represent the Offeror for this RFP must sign the letter.

5.2.3 Statement of Qualifications

This contract requires specialized services. Offeror's statement of qualifications must address the following:

- Professional qualifications and technical competence of the firm, subcontractors, and staff proposed for the performance of the required services.
- Previous demonstrated experience
- Offeror's corporation/organization size, web presence, length of time the organization has been providing the required services listed herein, and key business relationships.

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SECTION 5 – PROPOSAL SUBMISSION-continued

5.2.4 Project Approach and Timelines

Offeror shall submit a project approach, detailing assessment process. Approach must include completion timelines consistent with the completion date of the project.

5.2.5 References

The Offeror must submit three (3) references from current or former customers within the past three (3) years that are capable of confirming the Offeror's experience in providing the same or similar level of services. References from higher education institutions similar in size and scope to Montgomery College are preferred, but not required.

The proposal must include the names and telephone numbers of three references. Cited references must be able to confirm, without reservation, the Offeror's ability to provide these services in accordance with the requirements in this RFP. The College reserves the right to reject a proposal based on an unsatisfactory reference; to request additional references or contact any site using the Offeror's services; and to require a site visit to one or more of the Offeror's reference locations.

5.2.6 Subcontractors

Each Offeror must list the subcontractors to be used in the performance of this contract. The College reserves the right to approve or disapprove any subcontractor who will be performing work related to this project.

5.2.7 Price Proposal

The price(s) offered on the Price Proposal must include all charges and costs including travel and other reimbursable costs incurred in the delivery of this procurement.

The Price Proposal must be completed in full, signed, and dated. Offers must submit the pricing of all line items to be considered for award; failure to do so will deem an Offer non-responsive.

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SECTION 6– PRICE PROPOSAL

This section is used to describe all costs for the acquisition, implementation, operation, maintenance, licensing and use of the proposed solution. The prices offered on the Price Proposal must include all charges, costs, and fees incurred in the delivery of this procurement.

SERVICE CATEGORY	FLAT FEE
Audit services in accordance with all requirements listed herein for Year 1 (FY20)	
College	\$
Foundation	\$
Audit services in accordance with all requirements listed herein for Year 2 (FY21)	
College	\$
Foundation	\$
Audit services in accordance with all requirements listed herein for Year 3 (FY22)	
College	\$
Foundation	\$
GRAND TOTAL	\$

OPTIONAL ITEMS	FLAT FEE
Audit services in accordance with all requirements listed herein for Year 4 (FY23)	
College	\$
Foundation	\$
Audit services in accordance with all requirements listed herein for Year 5 (FY24)	
College	\$
Foundation	\$
GRAND TOTAL	\$

PRICE PROSPAL CONTINUED TO NEXT PAGE (Page 1 of 2)

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SECTION 6– PRICE PROPOSAL-continued

FEE TO PREPARE TAX FORMS FOR COLLEGE AND FOUNDATION	FLAT FEE
Exempt Organization Business Income Tax Return; Form 990-T	\$
Maryland Corporation Income Tax return; Maryland Form 500	\$
Income Tax Declaration for Business Electronic Filing; Maryland Form EL101B	\$
Return of Organization Exempt Form Income Tax; Form 990	\$
Annual Update of Registration	\$
Annual Report/Personal Property Tax	\$
Tax Consultation	\$ _____ Hourly Rate

The prices offered on the Price Proposal must include all charges, costs, and fees incurred in the delivery of this procurement. No allowance will be made at a later date for additional charges due to the Offeror's omission. An aggregate award will be made in the best interest of the College to the highest evaluated, most responsible, responsive Offeror that can meet the terms, conditions, and specifications of this solicitation.

Montgomery College is tax exempt, certification provided upon request

By signing below, your firm agrees to provide said goods and/or services as specified and that those goods and/or services shall be provided or performed in accordance with the bid specifications, stipulations and terms and conditions specified and that your firm has read and agrees to the College terms, conditions, stipulations, and specifications and any College approved or authorized exceptions and that your firm will adhere to said terms and conditions in any contract resulting.

Company Name _____ Name _____

Title _____ Authorized Signature and Date _____

PRICE PROSPAL (Page 2 of 2)

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ATTACHMENT A - REFERENCES

REFERENCE 1	
Company Name	
Street Address	
City, State, Zip Code	
Contact Person/E-mail	
Title	
Telephone Number	
Service Dates	

REFERENCE 2	
Company Name	
Street Address	
City, State, Zip Code	
Contact Person/E-mail	
Title	
Telephone Number	
Service Dates	

REFERENCE 3	
Company Name	
Street Address	
City, State, Zip Code	
Contact Person/E-mail	
Title	
Telephone Number	
Service Dates	

Please note: References listed must be able to confirm the Offeror's ability to provide the services requested in this RFP.

References submitted by: _____
Company Name

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ATTACHMENT B – CONTRACTOR INFORMATION FORM

B.1 I/We offer the terms, delivery and pricing for the requested products/services, and certify that I am a bona fide agent, authorized to make offers on behalf of the firm.

B.2 Minority Contractor: Yes No

If yes, please specify minority classification

B.3 Price adjustment (is is not) necessary for other public agencies as listed.

B.4 Please list any exceptions taken to any terms and conditions listed in the RFP. Please note any exceptions taken may affect the award of a contract or purchase order.

B.5 I/We certify that our firm is not currently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this solicitation by any County, State, or Federal agency. I/We agree to notify Montgomery College should a change in this status occur.

Yes No

B.6 Please provide the following information:

Print clearly

Company Name		Years in Business	
Federal Tax Number		Dun & Bradstreet Number	
Street Address		City, State, Zip Code	
Telephone Number		Fax Number	
Contact Person		Title	
Cell Number		E-Mail Address	

Company Name _____ Name _____

Title _____ Authorized Signature and Date _____

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ATTACHMENT C – NO PROPOSAL RESPONSE FORM

Please be advised that our company does not wish to submit a proposal in response to the above-captioned RFP for the following reason(s):

- Too busy at this time
- Not engaged in this type of work
- Project is too large or small
- Cannot meet mandatory specifications (Please specify below)
- Other (Please specify)

Company Name	Name
Street Address	Authorized Signature and Date
City, State, Zip Code	Title

Please return to:	Montgomery College Office of Procurement 9221 Corporate Blvd Rockville, Maryland 20850
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ATTACHMENT D – GENERAL CONDITIONS AND INSTRUCTIONS

ACCEPTANCE PERIOD The selected Contractor(s) must agree to an acceptance trial period of performance not to exceed ninety (90) consecutive calendar days. During the 90-day acceptance period, the Contractor's performance must be consistent with the specifications contained herein and the Contractor's bid. Failure to satisfy the "acceptance trial period of performance" may result in cancellation of the contract. In the event that the Contractor fails to meet all requirements, the College shall declare the Contractor's services unacceptable and the Contractor in default, and terminate all agreements, written or verbal, without penalty or obligation to the College. Further, should there be any dispute/discrepancy on acceptability of said service, decisions made by the College will prevail and be final.

ADDENDA The College reserves the right to amend or add to this bid at any time prior to the bid due date. If it becomes necessary to change or add to any part of this bid, the Procurement Officer will furnish an addendum to all prospective Bidders listed as having received a copy of this bid. All addenda will be identified as such and will be sent by mail, email, or fax transmittal.

ADDITIONAL ORDERS Unless it is specifically stated to the contrary in the bid response, the College reserves the option to place additional orders against a contract awarded as a result of this solicitation at the same terms and conditions, if it is mutually agreeable.

ASSURANCE OF NON-CONVICTION OF BRIBERY The Bidder hereby declares and affirms that, to its best knowledge, none of its officers, directors or partners and none of its employees directly involved in obtaining contracts has been convicted of bribery, attempted bribery or conspiracy to bribe under the laws of any state or the Federal government.

AUDIT Bidder shall permit audit and fiscal and programmatic monitoring of the work performed under any contract issued from this solicitation. The College shall have access to and the right to examine and/or audit any records, books, documents and papers of Bidder and any subcontractor involving transactions related to this agreement during the term of this agreement and for a period of three (3) years after final payment under this agreement.

AWARD CONSIDERATIONS Awards of this bid will be made to the lowest responsible Bidder conforming to specifications with consideration being given to quantities involved, time required for delivery, purpose for which required, responsibility of bidder and its ability to perform satisfactorily with consideration to any previous performance for Montgomery College. A bid may be awarded at the sole discretion of the College in the best interest of the College. Prompt payment discounts will not be considered in bid evaluation. All discounts other than prompt payment are to be included in bid price.

BEHAVIOR OF CONTRACTOR EMPLOYEES The College is committed to providing a work and study environment that is free from discrimination and harassment on the basis of race, color, religious creed, ancestry, national origin, age, sex, marital status, handicap, pregnancy, or status as a disabled veteran or veteran of the Vietnam era. Behavior contrary to this philosophy, which has the purpose or effect of creating an intimidating, hostile, or offensive environment, will not be tolerated by the College, and it is the Contractor's responsibility to ensure that such behavior by its employees, agents, and subcontractors does not occur. The policy extends to maintaining an environment free from sexual harassment. Therefore, sexual advances or sexual remarks, requests for sexual favors, and other verbal or physical conduct of a sexual nature must not be condoned or permitted by the Contractor. This prohibition extends to such harassment within the employment context as well as harassment of students, staff, and visitors to the College. It should be assumed that all sexual behavior by the Contractor's employees, agents, and subcontractors on any campus or facility of the College, whether owned, operated, maintained or leased by the College, is improper and unwelcome.

BID AND PERFORMANCE SECURITY If bid security is required, a bid bond or cashier's check in the amount indicated on the bid cover must accompany each bid and be made payable to Montgomery College. Corporate or certified checks are not acceptable. Bonds must be in a form satisfactory to the College and underwritten by a company licensed to issue bonds in the State of Maryland. If bid security fails to accompany the bid, it shall be deemed unresponsive, unless the Vice President of Procurement deems the failure to be nonsubstantial. Such bid bonds or checks will be returned to all except the three (3) lowest Bidders within five (5) days after the opening of bids, and the remaining checks or bid bonds will be returned to all but successful Bidder(s) within forty-eight (48) hours after award of contract. If a performance bond is required, the successful Bidder must submit an acceptable performance bond in the designated amount of the bid award, prior to award of contract. All bid bonds will be returned to the successful Bidder(s) within forty eight (48) hours after receipt of the performance bond.

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ATTACHMENT D – GENERAL CONDITIONS AND INSTRUCTIONS-continued

BIDDING INSTRUMENTS Bidding instruments include the bid, addenda, general terms and conditions, contract terms, and specifications. Bids should be prepared simply and economically, and should provide a straightforward, concise description of the Bidder's capabilities to satisfy the requirements of the bid. Emphasis should be on completeness and clarity of content. The Bidder will bear any and all costs incurred in the preparation and submission of bids.

BRAND NAMES Brand name materials used in these specifications are known and acceptable. Bids including proposals to use alternate brands are invited as long as they are of equal type and equal or better quality. The burden of proof that alternate brands are in fact equal or better falls on the Bidder, and proof must be to the College's satisfaction.

CARE OF PREMISES Precautions taken for safety and protection shall be in accordance with the mandatory requirements of the safety codes prevailing within the jurisdiction in which the work is to be performed. During the performance of the contract, the Contractor shall take the necessary precautions to protect all areas upon which or adjacent to which work is performed as a part of this contract. Any damage caused as a result of Contractor's neglect, directly or indirectly, shall be repaired to the College's satisfaction at the Contractor's expense.

CANCELLATION Montgomery College reserves the right to cancel this bid solicitation or to reject all bids received, if the College's Vice President of Procurement, in accordance with procedures approved by the College's President, determines that it is fiscally advantageous or in the best interest of the College to cancel the bid.

COMPLIANCE WITH LAWS Bidder agrees to comply, at no additional expense, with all applicable Executive orders, Federal, State, bi-county, regional and local laws, ordinances, rules and regulations in effect as of the date of this agreement and as they may be amended from time to time, including but not limited to the equal employment opportunity clause set forth in 41 CFR 60-250.4.

CONFLICT OF INTEREST No employee of the College or of the State of Maryland, or any department, commission, agency or branch thereof whose duties as employees include matters relating to or affecting the subject matter of this bid shall, while an employee, become or be an employee of the party or parties contracting with the College, the State of Maryland, or any department, commission, agency or branch thereof.

CONTINGENT FEES Bidder hereby declares and affirms that neither it nor any of its representatives has employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee or agent working for the Bidder, to solicit or secure a contract, and that it has not paid or agreed to pay any person, partnership, corporation, or other entity, other than a bona fide employee or agent, any fee or any other consideration contingent on the making of a contract as a result of this solicitation.

CONTRACT AMENDMENTS The College, without invalidating the contract documents, may submit a written request to order extra work or to make changes to the agreement by altering, adding to, or deducting from the work, and the contract sum shall reflect such changes. Price adjustments must be accepted, in writing, by Montgomery College before the supplier performs additional work on the project. The Contractor cannot accept purchase requests for products or services that are not covered in this contract or make changes to the scope of work unless a price for those products or services has been negotiated with the College, and the Contractor has received a signed contract amendment from the Procurement Office.

CONTRACT DEADLINES The Contractor is contractually obligated to meet all agreed upon deadlines. Failure of the Contractor to meet any deadline is grounds for termination by default. If the Contractor defaults, the College reserves the right to assess liquidated damages and/or make an open market purchase.

CONTRACT DOCUMENTS Unless otherwise noted, the general conditions of this bid, the Contractor's bid, and the signed purchase order form the contract. Contractors requiring a signed contract form separate and apart from the foregoing are to submit the contract with their bid. The Contractor's contract form will be examined and evaluated along with the Contractor's bid and, at the College's option, may be utilized as the contract.

CONTRACTOR IDENTIFICATION Contractor's employees are required to wear identification badges and/or carry picture identification when they are on College grounds.

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CONTRACT TERMINATION The contract may be terminated for any of the following reasons:
Failure of the Contractor to meet the mandatory requirements as described in this bid.
Failure of the Contractor to meet required deadlines.
Failure of the Contractor to resolve problems in a timely manner.
Lack of College funding.

CONTRACTORS This bid invitation is extended to individuals or firms as primary Contractors, and the Contractor will execute the work specified with bona fide employees. The Contractor is responsible for ensuring that the supervisor, lead worker, and subcontractors can communicate in English. Subcontractors cannot assume the primary award of this contract on behalf of the primary Contractor nor can the awarded Contractor be relieved of its obligation or responsibility to this contract. The College reserves the right to reject any subcontractor.

DELIVERY AND PACKING All prices quoted must include delivery. All goods delivered under this contract shall be packed in accordance with accepted trade practices. No charges may be made over and above the bid price for packaging, or for deposits or containers unless specified in the bid. No charge will be allowed for cartage unless by prior written agreement. Complete deliveries must be made by the successful bidder to the designated location as indicated on the Montgomery College purchase order. A packing slip shall be included in each shipment. All deliveries must be prepaid and must be delivered to each location designated on purchase order at no additional cost. **DELIVERIES MUST BE MADE TO THE SPECIFIED LOCATION. NO COLLECT SHIPMENTS OR SIDEWALK DELIVERIES WILL BE ACCEPTED.**

DELIVERY OF BIDS Sealed bids must be received in the Procurement Office by the date and time specified in the bid in order to be considered. **NO LATE BIDS OR PROPOSALS WILL BE ACCEPTED.** Late bids will be returned to the Bidder unopened. Bids submitted by mail must be addressed to the Procurement Office, Montgomery College, 9221 Corporate Blvd, Rockville, Maryland 20850, and clearly marked to indicate the bid number, title and opening date. Hand delivered bids will be accepted only at the Procurement Office, Montgomery College, 9221 Corporate Blvd, Rockville, Maryland 20850.

ERRORS IN BIDS Bidders are assumed to be informed regarding conditions, requirements, and specifications prior to submitting bids. Failure to do so will be at the Bidder's risk. Bids already submitted may be withdrawn without penalty prior to bid opening. Errors discovered after bid opening may not be corrected. In the case of an error in price extension, the unit price will govern. The intention of the Bidder must be evident on the face of the bid.

FAILURE TO DELIVER If the Contractor fails to comply with any established delivery requirements, the College reserves the right to make an open market purchase of required items and to assess, as liquidated damages, the difference between the contract price and the actual cost incurred by the College and to invoice charges to the Contractor.

INDEMNIFICATION The Contractor shall be responsible for any loss, personal injury, expense, death and/or any other damage which may occur by reason of Contractor's acts, negligence, willfulness or failure to perform any of its obligations under this agreement. Any acts, negligence, willfulness or failure to perform any of the Contractor's obligations under this agreement, on the part of any agent, director, partner, servant or employee of Contractor are deemed to be the Contractor's acts. Contractor agrees to indemnify and hold harmless the College and its trustees, employees, agents and students from any claim, damage, liability, injury, expense, and/or loss, including defense costs and attorney's fees, arising directly or indirectly out of Contractor's performance under this agreement. Accordingly, the College shall notify Contractor promptly in writing of any claim or action brought against the College in connection with this agreement. Upon such notification, Contractor shall promptly take over and defend any such claim or action. The College shall have the right and option to be represented in any such claim or action at its own expense. This indemnification provision shall survive the termination and/or completion of this agreement.

HAZARDOUS AND TOXIC SUBSTANCES Bidder must comply with all applicable Federal, State, County and bi-county laws, ordinances and regulations relating to hazardous and toxic substances, including such laws, ordinances and regulations pertaining to access to information about hazardous and toxic substances, and as amended from time to time. Bidder shall provide the College with a "Material Safety Data Sheet" or in the case of a controlled hazardous waste substance, a hazardous waste manifest for all hazardous chemicals listed or subsequently added to the Chemical Information List in compliance with applicable laws, ordinances and regulations.

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INSPECTION OF PREMISES If a site visit is recommended or required, each Bidder is responsible for visiting the site(s) prior to submitting a bid in order to observe the existing conditions affecting the work, and to obtain precise dimensions of the area(s) involved. No allowance will be made to the successful Bidder, at a later date for additional work required because of his or her failure to visit the site and/or to obtain the exact dimensions. Discrepancies, if any, must be reported to the College.

INSURANCE If a contract results from this bid, the Contractor shall maintain such insurance as will indemnify and hold harmless the College from Workmen's Compensation and Public Liability claims for property damage and personal injury, including death, which may arise from the Contractor's operations under this contract, or by anyone directly or indirectly employed by him/her.

MARYLAND PUBLIC INFORMATION ACT Bidder recognizes that the College is subject to the Maryland Public Information Act, Title 10 of the State Government Article of the Annotated Code of Maryland. Bidder agrees that it will provide any justification as to why any material, in whole or in part, is deemed to be confidential, proprietary information or trade secrets and provide any justification of why such materials should not be disclosed pursuant to the Maryland Public Information Act.

MINORITY PARTICIPATION Pursuant to Board Resolution #87-83, adopted on July 20, 1987, it is the policy of Montgomery College to encourage minority businesses to provide goods and services for the performance of College projects. Minority businesses are defined as firms that are 51% owned and controlled by a member of a socially or economically disadvantaged minority group, which includes African Americans, Hispanics, Native Americans, Alaskan Natives, Asians, Pacific Islanders, women, and the mentally or physically disabled.

NON-ASSIGNMENT AND SUBCONTRACTING Bidder shall not assign any contract or any rights or obligations hereunder without obtaining prior written consent of the College. No contract shall be made by Bidder with any other party for furnishing the services to be performed under a contract issued from this solicitation without the written approval of the College. These provisions will not be taken as requiring the approval of the contract of employment between Bidder and its personnel.

NON-COLLUSION Bidder certifies that it has neither agreed, conspired, connived, or colluded to produce a deceptive show of competition in the compilation of the bid or offer being submitted herewith; Bidder also certifies that it has not in any manner, directly or indirectly, entered into any agreement, participated in any collusion to fix the bid price or price proposal of the Bidder or offeror herein or any competitor, or otherwise taken any action in restraint of free competitive bidding in connection with the contract for which the bid or offer is submitted.

NON-DISCRIMINATION Bidder assures the College that, in accordance with applicable law, it does not, and agrees that it will not discriminate in any manner on the basis of sex, race, age, color, creed, national origin, religious belief, handicap, marital status, or status as a disabled veteran or veteran of the Vietnam era. Bidder further agrees to post in conspicuous places notices setting forth the provisions of the nondiscrimination clause and to take affirmative action to implement the provisions of this section. Bidder further assures the College that, in accordance with the Immigration Reform and Control Act of 1986, it does not and will not discriminate against an individual with respect to hiring, or recruitment or referral for a fee, of the individual for employment or the discharging of the individual from employment because of such individual's national origin or in the case of a citizen or intending citizen, because of such individual's citizenship status.

NON-DISCRIMINATION POLICY The College is committed to providing a work and study environment that is free from discrimination and harassment on the basis of race, color, religious creed, ancestry, national origin, age, sex, marital status, handicap, pregnancy or status as a disabled veteran or veteran of the Vietnam era. Behavior contrary to this philosophy, which has the purpose or effect of creating an intimidating, hostile, or offensive environment, will not be tolerated by the College, and it is the Contractor's responsibility to ensure that behavior by its employees, agents, and subcontractors does not occur. This policy extends to maintaining an environment free from sexual harassment. Therefore, sexual advances or sexual remarks, requests for sexual favors, and other verbal or physical conduct of a sexual nature must not be condoned or permitted by the Contractor. This prohibition extends to harassment within the employment context as well as harassment of students, staff and visitors to the College. It should be assumed that all sexual behavior by the Contractor's employees, agents and subcontractors on any campus or facility of the College, whether owned, operated, maintained or leased by the College, is improper and unwelcome. Contractor will also insure that all technicians who work with College users exhibit a high degree of professionalism in their dealings with those users.

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NON-VISUAL ACCESS The bidder or offeror warrants that the information technology offered under this bid or proposal (1) provides equivalent access for effective use by both visual and nonvisual means; (2) will present information, including prompts used for interactive communications, in formats intended for both visual and nonvisual use; (3) if intended for use in

a network, can be integrated into networks for obtaining, retrieving, and disseminating information used by individuals who are not blind or visually impaired; and (4) is available, whenever possible, without modification for compatibility with software and hardware for nonvisual access. The bidder or offeror further warrants that the cost, if any, of modifying the information technology for compatibility with software and hardware used for nonvisual access will not increase the cost of the information technology by more than 5 percent. For purposes of the regulation, the phrase “equivalent access” means the ability to receive, use, and manipulate information and operate controls necessary to access and use information technology by nonvisual means. Examples of equivalent access include keyboard controls used for input and synthesized speech, Braille, or other audible or tactile means used for output.”

NOTICE TO CURE The College reserves the right to cancel the contract if the Contractor’s performance is unsatisfactory to the College. It is understood, however, that if at any time during the term of the contract, performance is deemed to be unsatisfactory, the College shall so notify the Contractor in writing, and the Contractor shall correct such unsatisfactory conditions within thirty (30) calendar days from receipt of such notification. If such corrections are not made within the specified period, the College may terminate the contract.

PATENTS Bidder guarantees that the sale and/or use of the goods offered will not infringe upon any U.S. or foreign patent. Bidder will at his/her own expense, indemnify, protect and save harmless the College, its trustees, employees, agents and students with respect to any claim, action, cost or judgment for patent infringement, arising out of the purchase or use of these goods.

PREPARATION OF BID Bids submitted must be hand signed by an authorized agent of the company submitting the bid. Notification of award will be made by “Notice of Intent to Award” and/or purchase order. A bidder may attach a letter of explanation to the bid for clarification. Bidders will be required, if requested by Montgomery College, to furnish satisfactory evidence that they are, in fact, bona fide manufacturers of or dealers in the items listed, and have a regularly established place of business. The College reserves the right to inspect any Bidder’s place of business prior to award of contract to determine Bidder responsibility.

PRODUCT TESTING DURING TERM OF CONTRACT Goods delivered under any contract resulting from this Request for Bid may be tested for compliance with specifications stipulated herein. Any shipment failing to meet or comply fully with the specification requirements will be rejected. The cost of testing a representative sample of an order or shipment for acceptance shall be borne by the College unless the order is rejected for failure to meet specifications or purchase description. In such cases of rejection, the cost of testing will be charged back to the Contractor.

RECORD RETENTION If awarded a contract, Contractor shall maintain books and records relating to the subject matter of this agreement, including but not limited to all charges to the College, for a period of three (3) years from the date of final payment under this agreement.

REFERENCES Bidder must provide at least three references from former or current clients who can confirm the Bidder’s experience with projects that are similar in size or scope. All reference information must include the company’s name and address and the contact’s name and telephone number. The references provided must be able to confirm, without reservation, the Bidder’s ability to provide the level of services requested in this solicitation. References from other higher education institutions or government agencies are preferred but not required.

REGISTRATION OF CORPORATIONS NOT REGISTERED IN THE STATE OF MARYLAND Pursuant to 7-202 et. Seq. of the Corporation and Associations Article of the Annotated Code of Maryland, corporations not incorporated in the State of Maryland shall be registered with the State Department of Assessments and Taxation, 301 West Preston Street, Baltimore, Maryland 21201 before doing any interstate or foreign business in this State. A copy of the registration or application for registration may be requested by the College.

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REJECTIONS AND CANCELLATIONS Montgomery College reserves the right to accept or reject any or all bids in whole or in

part for any reason. The College reserves the right to waive any informality and to make awards in the best interest of the College. The College also reserves the right to reject the bid of any Bidder who has previously failed to perform adequately on a prior award for furnishing goods and/or services similar in nature to those requested in this bid. The College may cancel this solicitation in whole or in part, at its sole discretion.

RIDER PROVISION FOR MONTGOMERY COUNTY PUBLIC SCHOOLS AND MONTGOMERY COUNTY The Bidder agrees when submitting the bid that it will make available to every office and department of the Montgomery County Public Schools and the Montgomery County Government the same bid prices, terms and conditions offered during the term of contract. Orders will be placed directly by these agencies.

RIGHT TO STOP WORK If the College determines, either directly or indirectly, that the Contractor's performance is not within the specifications, terms or conditions of this bid and/or that the quality of the job is unacceptable, the College has the right to stop the work. The stoppage of work shall continue until the default has been corrected and/or corrective steps have been taken to the satisfaction of the College. The College also reserves the right to re-bid this contract if it is decided that performance is not within the specifications as set out.

SAMPLES AND CATALOG CUTS If samples are required, Bidder shall be responsible for delivery of samples to location indicated. All sample packages shall be marked "Sample for Procurement Office, Bid No.____" and each sample shall be tagged or marked. Failure of the Bidder to clearly identify samples as indicated may result in rejection of bid. The College reserves the right to test any materials, equipment or supplies delivered to determine if the specifications have been met. Samples will not be returned.

SIGNATURE Each bid must show the full business address and telephone number of the Bidder and be signed by the person or persons legally authorized to sign such contracts. All correspondence concerning the bid and contract, including the bid summary, copy of contract, and purchase order, will be mailed or delivered to the address shown on the bid. **NO BID WILL BE ACCEPTED WITHOUT ORIGINAL SIGNATURE.**

SPECIFICATIONS AND SCOPE OF WORK The specifications listed herein may or may not specify all technical requirements which are needed to achieve the end result. When accepting the award, the Contractor assumes the responsibility of accomplishing the task requested in this document. Any omission of parts, products, processes, etc. in the specifications are the responsibility of the Contractor and the College will not bear the responsibility of their omission. If omissions in the specifications are discovered and these omissions will impact the contract price then it is the responsibility of the Bidder to note these omissions, in writing, prior to accepting the award. If these omissions are not noted prior to award then the Contractor's silence is deemed as full and complete acceptance and any additional costs will be borne by the Contractor.

TAXES The College is exempt from Federal and Maryland taxes. Exemption Certificates are available upon request. Bidder shall be responsible for the payment of any and all applicable taxes resulting from any award and/or any activities hereunder, including but not limited to any applicable amusement and/or sales taxes.

TERMINATION BASED ON LACK OF FUNDING Any contract awarded as a result of this solicitation will be subject to funding and continued appropriation of sufficient funds for the contract. For purposes of this solicitation, the College's appropriating authority is deemed to be the Board of Trustees of Montgomery College. Insufficient funds shall be grounds for immediate termination of solicitation.

TERMINATION FOR DEFAULT If an award results from this bid, and the Contractor has not performed or has unsatisfactorily performed the contract, payment shall be withheld at the discretion of the College. Failure on the part of the contractor to fulfill contractual obligations shall be considered just cause for termination of the contract and the Contractor is not entitled to recover any costs incurred by the Contractor up to the date of termination.

TERMINATION FOR THE CONVENIENCE OF THE COLLEGE The performance of the work or services under a contract as a result of this solicitation may be terminated in whole or in part, whenever the President of Montgomery College shall deem that termination is in the best interest of the College. Such determination shall be at the sole discretion of the President. In such event, the College shall be liable only for payment in accordance with the payment provisions of the contract for work or services performed or furnished prior to the effective date of termination. Termination hereunder shall become effective by delivery to contractor of written notice of termination upon which date the termination shall become effective.

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USE OF CONTRACT BY OTHER EDUCATIONAL INSTITUTIONS While this bid is prepared on behalf of Montgomery College, it is intended to apply to other Maryland educational institutions and public agencies in Montgomery County, Maryland and State of Maryland as listed below:

- Montgomery County Public Schools
- Montgomery County Government
- Montgomery County Housing Opportunities Commission
- Maryland-National Capital Park & Planning Commission
- Washington Suburban Sanitary Commission
- Maryland State Colleges and Universities

Unless the Bidder takes an exception, the resulting awarded items will be available to all agencies listed. Should a price adjustment be necessary to include any other public agency, the Bidder must so note on the Contractor Information Form. Exception for Montgomery County Public Schools will not be accepted. Purchase requests and funding from other agencies will be the responsibility of those agencies.

WARRANTY Bidder expressly warrants that all articles, material and work offered shall conform to each and every specification, drawing, sample or other description which is furnished to or adopted by the College and that they will be fit and sufficient for the purpose intended, merchantable, of good material and workmanship, and free from defect. Such warranty shall survive a contract and shall not be deemed waived either by the College's acceptance of said materials or goods, in whole or in part, or by payment for them, in whole or in part. The Bidder further warrants all articles, material and work performed for a period of one year, unless otherwise stated, from date of acceptance of the items delivered and installed, or work completed. All repairs, replacements or adjustments during the warranty period shall be at Bidder's sole expense.

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ATTACHMENT E – MID ATLANTIC PURCHASING TEAM RIDER CLAUSE



Cooperative Rider Clause

The Mid-Atlantic Purchasing Team (MAPT) is the agreement between the Metropolitan Washington Council of Governments (“MWCOG”) and the Baltimore Metropolitan Council (“BMC”) to aggregate the public entity and non-profit purchasing volumes in the Maryland, Virginia and Washington, D.C. region (“region”).

Format

A lead agency format is used to accomplish this work. The Lead Agency in this procurement has included this MAPT Cooperative Rider Clause in this solicitation indicating its willingness to allow other public entities to participate pursuant to the following Terms and Conditions:

1. Terms
 - 1.1 Participating entities, through their use of the Cooperative Rider Clause, agree to the terms and conditions of the resulting contract to the extent that they can be reasonably applied to the participating entity.
 - 1.2 Participating entities may also negotiate additional terms and conditions specific to their local requirements upon mutual agreement between the parties.
2. Other Conditions - Contract and Reporting
 - 2.1 The contract resulting from this solicitation shall be governed by and "construed in accordance with the laws of the State/jurisdiction in which the participating entity officially is located;
 - 2.2 To provide to MWCOG and/or BMC contract usage reporting information, including but not limited to quantity, unit pricing and total volume of sales by entity, as well reporting other participating entities added on the contract, on demand and without further approval of contract participants;
 - 2.3 Contract obligations rest solely with the participating entities only;
 - 2.4 Significant changes in total contract value may result in further negotiations of contract pricing with the lead agency and participating entities.

In pricing and other conditions, vendors are urged to consider the broad reach and appeal of MAPT with public and non-profit entities in this region. A list of the participating members of the Mid-Atlantic Purchasing Team can be found at the following web links:

www.mwcog.org/purchasing-and-bids/cooperative-purchasing/member-links/ and <http://www.baltometro.org/our-work/cooperative-purchasing/brcpc-representatives>

RFP 520-023, Appendix I

(COMAR) Title 13B.07.03.02 Community College Auditing Guidelines

Sec. 13b.07.03.02. Auditing Guidelines (Not Applicable to Baltimore City Community College)

Latest version.

A. A college shall submit annually a signed financial and enrollment audit in accordance with this chapter.

B. Performance of the Audit.

(1) The audit is to be conducted by an independent certified public accountant, and the cost of the audit shall be the responsibility of each college.

(2) An annual audit performed by an official auditor of a county shall satisfy the annual audit requirement if it otherwise meets the requirements of the statutes and this chapter and if the official auditor is approved by the Commission with the concurrence of the Legislative Auditor.

(3) The Legislative Auditor may perform the required annual audits. However, the Legislative Auditor shall give notice of the Auditor's intent to perform the annual audit of a college before the start of the fiscal year to be audited. The cost of this audit is the responsibility of each college.

(4) The Legislative Auditor may be directed to undertake special audits of a college by the Joint Budget and Audit Committee of the General Assembly. These audits are conducted at State expense.

C. Selection of the Independent Certified Public Accountant.

(1) The selection of the independent certified public accountant who will conduct the audit is the responsibility of the local board of trustees for each college.

(2) The arrangements made with the independent certified public accountant shall:

(a) Be in writing;

(b) Specify that these regulations are being followed; and

(c) Be approved in advance by the college's board of trustees.

(3) The independent certified public accountant shall determine the nature and extent of the review required to render an opinion.

D. Audit Requirements.

(1) An audit of a college shall be conducted in accordance with the American Institute of Certified Public Accountants Industry Audit Guide: Audits of Colleges and Universities, and in compliance with generally accepted auditing standards.

(2) If the auditor is unable to express an unqualified opinion on financial statements, a separate letter shall be submitted to the Commission by the college which indicates in detail management's plan to correct the problem so that the auditor can issue an unqualified opinion in the future. These letters shall accompany the financial statements when they are submitted to the Commission.

(3) Management Letter.

(a) A college shall require the independent certified public accountant to issue a management letter to the college which shall contain a listing of all material weaknesses in the college's system of internal controls. A copy of the auditor's management letter and the college's response to each item in the management letter shall be filed with the Commission.

(b) The auditor shall follow up on previous material weaknesses, the college's response, and the action taken by the Commission in ensuing years to ensure that controls have been implemented. Noncompliance with the auditor's recommendations shall be noted in future management letters.

(4) Each board of trustees shall engage the independent certified public accountant to perform an audit on the Annual Financial Report to the Commission (form MHEC-CC-4) which is a special purpose report required by the Commission. The independent certified public accountant shall render a report on the scope of the accountant's examination of the Annual Financial Report (form MHEC-CC-4) and express the accountant's opinion as to the fairness of the Summary Statement of Revenues and Expenditures and the enrollment data. Explicit references are required with regard to enrollment data and whether the principles and procedures governing the interrelationship between the current unrestricted general fund and the auxiliary enterprise fund result in a fair presentation of the current unrestricted general fund revenues and expenditures. The independent certified public accountant also shall prepare a reconciliation of any differences in total current general unrestricted revenues and expenditures as shown in the Annual Financial Report (form MHEC-CC-4) and those same revenues and expenditures as reflected in the audited financial statements. For purposes of expressing an opinion on the Annual Financial Report (MHEC-CC-4), the independent certified public accountant shall comply with §D(5)----(15) of this regulation.

(5) Full-time equivalent student enrollment shall be audited with the same diligence as applied to the financial statements, that is, the general standards and standards of field work apply to the enrollment audit. The specific tests of the enrollment records and the auditing procedures to be applied to the enrollment records are the responsibility of the independent certified public accountant.

(6) Full-time equivalent students equal total student credit or equated credit hours generated in a fiscal year divided by 30.

(7) Full-time equivalent enrollment:

(a) Is measured as of the end of the third week of classes each semester and after 20 percent of the time has lapsed for shorter sessions; and

(b) In credit or equated credit courses which continue for a period of time which is more or less than a semester, is measured at a point in time which is 20 percent of the total course time.

(8) Except as provided in COMAR 13B.07.02.03F and G, students shall be classified by their geographic area of residence to ensure that out-of-State students do not enter into the computation of full-time equivalent students for State aid purposes.

(9) A faculty or staff member, or dependents of the faculty or staff member of the college enrolled without tuition charge, may not be included in the computation of full-time equivalent students for the purposes of State aid.

(10) A college may not enter into a contractual agreement with an organization or institution which offers instruction resulting in credit or equated credit submitted for State aid to the college without the prior approval of the Commission.

(11) A college may not submit for State aid credits awarded to students for:

(a) Satisfactory completion of standardized tests of college-level performance, competency, or aptitude; or

(b) Work experience or life experience which does not require direct college instruction or supervision.

(12) Unless otherwise approved by the Commission, full-time equivalent enrollment is to be reported to the Commission within the fiscal year in which the courses are taught. Full-time equivalent enrollment in credit or equated credit courses that are conducted over the fiscal year end shall be reported in the fiscal year in which the courses are predominantly taught.

(13) An auditor shall direct particular attention to sections of the Commission general policies regarding contractual agreements with organizations offering instruction, State or federally funded contracts, and maintenance of effort by local subdivisions.

(14) When local, State, or federally funded contracts or grants, or both, pay for program or course costs, or both, State aid is not paid for that proportion of full-time equivalent students whose total costs are funded by the grant or contract.

(15) There is a clear distinction between the State's participation in support of current expenses and in support of construction projects, and this distinction shall be maintained in the college's accounts and reports.

(16) Transfer expenditures are included in adjusted current unrestricted operating expenditures only if the nature of the transfer coincides with the definition of an expenditure defined as a current general unrestricted fund expenditure.

(17) Encumbrances outstanding at year end shall be substantiated by written and approved purchase orders or contracts for the future delivery of goods or services not received as of June 30. In the preparation of financial statements, open encumbrances are to be reported under generally accepted accounting principles as a reservation of fund balance, since the commitments will be honored through subsequent year's expenditures. Open encumbrances outstanding at year end do not constitute expenditures or liabilities in the financial statements or in the Annual Financial Report (MHEC-CC-4).

E. Filing Requirements.

(1) Three copies of the formal audit report, the financial statements, the management letter, recommendations, and the college's response to the management letter shall be filed with the Commission within 90 days of the close of each fiscal year.

(2) Three copies of the Annual Financial Report (form MHEC-CC-4) shall be filed with the Commission within 90 days of the close of each fiscal year. The copies shall be accompanied by a transmittal letter signed by the president of the college which indicates that the president is aware of the contents of the report.

(3) The Commission shall forward copies of the required reports to the Legislative Auditor to fulfill the requirements of the statutes.

(4) Extensions.

(a) A written request for an extension of time to file the required reports and the management letter shall be received by the staff of the Commission before the original due date.

(b) An extension of time is not normally granted for the Annual Financial Report (form MHEC-CC-4).

(c) A request for an extension of time for the Annual Financial Report may be considered if:

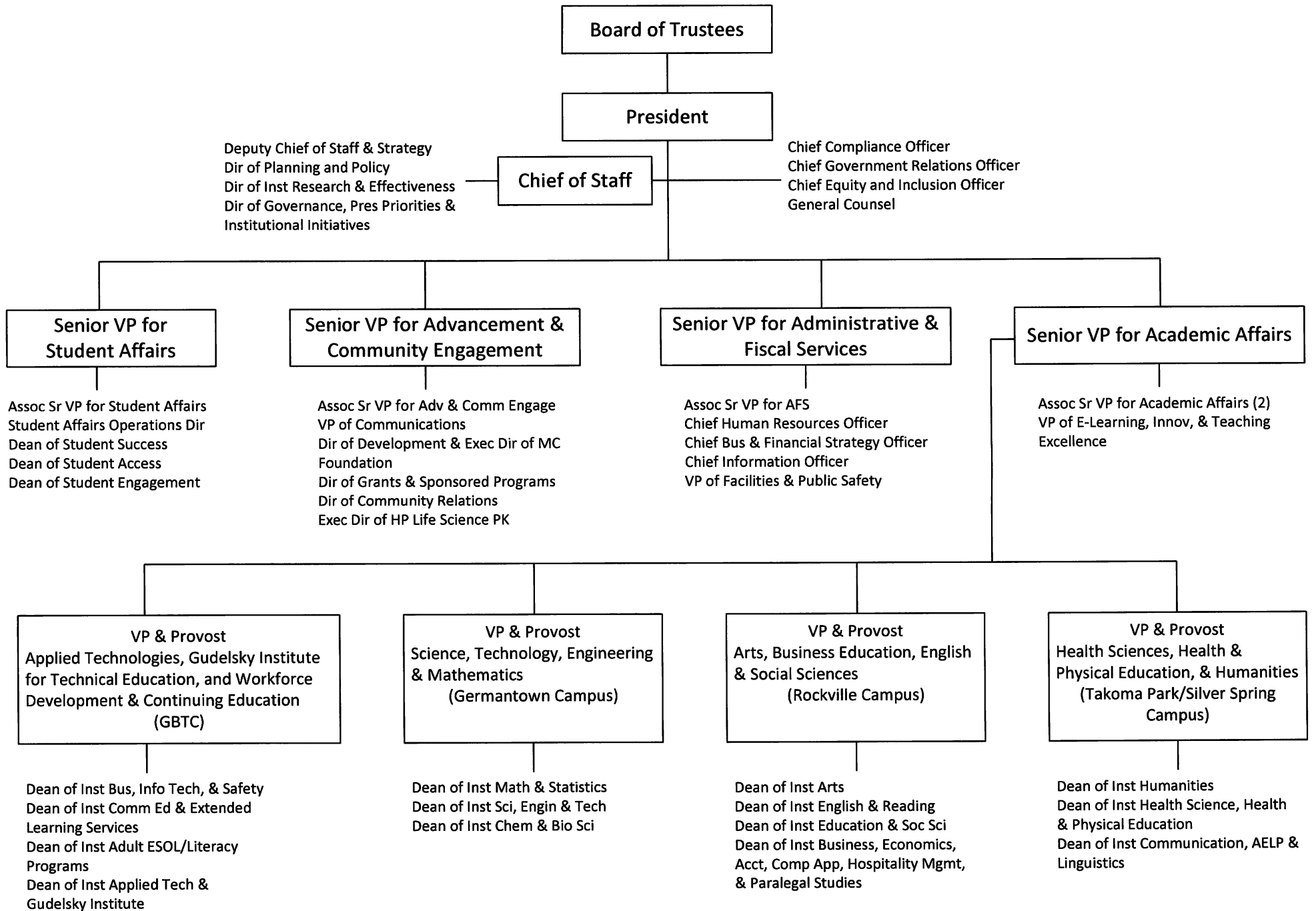
(i) Detailed reasons are stated that indicate why the reporting deadline cannot be met;

(ii) The request indicates the estimated date the audit will be completed and the report filed; and

(iii) The request is signed by the president of the college.

RFP 520-023, Appendix II

Montgomery College Organizational Chart



RFP 520-023, Appendix III

**Montgomery College Board of Trustees Policy 61001 & 61001CP, Fiscal
and Administrative Affairs: Fiscal Control**

Chapter: Fiscal and Administrative Affairs

Modification No. 011

Subject: **Fiscal Control**

I. Budget Control

- A. All budgets of the College will be prepared and administered in a manner consistent with applicable law, regulations, and procedures, within Board policy and with the guidance of the College mission, purpose and goals.
1. The Operating Budget of the College will be prepared in such a manner that appropriations can be made to those major functions established by the Maryland Higher Education Commission, and that each major function can be subdivided, for internal operating purposes as appropriate, into expenditure classifications as recommended in the Accounting Manual for Maryland Community Colleges. In accordance with state law, the major functions established by the Maryland Higher Education Commission shall conform generally to those contained in the current Industry Audit Guide, "Audits of Colleges and Universities," issued by the American Institute of Certified Public Accountants.
 2. The Capital Budget of the College, including the College's long-term capital improvements program, will be prepared in accordance with county fiscal procedures not inconsistent with state law.
- B. The President of the College is responsible for preventing the overspending of appropriations contained in all College budgets. The Vice President of Finance/Chief Financial Officer is responsible to the President for establishing and implementing a financial control system to provide for the management and control of appropriations contained in all College budgets and for developing and maintaining written procedures and guidelines for use by the Office of Business Services in administering the fiscal matters of the College.
- C. The President of the College is responsible for preventing the over-encumbrance of the number of authorized regular positions. Any increase or decrease in the number of regular positions must be approved by the Board of Trustees. The movement of positions between organizational units of the College must be authorized by the President. The Senior Vice President for Administrative and Fiscal Services is responsible to the President for establishing and implementing a position control system and for providing that an authorized position exists for each newly hired person.
- D. In accordance with state law, the Montgomery County Council is responsible for making appropriations to each project within the College Capital Budget, to the College debt service requirement, and to the major functions of the current operating fund (Operating Budget) and the special funds.
- E. Supplemental and emergency appropriations for the College Capital Budget, and for the major functions of the current operating fund and the special funds, must be approved by the Board of Trustees, subject to such other approvals as are required by law.

- F. Movements of funds between the major functions of the current operating fund and the special funds are defined as transfers and must be approved by the Board of Trustees. State law requires that these transfers shall be submitted in writing and approved by the County governing body before they are made and, if the County governing body fails to act on a request for a transfer within 30 days, the request is automatically approved as requested.
- G. Movements of funds between objects within a major function of the current operating fund and the special funds shall be approved by the President or designee. These modifications are defined as redistributions.

II. Revenue

- A. The President, or designee, is authorized to receive all monies for College accounts and to provide for the establishment of procedures for the receipt, recordation and accounting of such monies. The Vice President of Finance/Chief Financial Officer has been authorized by the President to receive all monies for College accounts and is responsible to the President for establishing and implementing procedures for the receipt, recordation, and accounting of such monies.

B. Major Revenue

Section 16-403 of the Education Article of the Annotated Code of Maryland, provides that the major sources of revenue for the budgets shall be the State, County, and tuition and fees paid by students. Adoption of the budgets for each fiscal year with their estimates of revenue to be acquired from the foregoing major sources, provides the authority for the President, or the President's designee(s) to receive and deposit funds from such sources in appropriate College accounts, without further specific Board action.

C. Investment Revenue

The Board of Trustees, by resolutions 70-101 (7/21/70), 72-30 (2/21/72), and 73-150 (9/17/73) has authorized the President to obtain additional revenue by investing unused funds of the College in fully insured securities as specified by State law. Adoption of the College budgets for each fiscal year with their estimates of revenue to be acquired from interest provides the authority for the President or the President's designee(s) to receive and deposit such funds in appropriate College accounts, without further specific Board action.

D. Mixed Revenue and Receipts

1. Definition

"Mixed revenue and receipts" is defined as that received from all sources other than those specified in sub-paragraphs and B and C above. Such revenue includes:

- a. Grants from agencies of the Federal, State, or local

- governments.
- b. Income from the sales of goods and services associated with auxiliary enterprises.
- c. Fees and charges received by Workforce Development & Continuing Education.
- d. Parking fines.
- e. Funds donated for scholarships or student financial aid.
- f. Outright cash gifts for purposes other than scholarships or student financial aid.
- g. Funds received for which the College acts merely as a fiscal agent with or without reimbursement for administrative services.
- h. Receipts from the sale of Board property.
- i. Royalties or receipts derived from the sale or rental of materials copyrighted in the name of the College.

2. Grants from Governmental Agencies

- a. The President or the President's designee(s) is authorized, without prior reference to the Board of Trustees, to negotiate for, receive, and deposit into appropriate accounts grants from agencies of the Federal, State, or local governments provided that no matching funds are required from the College or that matching funds in the required amount have been authorized by the Board in the College's Operating Budget document for the applicable fiscal year.
- b. In those cases in which negotiations authorized by the President or the President's designee(s) indicate to the President the desirability of applying for a grant from an agency of the Federal, State, or local government and any required matching funds have not been specifically included in the applicable Board-approved Operating Budget document, the President will prepare an appropriate resolution for the Board of Trustees. The memorandum containing the resolution will relate the relevant facts pertaining to the grant and will include recommendations pertaining to the movement of monies necessary for the establishment of the required matching funds.
- c. This policy applies to all grants and cooperative agreements which place an obligation on Montgomery College. In most cases, this involves a formal agreement in which Montgomery College agrees to conduct or perform certain activities and the grantor provides funds, equipment, materials, and/or services that Montgomery College agrees to manage according to its policies and procedures.
- d. Montgomery College, rather than an individual or department, is the legal recipient of grants and cooperative agreements. As such, the President or the President's designee is the sole authorized certifying official for submission and acceptance of grants and cooperative agreements for Montgomery College.

Equipment purchases from grants or cooperative agreements become the property of Montgomery College unless otherwise agreed upon.

3. Auxiliary Enterprises Receipts

The President or the President's designee(s), without prior reference to the Board of Trustees, is authorized to receive and deposit into the appropriate accounts all revenue from the sales of goods and services associated with the College's auxiliary enterprises.

4. Workforce Development & Continuing Education Receipts

Workforce Development & Continuing Education receives specified supporting funds from the State, tuition and fees from students enrolled in noncredit courses offered by Workforce Development & Continuing Education, and fees for services rendered to the community. Adoption of the Operating Budget document each year by the Board of Trustees, with its inclusion of forecast Workforce Development & Continuing Education's revenues, provides the authority for the President or the President's designee(s) to receive and deposit such revenues in the appropriate accounts without further specific Board action.

5. Parking Fines

In accordance with College policy on vehicle registration and parking, the President is authorized to establish methods for collecting fines for parking violations on College property. The President or designee, without prior reference to the Board of Trustees, is authorized to receive these fines and to deposit them in appropriate accounts.

6. Scholarships, Student Financial Aid, and Other Cash Gifts

Without prior reference to the Board of Trustees, the President or the President's designee(s) is authorized to receive and deposit to appropriate accounts those funds which are donated to the College for scholarships, student financial aid, or other authorized purposes provided that any matching funds required have been specifically included in the Board-adopted College Operating Budget document. Where any required matching funds have not been included in the budget document, the procedure in paragraph 2. b. will be followed.

7. Receipts as Fiscal Agency

In numerous instances, Federal or State regulations or laws require that educational institutions serve in effect as fiscal agents for the payment of services rendered by employees of the institution to Federal or State agencies. In such cases, when considered desirable by the President, he/she or a designee(s) is authorized to contract with the governmental agency and to receive and deposit the relevant monies in the appropriate accounts of the College. In other instances, College contracts with

business firms --such as that for student insurance, employee life insurance, and the College's supplementary retirement plan --require that the College collect monies and forward them to the other party to the contract. The President or the President's designee(s) is also authorized to receive these monies and to deposit them in the appropriate accounts.

8. Sale or Lease of Board Property

- a. The sale of Board-owned personal property is governed by College policies and procedures on "Procurement - Equipment Management."
- b. The copyright policy of the Board of Trustees authorizes the President, without prior reference to the Board of Trustees, to receive and to deposit in a College revenue account those funds which accrue to the College:
 - (1) From the sale of published or unpublished literary or other materials in which the Board of Trustees owns the copyright rights, or
 - (2) From the licensing of others to publish or use such literary or other materials.

III. Expenditures

- A. The College President is authorized to expend the revenues described above for the purposes for which they are intended. Revenues received can only be expended for the purpose intended by the revenue granting authority.
- B. Only the President of the College, as Secretary-Treasurer of the Board of Trustees, the Senior Vice President for Administrative and Fiscal Services, the Vice President of Finance/Chief Financial Officer, and the Associate Chief Business Officer acting for the Vice President of Finance/Chief Financial Officer are authorized to sign checks drawn on College accounts.

C. Reports

To apprise the Board of Trustees of the status of the Operating Budget, the College President will provide the Board with the reports indicated below:

- 1. Approved budget for revenue and other sources of funding compared to projected revenue through end of fiscal year.
- 2. Approved budget for expenditures and transfers compared to projected expenditures and transfers through the end of fiscal year.
- 3. Summary of investments outstanding and investment revenue earned year-to-date.
- 4. Summary of Workforce Development & Continuing Education's revenues

and expenditures year-to-date.

5. Summary of Auxiliary Services revenues and expenditures (unadjusted for inventories) year-to-date.
6. Sale or Lease of Board Property

The status of receipts from the sale or lease of Board property, including receipt of monies for the sale of licensing of copyrights owned by the Board, will be reported to the Board after the end of each fiscal year.

IV. Capital Fund

A. Movement of Funds

1. There shall be no movement of funds between the capital and any other fund of the College.
2. There shall be no movement of funds between projects authorized in the Capital Budget, except as provided by county fiscal procedures governing such transactions.
3. The Senior Vice President for Administrative and Fiscal Services must approve the movement of funds between cost element account categories (Design, Land, Site, Construction, and Other/F&E) within an authorized project when the funds are \$25,000 or more.
4. The Vice President of Facilities and Security (primary account manager for the capital fund) is authorized to approve the movement of funds between cost element account categories (Design, Land, Site, Construction, and Other/F&E) within an authorized project when the funds are less than \$25,000.
5. The Vice President of Facilities and Security (primary account manager for the capital fund) may approve the movement of funds within a cost element account category (Design, Land, Site, Construction, and Other/F&E) of an authorized project.

B. Management and Expenditure of Funds

1. General

- a. The management and the expenditure of funds within the capital fund shall be governed by the same College policies and procedures which govern the management and expenditure of funds within the operating fund, except as specifically provided in this policy on fiscal control.
- b. No money will be spent, or work begun, on any capital project until appropriate state and county approvals are received by the College and necessary contracts are properly executed.

- c. Notification will be provided promptly to the county of all state actions to approve or disapprove all or part of College capital projects.
- d. The President recommends and the Board of Trustees approves the overall budget for each project in the capital fund. No additional approvals by the Board of Trustees are required in order to expend or use capital funds except as provided for in this policy on fiscal control and in Board policies and procedures regarding procurement.

2. Land

The purchase of land and the expenditure of funds therefore must be approved by the Board of Trustees.

3. Consultant Services

- a. Consultant services in the capital fund will be procured subject to Board policies and authorized procedures regarding procurement for professional services.
- b. Consultant contract budgets for projects in the capital fund include all necessary funds to complete the project. This includes supplemental design services and reimbursable expenses as defined in the contract documents. Supplemental design services must be authorized in writing by the Vice President of Facilities and Security. Allowable reimbursable expenses are defined in the contract documents and may be approved by an account manager, provided that documentation of the expenses is provided.
- c. Consultant fees for changes in scope (items not covered under the supplemental services clause of the consultant contract), which result in the execution of a contract modification agreement, must be approved by the Board of Trustees if they meet or exceed 10% of the original contract award. The Senior Vice President for Administrative and Fiscal Services may approve contract modifications of less than 10% of the original contract award and will discuss any extraordinary requests with the President. Information will be provided to the Board through normal status updates as appropriate.
- d. Consultant services will not begin until an appropriate contract is authorized and executed pursuant to this policy.

4. Construction and Procurement

- a. Capital construction and the purchase of furniture, equipment, and other products for authorized capital projects is subject to

Board policies and authorized procedures regarding procurement. All formal bidding will be conducted in accordance with Board policy and will be in accord with applicable state law and regulations.

- b. No capital construction, or purchases for capital construction, is authorized until appropriate state and county approvals are secured, authorized contracts and purchase orders are executed, and the requirements of all Board policies and approved procedures are met.

C. Changes to a Construction Contract

Each project budget, as approved by the Board of Trustees in the capital fund, includes all construction contingency expenses including change orders. As such, construction change orders do not require Board approval except as noted below.

1. A change request which will alter the scope of the project must be approved by the Board of Trustees and appropriate state and county agencies, as required.
2. Change requests which will increase the cost of a construction project will be processed in accordance with the policies herein and applicable state and county regulations.
3. A change request which will increase the cost of a construction contract after its last approval by the Board of Trustees (including the original contract and any changes previously approved by the Board of Trustees) by \$250,000 or more must be approved by the Board of Trustees. The request for approval to the Board must identify all changes approved to the contract since the Board's last approval, together with the specific change for which approval is requested.
4. A time extension of more than 30 days to a construction contract completion date must be approved by the President (or designee).
5. A time extension of 30 days or less to a general construction contract completion date may be approved by the Vice President of Facilities and Security.
6. All change requests which will increase the cost of a construction contract by less than \$250,000 must be authorized by the President or designee. In addition, for every construction contract approved by the Board of Trustees, there must be provided to the Board of Trustees a report that contains the original contract amount, all changes approved by Board of Trustees as of the date of the report and all changes approved for the construction contract since the last approval of the Board of Trustees (of either the original contract or changes to the construction contract) at least every three months after the last approval of the Board of Trustees.

7. A change required to eliminate an imminent personal or property safety hazard may be approved by the Facilities Office representative on the site. Verbal notice must be given to all responsible administrators immediately following the action of the on-site representative. A written report of this change must be submitted to the Vice President of Facilities and Security within 48 hours after the change is initiated.

D. Reduction of Contractor's Retained Percentage

A reduction in the percentage of retainage specified by the bid documents may be authorized by the Vice President of Facilities and Security when all of the requirements specified by the bid documents have been fulfilled.

E. Assessment of Liquidated Damages

When such damages are provided for in the contract, liquidated damages may be assessed by the Board of Trustees against a general construction contractor who fails to meet the specified general construction contract completion date and who has not been granted a time extension.

F. Final Payment of Construction Contracts

Final payment to contractors for construction and site improvements projects is authorized by the Vice President of Facilities and Security, subsequent to (a) the receipt of certification from the architect/engineer and/or the Director of Project Management that the contractor has completed the work in accordance with all plans and specifications and that all contract requirements have been met and (b) the receipt of any other certifications required by law.

G. Closing Capital Projects

Projects that are completed and for which the warranty has expired; projects that are completed and for which all funds are depleted; and projects that are funded but are no longer considered essential are omitted from the College's proposed Capital Improvements Program (CIP) which is submitted to the County in September of each year. Each May, the County Council re-appropriates funds for each individual project contained in the CIP. Those projects which have been omitted from the CIP are closed automatically and the balance in each project account is reduced to zero.

H. Board of Trustees Authorized Signatory for State Reimbursement Requests

The Senior Vice President for Administrative and Fiscal Services is authorized to sign Certificate of Project Expenditure forms ("CPEs") to request state reimbursement to the county on state-funded capital projects, after certification from the Vice President of Facilities & Security that the local funds have been expended as indicated.

I. Capital Budget Minority Business Utilization Program

1. The College shall establish a minority business utilization program to facilitate the participation of responsible certified minority business enterprises in contracts awarded by the Board of Trustees in accordance with competitive bidding requirements. The procedures shall be structured with the result that minority businesses are awarded a fair share of the awards made through the Capital Budget; however, nothing shall be construed as authorizing awards that are fiscally disadvantageous to the College or that confer any special privilege or status upon any minority business or group or individual representing a minority business.

2. Definitions

For the purposes of this policy, the definitions of "minority business enterprise" and "minority individual" shall be those as stated in sections II-148(a), (3), and (4) of the State Finance and Procurement Article of the Annotated Code of Maryland.

Board Approval: May 21, 1984; February 17, 1987; July 20, 1987; May 16, 1988; March 20, 1989; October 7, 1992; March 16, 1993; February 3, 2001 (*changes in administrative and organizational titles only*); August 8, 2008 (*changes in administrative and organizational titles only*), March 19, 2012, September 23, 2013

Chapter: Fiscal and Administrative Affairs

Modification No. 012

Subject: **Fiscal Control**

I. Budget Control

The Vice President of Finance/Chief Financial Officer will make adjustments to current fund budgets after County Council review of budgets authorized by Title 16 of the Annotated Code of Maryland and after action by the Board of Trustees.

II. Account Managers

- A. The Vice President of Finance/Chief Financial Officer shall designate primary account managers. In cases where funding pertains to new programs or to elements of the College which have been reorganized, the Vice President of Finance/Chief Financial Officer will consult with the Senior Vice President for Administrative and Fiscal Services prior to designating the related primary account manager.
- B. The primary account managers will be responsible for the solvency of programs from the organization of budgetary requests, as a part of the budget development process, to the consummation of expenditures during the life of the appropriation. Primary account managers examine the incurrence of expenditures permitted under budget allocations so as to maximize use of the funds and avoid overruns. Movement of funds into or out of an account shall be supported by appropriate written justification. All expenditures must be supported by documentary evidence.
- C. The primary account managers may recommend to the Vice President of Finance/Chief Financial Officer the designation of secondary account managers to assist in the control and administration of programs except for authorization and approval of movement of money.
- D. Secondary account managers will maintain ancillary records and documents on their activities except those which are required to be sent to the Vice President of Finance/Chief Financial Officer for the purpose of making disbursements or maintaining formal accounting records. Secondary account managers will be held accountable for the prudent management of funds allocated to them.
- E. All fiscally related activities of primary and secondary account managers will be subject to audit.

III. Additions or Movement of Positions

- A. Requests for additional regular positions must be acted on by the Board of Trustees.
- B. Additional temporary positions may be established by the Senior Vice President for Administrative & Fiscal Services.
- C. Final approval for the movement of positions between organizational units must

be approved by the President, in accordance with Board policy.

IV. Movement of Funds; Supplemental or Emergency Appropriations

- A. Movement of funds between functions exceeding appropriations authority (transfers) and/or supplemental or emergency appropriations must be approved by the Board of Trustees and the County Council.
- B. Funds may be moved within objects or between objects of expenditures only with appropriate approval. Such changes may be requested by an account manager by memorandum to the Chief Budget and Management Studies Officer.
- C. The Chief Budget and Management Studies Officer is authorized to approve all requests for movements of funds within objects of expenditure (reassignments) or between objects of expenditure (redistributions) of less than \$25,000 and will discuss extraordinary requests with the Senior Vice President for Administrative and Fiscal Services.
- D. The Senior Vice President for Administrative and Fiscal Services is authorized to approve all requests for movements of funds within or between objects of expenditure of \$25,000 or more and will discuss extraordinary requests with the President.
- E. The Senior Vice President for Administrative and Fiscal Services is authorized to approve all requests for movement of funds out of restricted accounts, except that the Chief Budget and Management Studies Officer may approve such requests for the Operating Budget (1110) when (1) the sole purpose of the transaction is to "balance out" an approved cross function transaction, and (2) the net effect of the transaction is zero.

V. Honoraria

- A. For the purpose of Montgomery College, an "honorarium" may take one of two forms:
 - 1. When professionals do not donate their services to the College, an "honorarium" is granted as payment for professional service on which custom and/or propriety forbid that a price be set. As a general rule, such an honorarium will amount to less than what the professional could or does earn from performing the same or related services elsewhere on a full-time basis, or from the professional's actual occupation. As such, the honorarium is regarded as a token of gratitude from the College for the service that has been performed.
 - 2. An honorarium may also be defined as payment for a professional non-specialized service for which regular fees have been established. Examples of such honoraria are fees charged by models or accompanists for professional service they have rendered to the College.
- B. No one employed by the College, full-time or part-time, may be paid an

honorarium by the College while that person is on the payroll of the College. Under no circumstances will an honorarium be paid to a person who holds or is a candidate for public elected office in the State of Maryland.

- C. For the purpose of enriching the total programs of the College, professionals, not in the employ of the College, may be retained, on a one-time, short-term, or intermittent basis as lecturers, speakers, models, artists, accompanists, performers, discussion leaders, exhibitors, actors, or in other professional capacities. Such professionals may be retained for credit programs, noncredit programs, or events or programs which are designed with the primary interest of the community-at-large in focus.
- D. Requests for approval of the use of outside professionals are submitted in writing through supervisory channels, including the account manager. The account manager's initial on the request signify the approval of the use of budgeted funds for the purpose stated. In order to effect payment, the account manager provides the Vice President of Finance/Chief Financial Officer with sufficient information about the recipient of the honorarium, in order that payment may be effected.

VI. Petty Cash

A. Purpose, Limitations, and Responsibility

- 1. The primary purpose of petty cash funds is to have cash on hand to pay small bills and to furnish change.
- 2. Petty cash funds may be used only when necessary in the conduct of College business and authorized by designated College officials.
- 3. Primary responsibility for petty cash funds is vested with the faculty members, staff person, or administrator who is given custodianship of the money. That responsibility includes, but is not restricted to, the following:
 - a. Location and security of money
 - b. Documentation for expenditures
 - c. Accuracy of records and accounting for the fund
 - d. Reimbursing the College for losses resulting from failure to act as a normal and prudent person in the care and handling of cash

B. Establishment or Increase of a Petty Cash Fund

- 1. Establishment or increase of a petty cash fund may be requested by completing Section I of Petty Cash Request Form (MC 7.249b) which consists of four copies. Each petty cash form is divided into three (3) sections which are titled, "Request," "Approval," and "Account Number." The requester should forward the original and one copy to the Vice President of Finance/Chief Financial Officer with the remaining copies retained by the requester.
- 2. After due consideration, the Vice President of Finance/Chief Financial

Officer will approve or disapprove the request. The Director of Auxiliary Services is empowered to authorize the establishment of petty cash funds for Auxiliary Services. Approval is indicated by signing and dating in the designated space in Section II of MC Form 7249b.

3. If approved, the Office of Business Services will schedule issuance of a check to the requester in the amount approved. The "Finance" copy of the form will be retained as documentation for the issuance of the check and the check will be forwarded to the requester along with a copy of the form. The check must be cashed by a commercial bank and not by a campus cashier.
4. If disapproved, the Vice President of Finance/Chief Financial Officer will so note across the face of the form and return the form to the requester.

C. Petty Cash Advances

1. The campus cashier is authorized to advance up to \$25.00 in petty cash funds per day to individuals identifiable as College personnel for the purpose of obtaining supplies of a perishable or emergency nature necessary for College programs.
2. College personnel are defined as faculty, staff and administrators who have been authorized by account managers to receive advance money. Student employees are not authorized to receive petty cash advances.
3. Account manager authorization will be in the form of an original signature memorandum to the cashier from the account manager which lists those employees who are authorized to receive petty cash advances. Advances will only be made to those specific individuals whose name appears on such an authorization memorandum.
4. The individual receiving the petty cash advance will present identification and will sign a petty cash receipt, as having received the funds. The individual will indicate on the receipt the purpose for which the funds will be spent. The petty cash receipt will be marked with the notation "Petty Cash Advances."
5. The petty cash recipient will be informed by the cashier that cash and/or receipts totaling the advance must be returned to the cashier within two (2) work days of the advance. Receipts returned must bear an authorized account manager's signature and account number.
6. No additional petty cash advances will be made to individuals having outstanding petty cash advances totaling \$50.00 or more.
7. The cashier will promptly notify the Associate Chief Business Officer or Vice President of Finance/Chief Financial Officer of (1) any petty cash advance which remains outstanding for more than two workdays and (2) any perceived abuses of the petty cash advance procedure (e.g. entire amount of petty cash advance is returned in cash with no reasonable explanation).

D. Petty Cash Reimbursements

1. Petty cash reimbursements can be made for a purchase or purchases that do not exceed a single vendor purchase of \$50.00 per day.
2. For those individuals identifiable as College personnel, who do not have an individual petty cash fund, reimbursement can be obtained at the campus cashier's office when original receipts, with the account manager's signature and account number are presented.
3. Individual petty cash custodians must maintain original receipts, with the account manager's signature and account number for each purchase. On a regular and timely basis these petty cash purchases will be submitted to the Office of Business Services for reimbursement with the Petty Cash Fund Reconciliation and Reimbursement Request Form (MC 7.249d).

E. Elimination of or Decrease in a Petty Cash Fund (Return of Cash)

1. Elimination of or decrease in a petty cash fund may be effected by depositing all or part of the petty cash with a campus cashier, who will accept the money and issue a receipt for same. It is the responsibility of the custodian of the money to furnish to the campus cashier the correct account number to which the money is to be credited by completing Section I of Return of Petty Cash Form (MC 7.249c).

Each copy consists of two sections. Section I must be completed by the petty cash custodian and Section II must be completed by the campus cashier.

2. At the time the money is deposited by the petty cash custodian with the campus cashier, the campus cashier will prepare a receipt and complete Section II of MC Form 7.249c.
3. The campus cashier will forward the original and one copy of this form to the Vice President of Finance/Chief Financial Officer and return one copy to the petty cash custodian.

F. Reconciliation

1. The petty cash custodian will reconcile the petty cash funds by completing Section I of Petty Cash Fund Reconciliation and Reimbursement Request Form (MC 7.249d), at the following times:
 - a. The last day of each month
 - b. When reimbursement is requested
 - c. When a petty cash fund increase is requested
 - d. When a petty cash fund is decreased or eliminated
 - e. When requested by the Vice President of Finance/Chief Financial Officer
2. MC Form 7.249d contains Section I - Reconciliation, and Section II - Reimbursement Request, both of which must be completed by the petty cash custodian. It consists of two copies which are:
 - a. Original - Finance

b. Copy #1 - Petty Cash Custodian

In all cases, the petty cash custodian retains the "Petty Cash Custodian" copy. The original is forward to the Office of Business Services except when a petty cash fund increase or decrease is requested. In the case of an increase, the original should be attached to MC Form 7.249b and forwarded to the Office of Business Services through the channels specified for MC Form 7.249b. In the case of a decrease, the original should be attached to MC Form 7.249c and forwarded through the channels specified for MC Form 7.249c.

G. Auditing

1. All funds of the College, including petty cash funds, are subject to audit.
2. It is the responsibility of the Chief Budget and Management Studies Officer to periodically audit petty cash funds to ensure: compliance with these procedures; that the money is being used for the purposes for which it was issued; that sufficient and proper documentation is on file for all expenditures; and that the petty cash is in the physical location specified on MC Form 7.249b.

H. Supply of Forms

The three forms needed for the documentation associated with the implementation of these procedures are stocked in the Office of Business Services and may be obtained upon request. The form numbers and titles are:

1. 7.249b - Petty Cash Request
2. 7.249c - Return of Petty Cash
3. 7.249d - Petty Cash Fund Reconciliation and Reimbursement Request

VII. Capital Fund

A. Contracts

In accordance with the policy on fiscal control, Section 61001, IV, Capital Fund, the President has designated the Senior Vice President for Administrative and Fiscal Services as approval authority for specified changes in consultant contracts and general construction contracts.

B. Dollar Level Approval Authority for Release of Final Payment on Construction Projects

1. Capital Construction Projects over \$1,000,000: President
 Examples of typical projects - New Buildings and Major Renovations
 GITE Construction
 Fine Arts Renovation
 HTIC Construction
2. Capital Construction Projects between \$300,000 to \$999,999: Senior

Vice President for Administrative and Fiscal Services

Examples of typical projects - Central Plant Distribution System
Parking Lot Resurfacing (Lots 5-9)
Inner Campus Lighting Replacement

2. Capital Construction Projects under \$300,000: Chief Facilities Officer
Examples of typical projects - Roof Replacement
Greenhouse Construction
Underground Fuel Tank Replacement
Concrete Replacement

4. Construction is defined as those projects funded as "construction" or "site improvements" in the County's Capital Improvements Program.

C. Capital Budget Minority Business Utilization Program

1. The Chief Facilities Officer shall encourage by all reasonable and practical means the participation of minority and disadvantaged businesses in projects funded from the Capital Budget of the College.
2. Contractors, architects, engineers, and other consultants, as well as vendors solicited for Capital Budget planning, design and construction projects shall be encouraged to identify themselves to the College as minority or disadvantaged entities.
3. Facilities Office procurements are processed through the College's Procurement Office and as such fall under the procurement procedures related to procurement from minority businesses, as follows:
 - a. The Director of Procurement shall encourage by all reasonable and practical means the participation of minority and disadvantaged businesses in the procurement process of the College.
 - 1) Minority vendor certification lists shall be maintained in the Procurement Office and shall be updated periodically. These lists will be assembled by the State or a local government agency with resources devoted to the purpose of certifying businesses as minority enterprises.
 - 2) Certified minority vendors will be solicited for quotes, bids and proposals whenever possible.
 - 3) Vendors shall be encouraged to identify themselves to the College as minority or disadvantaged entities.
 - 4) The Director of Procurement shall participate in activities which encourage, stimulate and assist minority businesses in the procurement process at the College. These efforts may be within the College or cooperative

efforts with other state and local agencies.

- b. The Director of Procurement shall attempt to achieve the target of minority business participation of 15 percent of the total dollars awarded through the procurement process.
- c. The Director of Procurement shall report to the President annually the total number and value of the College's purchases from minority business enterprises, and the percentage which these purchases represent of the total dollars expended during the fiscal year.

VIII. Financial Data Transactions

The Vice President of Finance/Chief Financial Officer, under the direction of the Senior Vice President for Administrative and Fiscal Services, is responsible for ensuring the privacy, security and confidentiality of personally identifiable financial records and information related to financial transactions.

- A. The Vice President of Finance/Chief Financial Officer shall implement a program to protect the privacy, security and confidentiality of personally identifiable information related to financial transactions which is compliant with all state and federal regulations and laws, as well as to prevent, detect and mitigate identity theft related to financial transactions.
 - 1. The program and accompanying procedures or standards shall cover all personally identifiable financial records and information regardless of where it resides as well as the personally identifiable information associated with covered accounts as defined by the Fair and Accurate Credit Transactions Act (FACTA) of 2003. This will include the creation of a "Montgomery College Identity Theft Program" which will meet the requirements of FACTA, if applicable.
 - 2. A program and procedures or standards shall be established which implements and maintains information security protecting the integrity of all records created and maintained by the College as a "financial institution" as defined under Graham Leach Bliley Act (GLBA).
 - 3. Credit card processing procedures or standards shall be implemented to protect the fiscal integrity of the College that comply with relevant laws and regulations, adhere to best business practices, as well as meeting requirements set for the in the Payment Card Industry Data Security Standards (PCI DSS).
 - 4. The program shall include collaborative input and resources from the Office of Information Technology to assure technological and regulatory compliance as necessary, including but not limited to creation of standards, risk assessment, information security and assisting departments in complying with the program.

Administrative Approval: May 21, 1984; September 22, 1989; September 26, 1989; April 26, 1991; March 31, 1993; September 7, 1993; June 28, 2000; July 29, 2002; January 14, 2003; August 8, 2008 (*changes in administrative and organizational titles only*); February 25, 2011; September 23, 2013 (*changes in administrative and organizational titles only*).

RFP 520-023, Appendix IV

**Montgomery College Board of Trustees Policy 61005 & 61005CP, Fiscal
and Administrative Affairs: Internal Audit**

Chapter: Fiscal and Administrative Affairs

Modification No. 003

Subject: **Internal Audit**

I. Purpose

- A. The Internal Audit function is an independent, objective assurance and consulting activity, within Montgomery College, designed to add value and improve a department's operation. It is a managerial control that helps departments accomplish their objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
- B. Internal Audit is intended to assist members of management in the effective discharge of their duties and responsibilities by furnishing them with analyses, appraisals, recommendations, and pertinent comments concerning the activities reviewed.

II. Authority

- A. Internal Audit is authorized to direct a broad, comprehensive program of internal auditing within the College.
- B. Internal Audit may be concerned with any phase of College activity that may be of service to management, a responsibility that involves going beyond the accounting and financial records, and policies and procedures, to obtain a full understanding of the operations under review.
- C. In order to carry out assigned responsibilities, the Chief Compliance, Risk and Ethics Officer will ensure the internal audit function is authorized with full, free, and unrestricted access to all College activities, records, property, and personnel.

III. Responsibilities

Internal Audit is responsible for:

- A. Establishing policies for the auditing activity and directing its technical and administrative functions.
- B. Developing and executing a comprehensive audit program/plan for the evaluation of management controls provided over College activities.
- C. Examining the effectiveness of all levels of management in their stewardship of College resources in compliance with established plans, policies, and procedures, and sound management approaches.
- D. Recommending improvement of management controls designed to safeguard College resources, promote achievement of College goals and objectives, and ensure compliance with governmental laws, regulations, and Board of Trustees policies.

- E. Authorizing the publication and distribution of reports on the results of audit examinations, including recommendations for improvement.
 - F. Appraising the adequacy of the action taken by management to correct reported deficient conditions, acknowledging adequate corrective action, and continuing reviews with appropriate management personnel on action considered inadequate until the matter has been satisfactorily resolved.
 - G. Conducting special reviews at the request of management.
 - H. Responding to reports of suspected fraud or financial irregularities through the established reporting line.
- IV. Audit Reporting
- The Board shall consider the auditor's findings and recommendations, the responses to the findings and recommendations, and the President's recommendations in the matter.
- V. The President is authorized and directed to establish procedures to implement this policy.

Board Approval: May 16, 2005; February 25, 2014; May 15, 2017.

Chapter: Fiscal and Administrative Affairs

Modification No. 007

Subject: **Internal Control & Audit**

I. Internal Auditing

Internal auditing is a staff function which serves College management as an independent, objective assurance and consulting activity designed to add value and improve Montgomery College management systems. Internal audits are conducted by the Internal Auditor who is directed by the Chief Compliance, Risk and Ethics Officer who reports directly to the President. Functioning under an annual audit plan approved by the President, the internal audit function supplements the annual external audit that is required by State law and conducted in accordance with prescribed requirements of the Maryland Higher Education Commission. The external audit is normally conducted by an independent certified public accountant of the College's selection (see policy on "Appointment of External Auditor").

II. Internal Audit Objectives

The Chief Compliance, Risk and Ethics Officer will ensure the development of an annual risk based audit plan. Audits will be conducted in areas relative to their strategic value to the institution. Audits that evaluate the College's general operational processes to assure they are properly designed and operating effectively, evaluate control mechanisms to reduce the risk of loss or waste, and offer recommendations for areas of improvement to increase the opportunity to meet institutional goals.

The objectives of each internal audit will be to provide:

- A. An independent review of the College's compliance with policies, procedures, laws and regulations.
- B. An independent appraisal of the business and operating controls and systems with the principal objectives of eliminating waste and minimizing the potential for improprieties and/or mismanagement.
- C. A determination as to whether resources are acquired economically, used efficiently and effectively and protected adequately.
- D. An objective evaluation of and a written report on the internal controls and processes over, and the support for, the collection, control, and disbursement of College funds and the safeguarding of the College's assets and its records.
- E. Recommendations, where applicable, for improving management control and the overall effectiveness of the areas audited.

III. Internal and External Audit Reports

- A. The internal audit report represents the formalization of those audit findings and related recommendations which the Internal Auditor believes warrant management consideration, evaluation and action as appropriate to the circumstances. From the management point of view, an audit report should be

considered as a management tool and be utilized as such to the fullest extent applicable.

- B. The internal audit report will usually consist of sections titled: Introduction, Scope, Findings, Conclusions and Recommendations. The Introduction and Scope sections will be brief and give general descriptions as to the activity audited and the extent of the audit. The internal audit report will be reviewed by the Chief Compliance, Risk and Ethics Officer and distributed through the Office of Compliance, Risk and Ethics.
- C. The internal audit report will typically be addressed to the person directly responsible for the supervision of the audited area or activity and their immediate administrator.
- D. In the case of any external audits, including those completed as part of the College audit plan, the auditor's findings and recommendations, if any, would be addressed to the Board of Trustees through the President who will forward as appropriate to those responsible persons for a response. The initial response to the recommendations will be by an appropriate administrator designated by Chief Compliance, Risk and Ethics Officer. In each instance, that person is responsible for carefully considering each finding and recommendation, evaluating same in the context of how the particular activity could benefit, and then thoughtfully deciding on a proper course of management action as appropriate to the circumstances.

IV. Management Follow-Up on Reports

- A. Within 10 calendar days after the date of receipt of an internal audit report or an external audit report containing findings and recommendations, the addressee will direct a memorandum of response to the Internal Auditor with a copy to the Chief Compliance, Risk and Ethics Officer outlining as concisely as possible:
 - 1. Whether there is general agreement with the overall report findings and recommendations.
 - 2. Any lack of agreement and the reason why.
 - 3. The management action taken or contemplated on each finding and/or recommendation (or a brief reference to the fact, if the report correctly summarizes such actions taken up to the report date), including estimated timelines for planned actions.
 - 4. Any specific finding or recommendation which may involve matters beyond the addressee's authority to correct.
- B. The response will copy the appropriate direct administrator (if not the addressee) for review and concurrence, and be marked for prompt handling.
- C. When additional time to consider a report or individual recommendation is necessary, an extension of time should be requested of the Chief Compliance, Risk and Ethics Officer by the appropriate administrator responsible for the audited area.

- D. When received, responses to reports of the external auditor will be promptly reviewed by the Internal Auditor and the Chief Compliance, Risk and Ethics Officer and then submitted to the President for transmittal to the Board of Trustees, with recommendations as appropriate to the circumstances.

Administrative Approval: July 27, 1976; February 3, 1978; September 20, 1978; June 4, 1980; November 7, 1984; August 30, 1994; January 10, 2003; February 25, 2014; May 31, 2017.

RFP 520-023, Appendix V

**Montgomery College Board of Trustees Policy 64001 & 64001CP, Fiscal
and Administrative Affairs: External Audit**

Chapter: Fiscal and Administrative Affairs

Modification No. 007

Subject: **External Audit**

I. Legal Authority

In accordance with the legal requirement imposed on community colleges by the State of Maryland, The Annotated Code of the Public General Laws of Maryland, State Finance and Procurement Article, Title 16, §16-315, *Fiscal Matters, Audits*, each community college shall have an annual audit of its books of accounts, accounting procedures and principles. The audit will be conducted by an independent certified public accountant unless arrangements have been made prior to the fiscal year for the audit to be conducted by the Legislative Auditor of the State of Maryland.

II. Annual Audit Results

It shall be the College's intent to comply fully with the required report filing dates specified in the State audit regulations. Any delay, whether anticipated or unforeseen, that would cause noncompliance with the filing dates must be promptly brought to the attention of the President in writing by the Vice President of Finance/Chief Financial Officer. Such prompt notification shall be for the purpose of resolving the anticipated delay or proposing to the President that an extension of filing time be requested of the Maryland Higher Education Commission.

On or before September 30th, or within three months after the close of the College's fiscal year, the External Auditor shall submit the audited financial statements to the Board of Trustees.

III. Annual Audit Report Certification

The final audited report shall contain a statement from College management attesting to the completeness and accuracy of the report. This statement shall be signed by the President and the Senior Vice President for Administrative and Fiscal Services.

IV. Selection of Audit Firm

A. On a periodic basis, but not less than every five (5) years, the College will issue a Request for Proposal (RFP) for a certified public accounting firm to perform annual financial audits. College staff will use due diligence in evaluating firms submitting proposals, and a recommendation for firm selection shall be brought to the Board of Trustees for action.

B. The Board, by resolution, will award the contract for three fiscal years and will authorize the President to extend the contract one fiscal year at a time for two additional fiscal years provided that funds have been authorized, the quality of past services has been acceptable to the College, and the fee for the extended contract is considered reasonable by the College.

V. Meetings

Meetings between the Board of Trustees and the audit firm representative(s) shall be held in accordance with 11001 Board of Trustees Bylaws.

VI. Audit Reporting

The Board shall consider the External Auditor's findings and recommendations, the responses to the findings and recommendations, and the President's recommendations in the matter.

VII. Non-Audit-Related Services

Independent auditors are prohibited from providing services that are barred by the Sarbanes-Oxley Act or their statement of ethics. These prohibited services are listed in College Procedure 64001CP.

VIII. Full and Fair Disclosure

College employees are prohibited from improperly influencing, or attempting to influence, the audit process and shall comply with this process by providing full and accurate disclosure of College information.

IX. Responsibility

The President is authorized and directed to establish procedures to implement this policy.

Board Approval: November 17, 1975; October 16, 1978; April 21, 1980; October 16, 1989; October 17, 1994; May 16, 2005; February 25, 2014.

Chapter: Fiscal and Administrative Affairs

Modification No. 006

Subject: **External Audit**

I. A qualified independent auditor will perform an annual audit of the College books of accounts, accounting procedures, and principles. Consistent with the Board Policy and given the critical nature of external auditing, the selection, award, and management of the external audit should be undertaken in such a manner that:

- A. Clearly identifies the scope of the engagement, the services desired, and sufficient, relevant information about the institution.
- B. Provides for open and fair competition consistent with the procurement policies.
- C. Establishes appropriate criteria related to cost, service, and experience for the evaluation of audit service providers' proposals and qualifications.
- D. Outlines agreed-upon terms of the audit engagement in a written document.
- E. Provides opportunities to assess the Auditor's performance and communicate that assessment before the next audit cycle.

II. Selection and Award

- A. The company retained to perform the annual audit of the College's records and financial statements will be selected based on competitive bidding practices and public advertisement, together with consideration of the amount of experience which each responding firm has had in auditing educational institutions. Solicitations and advertising will specify that the audit is to be in conformity with the auditing requirements set forth by the Maryland Higher Education Commission; the lead partner on the audit rotate at least every five (5) years; and if applicable, the selected firm would be expected to comply with the rules for auditor professional conduct to be established by the Public Accounting Oversight Board. The quotations of the non-selected firms will remain confidential.
- B. The normal term for a contract with any one firm is considered three years, after which the President will either invite bids for a new contract or extend the existing contract for one or two additional years.

III. Written Agreement/Contract

- A. The written agreement entered into between the College and the auditing firm shall make allowance for the completion of the field work, the preparation of the required reports and appropriate responses thereto by the College, and the audit will be conducted in full conformity with the audit requirements of the Maryland Higher Education Commission including the filing of such reports (and responses) by the dates specified in the audit guidelines. This agreement will be developed by the Auditor after appropriate consultation with representatives of the selected firm, the Vice President for Audit/Internal Audit and Business Process Management, the Vice President of Finance/Chief Financial Officer, the Senior Vice President for Administrative and Fiscal Services, and the General Counsel for legal sufficiency.
- B. The purchase of additional non-audit-related services from the College's External Auditor is prohibited. A listing of prohibited services follows:

- (1) Bookkeeping or other services related to the accounting records or financial statements
- (2) Financial information systems design and implementation
- (3) Appraisal or valuation services
- (4) Actuarial services
- (5) Internal audit outsource services
- (6) Management functions or human resources
- (7) Broker or dealer, investment adviser, or investment banking services
- (8) Legal services and expert services unrelated to the audit
- (9) Any other service that the Public Accounting Oversight Board determines by regulation is impermissible

The College may, with appropriate College approvals, engage the External Auditor in any non-audit service not listed above.

IV. Audit Reporting

The Auditor's findings and recommendations (Management Letter), if any, should be addressed to the Board of Trustees through the President; however, initial response to the recommendations will be by an appropriate administrator designated by the Senior Vice President for Administrative and Fiscal Services. In each instance, that person is responsible for carefully considering each finding and recommendation, evaluating same in the context of how the particular activity could benefit the College, and then thoughtfully deciding on a proper course of management action appropriate for the circumstances. When received, responses to reports of the External Auditor will be promptly reviewed by the General Counsel and Senior Vice President for Administrative and Fiscal Services and then submitted to the President for transmittal to the Board of Trustees, with recommendations appropriate for the circumstances.

Administrative Approval: October 17, 1978; November 7, 1984; August 30, 1994; January 14, 2003; May 16, 2005; February 25, 2014

RFP 520-023, Appendix VI

Montgomery College FY2020 Operating Budget

MONTGOMERY COLLEGE

FY 2020 SUMMARY OF OPERATING BUDGET

	Spending Affordability				Enterprise Funds*					Fed/State/ Priv. Grts. & Cont.*	MC 50th Endowment	Subtotal
	Current Fund	Grants	EPM&R Fund	Subtotal	Wkfc Devl. & CE	Auxiliary Enterprises	Cable TV*	Transportn Fund	Subtotal			
Revenues												
County Contribution	\$145,149,696	\$400,000	\$250,000	\$145,799,696			\$1,764,321		\$1,764,321			\$147,564,017
Tuition & Tuition-Related*	74,591,370			74,591,370	\$10,900,000				10,900,000			85,491,370
Other Student Fees	1,269,277			1,269,277				\$3,365,000	3,365,000			4,634,277
State Aid	37,213,559			37,213,559	8,041,559				8,041,559			45,255,118
Federal Grants (SFA Allow)	325,000			325,000					-	\$10,792,000		11,117,000
State Contracts/Grants				-					-	6,940,000		6,940,000
Contracts for Services				-		\$1,018,000			1,018,000			1,018,000
Interest	155,000		15,000	170,000		20,000		163,850	183,850		\$11,500	365,350
Performing Arts Center	135,000			135,000					-			135,000
Other Revenues	1,459,000			1,459,000	50,000	900,220		174,150	1,124,370	3,415,000		5,998,370
Total Revenues	260,297,902	400,000	265,000	260,962,902	18,991,559	1,938,220	1,764,321	3,703,000	26,397,100	21,147,000	11,500	308,518,502
Transfers Among Funds												
Mandatory transfers (expenses):												
FWS - Financial Aid												-
Perkins - Financial Aid												-
SEOG - Financial Aid												-
Nonmandatory transfers (revenue):												
Support of Capital Fund/Major Fac Resv Fund												-
Support of Operating	1,500,000			1,500,000	(1,000,000)	(500,000)			(1,500,000)			-
Total Transfers	1,500,000	-	-	1,500,000	(1,000,000)	(500,000)	-	-	(1,500,000)	-	-	-
Fund Balance 6/30/19	7,025,800	-	491,427	7,517,227	2,474,279	3,207,125	150,849	8,367,664	14,199,917	-	567,537	22,284,681
TOTAL RESOURCES	268,823,702	400,000	756,427	269,980,129	20,465,838	4,645,345	1,915,170	12,070,664	39,097,017	21,147,000	579,037	330,803,183
Expenditures												
Instruction (10)	(89,168,743)			(89,168,743)	(11,460,609)				(11,460,609)			(100,629,352)
Academic Support (40)	(44,112,498)			(44,112,498)	(3,418,356)		(1,764,321)		(5,182,677)			(49,295,175)
Student Services (50)	(33,523,280)			(33,523,280)	(2,393,250)				(2,393,250)			(35,916,530)
Op. & Maint. of Plant (60)	(43,811,794)		(300,000)	(44,111,794)	(1,050,000)				(1,050,000)			(45,161,794)
Institutional Support (70)	(48,268,489)			(48,268,489)	-				-			(48,268,489)
Scholarship & Fellowships	(5,883,546)			(5,883,546)	(50,000)				(50,000)			(5,933,546)
Auxiliary Expenditures				-		(1,729,300)		(4,200,000)	(5,929,300)			(5,929,300)
Grant & Endowmt Expenditures		(400,000)		(400,000)					-	(21,147,000)	-	(21,547,000)
Total Expenditures	(264,768,350)	(400,000)	(300,000)	(265,468,350)	(18,372,215)	(1,729,300)	(1,764,321)	(4,200,000)	(26,065,836)	(21,147,000)	0	(312,681,186)
Use of Fund Balance	2,970,448	-	35,000	3,005,448	380,656	291,080	-	497,000	1,168,736	-	(11,500)	4,162,684
Projected FB 6/30/20	(0)	-	\$456,427	456,427	\$2,093,623	\$2,916,045	\$150,849	\$7,870,664	13,031,181	-	\$579,037	\$14,066,645
Designated scholarships	345,132			345,132					0			\$345,132
Proj. Reserve 6/30/20	\$3,710,220			\$3,710,220					0			\$3,710,220

* Excluded from Spending Affordability calculation.

MONTGOMERY COLLEGE

FY 2020 SUMMARY OF OPERATING BUDGET

	Subtotal from page 1	Major Facilities Reserve Fund*					Total
Revenues							
County Contribution	\$147,564,017						\$147,564,017
Tuition & Tuition-Related*	85,491,370						85,491,370
Other Student Fees	4,634,277	\$3,125,000					7,759,277
State Aid	45,255,118						45,255,118
Federal Grants (SFA Allow)	11,117,000						11,117,000
State Contracts/Grants	6,940,000						6,940,000
Contracts for Services	1,018,000						1,018,000
Interest	365,350	200,000					565,350
Performing Arts Center	135,000						135,000
Other Revenues	5,998,370						5,998,370
Total Revenues	308,518,502	3,325,000					311,843,502
Transfers Among Funds							
Mandatory transfers (expenses):							
FWS - Financial Aid	-						-
Perkins - Financial Aid	-						-
SEOG - Financial Aid	-						-
Nonmandatory transfers (revenue):							
Support of Capital Fund/Major Fac Resv Fund	-	(2,000,000)					(2,000,000)
Support of Operating	-						-
Total Transfers	-	(2,000,000)					(2,000,000)
Fund Balance 6/30/19	7,658,000	7,787,070					15,445,070
TOTAL RESOURCES	330,803,183	9,112,070					339,915,253
Expenditures							
Instruction (10)	(100,629,352)						(100,629,352)
Academic Support (40)	(49,295,175)						(49,295,175)
Student Services (50)	(35,916,530)						(35,916,530)
Op. & Maint. of Plant (60)	(45,161,794)	(2,000,000)					(47,161,794)
Institutional Support (70)	(48,268,489)						(48,268,489)
Scholarship & Fellowships	(5,933,546)						(5,933,546)
Auxiliary Expenditures	(5,929,300)						(5,929,300)
Grant & Endowmt Expenditures	(21,547,000)						(21,547,000)
Total Expenditures	(312,681,186)	(2,000,000)					(314,681,186)
Use of Fund Balance	4,162,684	675,000					4,837,684
Projected FB 6/30/20	\$14,066,645	\$7,112,070					21,178,715
Designated scholarships	345,131						\$345,131
Proj. Reserve 6/30/20	5,497,175						\$5,497,175

RFP 520-023, Appendix VII

**Montgomery College Summary of FY2018 Capital Budget Projects with
Comparison Data for FY2019**

Montgomery College
Total Capital Encumbrances
As of June 30th for FY2018 and FY2019

Fund -Description	FY 2018	FY 2019
91106-Macklin Tower Alterations	\$ 3,991,442.38	\$ 0.00
91111-RV Science West Bldg Renovation	1,059.00	-
91112-RV Student Services Center	36,951,273.16	11,111,723.38
91113-RV Parking Garage	23,581.50	-
91206-TP/SS Math & Science Center	9,394,641.20	7,560,082.57
91306-GT Observation Drive Reconstruct	1,268.84	-
91312-Sci & Appl Studies Renovat Phase I	14,758,940.68	3,070,702.34
91402-Energy Conservation	15,164.21	24,164.21
91404-Roof Replacement	35,742.00	2,521,638.00
91405-Facility Planning	17,100.48	527,703.00
91408-Planned Life Cycle Asset Replace	1,870,918.33	3,066,294.62
91410-Elevator Modernization	56,400.00	5,900.00
91411-Site Improvements	88,560.92	832,754.87
91412-Physical Education Renovations	176,064.12	3,188,295.00
91417-Capital Renewal - College	54,087.00	492,261.08
91418-Instructional Furn & Equip-Colle	134,448.47	(0.00)
91419-Road/Parking Lot Repairs & Replace	5,293.57	708,329.04
91502-Information Technology	2,235,815.27	3,792,299.62
91511-Network Infrastructure	1,842,925.51	953,202.90
91512-IT Network Operating Center	746,556.15	36,971.37
91513-IT Student Learning Support Syst	683,910.82	587,840.35
Total	\$ 73,085,193.61	\$ 38,480,162.35

RFP 520-023, Appendix VIII

Montgomery College Foundation, Inc.

Financial Statements Years Ended June 30, 2019 and 2018

MONTGOMERY COLLEGE FOUNDATION, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

**MONTGOMERY COLLEGE FOUNDATION, INC.
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**MONTGOMERY COLLEGE FOUNDATION, INC.
BOARD OF DIRECTORS
YEAR ENDED JUNE 30, 2019**

Kenneth H. Becker, Chair
J. Stephen McAuliffe III, Vice Chair
Michael S. Paukstitus, Treasurer
Mary Pat Alcus
Alexander R. M. Boyle
Ashley B. Cheng
Martin P. Colburn
Kenneth C. Cook
Anne L. Gunsteens
R. William Hard
Allison Henderson

Vira Safai
Catherine F. Scott
Roberta F. Shulman
Jeffrey Z. Slavin
Samuel M. Spiritos
Morgan H. Sullivan
Erica L. Webber
Cristopher J. White
Linda A. Youngentob
Michael K. Yuen



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Montgomery College Foundation, Inc.
Rockville, Maryland

We have audited the accompanying financial statements of Montgomery College Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Montgomery College Foundation, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in the Note 1 to the financial statements, management has adopted Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Matter

The board of directors as listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



CliftonLarsonAllen LLP

Baltimore, Maryland
September 18, 2019

MONTGOMERY COLLEGE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 4,731,022	\$ 2,748,789
Money Market Funds - Reserved for Construction Project	842,618	871,616
Total Cash	<u>5,573,640</u>	<u>3,620,405</u>
Certificates of Deposit	2,578,190	2,535,333
Investments	28,889,279	29,512,113
Accounts Receivable - Reserved for Construction Project	123,101	119,363
Pledges Receivable, Net	1,319,680	1,775,685
Prepaid Expenses	45,779	55,068
Other Assets	11,802	27,809
Land	2,750,000	2,750,000
Assets Held for Charitable Gift Annuities	54,149	90,056
Net Investment in Capital Lease	<u>78,835,000</u>	<u>81,750,000</u>
Total Assets	<u><u>\$ 120,180,620</u></u>	<u><u>\$ 122,235,832</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 142,574	\$ 213,290
Deferred Revenue	-	15,200
Accrued Interest Payable	498,411	514,561
Annuities Payable from Charitable Gifts	809,473	841,476
Notes Payable	<u>82,176,850</u>	<u>85,283,178</u>
Total Liabilities	<u>83,627,308</u>	<u>86,867,705</u>
NET ASSETS		
Without Donor Restrictions	1,425,746	1,204,268
With Donor Restrictions	<u>35,127,566</u>	<u>34,163,859</u>
Total Net Assets	<u>36,553,312</u>	<u>35,368,127</u>
Total Liabilities and Net Assets	<u><u>\$ 120,180,620</u></u>	<u><u>\$ 122,235,832</u></u>

See accompanying Notes to Financial Statements.

MONTGOMERY COLLEGE FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT						
Contributions and Grants, Net	\$ 131,397	\$ 3,638,220	\$ 3,769,617	\$ 137,825	\$ 3,211,182	\$ 3,349,007
Change in Value of Charitable Gift Annuities	9,186	(447)	8,739	2,333	1,910	4,243
Matured Charitable Gift Annuities	-	(12,642)	(12,642)	2,034	-	2,034
Contributed Services	501,495	-	501,495	555,032	-	555,032
Other Noncash Contributions	79,400	4,604	84,004	32,745	3,626	36,371
Revenue from Special Events/Activities	-	78,181	78,181	-	97,178	97,178
Net Investment Return, Appropriated from Cash and Cash Equivalents, Money Market Funds, Investments and Certificates of Deposit	150,576	1,016,390	1,166,966	125,481	2,151,614	2,277,095
Net Investment Return, Appropriated from Investment in Capital Lease	3,087,951	-	3,087,951	3,151,576	-	3,151,576
Other Income	40,363	57,848	98,211	123	82,425	82,548
Net Assets Released from Restrictions	3,818,447	(3,818,447)	-	3,598,900	(3,598,900)	-
Total Revenue, Gains, and Other Support	7,818,815	963,707	8,782,522	7,606,049	1,949,035	9,555,084
EXPENSES						
Program Services:						
Scholarships	2,867,415	-	2,867,415	2,508,691	-	2,508,691
Student Athletics	29,651	-	29,651	12,355	-	12,355
Student and Faculty Support - Noncash Expenses of \$174,892 and \$140,505, respectively	918,442	-	918,442	1,726,876	-	1,726,876
Note Interest Expense	2,843,939	-	2,843,939	2,932,805	-	2,932,805
Total Program Expenses	6,659,447	-	6,659,447	7,180,727	-	7,180,727
General and Administrative - Noncash Expenses of \$392,481 and \$390,531, respectively	524,700	-	524,700	498,220	-	498,220
Resource Development - Noncash Expenses of \$18,325 and \$60,367, respectively	413,190	-	413,190	445,947	-	445,947
Total Expenses	7,597,337	-	7,597,337	8,124,894	-	8,124,894
CHANGE IN NET ASSETS	221,478	963,707	1,185,185	(518,845)	1,949,035	1,430,190
Net Assets - Beginning of Year	1,204,268	34,163,859	35,368,127	1,723,113	32,214,824	33,937,937
NET ASSETS - END OF YEAR	\$ 1,425,746	\$ 35,127,566	\$ 36,553,312	\$ 1,204,268	\$ 34,163,859	\$ 35,368,127

See accompanying Notes to Financial Statements.

MONTGOMERY COLLEGE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services	General and Administrative	Resource Development	Total
Contributed Services	\$ 95,292	\$ 392,481	\$ 13,721	\$ 501,494
Scholarships	2,867,415	-	-	2,867,415
Awards and Grants	852,801	-	-	852,801
Annuity Payments	-	-	68,465	68,465
Conferences & Meetings	-	5,866	2,089	7,955
Accounting	-	28,203	-	28,203
Awards & Refreshments	-	118	6,971	7,089
Legal	-	24,000	-	24,000
Memberships & Subscriptions	-	1,302	-	1,302
Insurance	-	7,519	-	7,519
Supplies	-	98	37,956	38,054
Licenses	-	2,400	-	2,400
Postage	-	1,765	20,303	22,068
Printing	-	11,964	22,079	34,043
Bank Charges	-	8,363	-	8,363
Contracted Services	-	40,621	241,606	282,227
Interest Expense	2,843,939	-	-	2,843,939
Total Expenses by Function	<u>\$ 6,659,447</u>	<u>\$ 524,700</u>	<u>\$ 413,190</u>	<u>\$ 7,597,337</u>

See accompanying Notes to Financial Statements.

MONTGOMERY COLLEGE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	Program Services	General and Administrative	Resource Development	Total
Contributed Services	\$ 107,760	\$ 390,531	\$ 56,741	\$ 555,032
Scholarships	2,508,691	-	-	2,508,691
Awards and Grants	1,631,471	-	-	1,631,471
Annuity Payments	-	-	56,791	56,791
Conferences & Meetings	-	2,662	5	2,667
Accounting	-	21,725	-	21,725
Awards & Refreshments	-	3,648	4,046	7,694
Legal	-	26,205	-	26,205
Memberships & Subscriptions	-	1,215	-	1,215
Insurance	-	6,860	-	6,860
Supplies	-	3,027	21,276	24,303
Licenses	-	4,782	-	4,782
Postage	-	2,302	131,243	133,545
Printing	-	4,595	42,126	46,721
Bank Charges	-	6,038	-	6,038
Contracted Services	-	24,630	133,719	158,349
Interest Expense	2,932,805	-	-	2,932,805
Total Expenses by Function	<u>\$ 7,180,727</u>	<u>\$ 498,220</u>	<u>\$ 445,947</u>	<u>\$ 8,124,894</u>

See accompanying Notes to Financial Statements.

MONTGOMERY COLLEGE FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,185,185	\$ 1,430,190
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Contributions Restricted for Endowment Funds	(671,194)	(929,925)
Change in Value of Charitable Gift Annuities	(32,003)	(28,167)
Bad Debt Expense	8,508	10,000
Amortization of Deferred Financing Costs, Premiums, and Discounts	(206,528)	(322,327)
Realized and Unrealized Gain on Operating Investments	(613,322)	(1,700,460)
Stock Contributions	-	(250,654)
Effects of Changes in Operating Assets and Liabilities:		
Pledges Receivable	447,497	517,003
Prepaid Expenses	9,289	10,761
Other Assets	16,007	(8,725)
Accounts Payable	(70,716)	(507,809)
Accrued Interest Payable	(16,150)	(14,809)
Net Cash Provided by (Used in) Operating Activities	56,573	(1,794,922)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Investments	8,065,669	7,674,080
Purchase of Investments	(6,836,463)	(7,659,389)
Payments for Construction in Progress	(3,738)	(2,056,245)
Capital Lease Payments Received	2,915,000	2,820,000
Net Cash Provided by Investing Activities	4,140,468	778,446
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of Contributions Restricted for Endowment Funds	671,194	929,925
Proceeds from Issuance	-	2,343,669
Payments on Notes Payable - Montgomery County Revenue Authority	(2,915,000)	(2,820,000)
Net Cash Provided by (Used in) Financing Activities	(2,243,806)	453,594
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,953,235	(562,882)
Cash and Cash Equivalents - Beginning of Year	3,620,405	4,183,287
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,573,640	\$ 3,620,405
SUPPLEMENTAL DATA - INTEREST PAID		
Cash Paid for Interest	\$ 2,345,527	\$ 2,947,614

See accompanying Notes to Financial Statements.

**MONTGOMERY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Montgomery College Foundation, Inc. (the Foundation) is a charitable organization governed by business, alumni, and community leaders to enhance the work of Montgomery College (the College) to a level of excellence comparable to the finest colleges and universities across the country. Through advocacy, influence, and financial support, these volunteer leaders work to ensure understanding of and commitment to the community college philosophy of opportunity, inclusion, and educational achievement for all.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and contingencies at the date of the statement of financial position and revenue and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Certificates of Deposit

Certificates of deposit are purchased directly through financial institutions and are stated at cost.

Valuation of Investments

Investments are stated at fair value as determined by quoted market prices. Realized and unrealized changes in fair value, interest income, and dividend income are reflected in the statements of activities, net of mutual fund expense fees of approximately \$186,000 and \$205,000 for the years ended June 30, 2019 and 2018, respectively. Additional investment advisory expenses of \$102,264 and \$102,522 are included in the statements of activities within net investment return for the years ended June 30, 2019 and 2018, respectively.

MONTGOMERY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unamortized Interest Adjustment

Notes payable held by the Foundation consist of bonds issued by the Montgomery County Revenue Authority (the Authority) and Certificates of Participation (COPs) issued by Montgomery County Maryland. These bonds and COPs were sold at either a premium or discount to their par value. The Foundation received the proceeds from these issues net of the costs to issue the bonds and COPs and reduced for or increased by the premium or discount on the bonds and COPs. The premium or discount has been recorded as unamortized bond and COP premium or discount, net of notes payable that is being amortized over the life of the note as an adjustment to interest expense.

Fundraising

Costs of special events are recorded as an expense in Resource Development and the related revenue is included as Revenue from Special Events/Activities in the statements of activities.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Land

Land has been recorded at its appraised value upon receipt of the donation to the Foundation. The land is held primarily for use by the College in support of its operations. Expenditures for any maintenance of the land are borne by the College.

MONTGOMERY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land (Continued)

Management reviews the carrying value of the land asset for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If such review indicates that the asset is impaired, given that the carrying amount of the asset exceeds its fair value as of the measurement date, the asset's carrying amount is written down to fair value. Long-lived assets to be disposed of are written down to the lower of cost or fair value. No impairment has been recognized for the years ended June 30, 2019 and 2018.

Pledges Receivable

The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution and grant revenue in the statements of activities. The Foundation determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Pledges receivable are written off when deemed uncollectible. At June 30, 2019 and 2018, the allowance was \$17,342 and \$74,899, respectively.

Noncash Contributions

Noncash contributions are recorded at their fair value on the date of receipt. Certain noncash items received by the Foundation are donated to the College for educational support.

Concentration of Credit Risk

Cash, cash equivalents, short-term investments, and time deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Amounts may, at times, exceed insurance limitations. Cash in bank as of June 30, 2019 and 2018 was \$7,400,784 and \$5,332,684, respectively. The Foundation has not experienced losses on such accounts and does not believe that it is exposed to significant risk related to concentration of credit.

Functional Expense Allocations

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include contributed services, conferences and meetings, awards and refreshments, supplies, postage, printing, and contracted services, which are allocated on the basis of estimates of time and effort.

MONTGOMERY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and related state statutes, except as to unrelated business income. The Foundation had no unrelated business income for the years ended June 30, 2019 and 2018.

Recent Accounting Guidance

Accounting for Revenue from Contracts with Customers – In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The ASU is effective for the Foundation for the year ended June 30, 2020. The Foundation is currently evaluating the impact this guidance will have on its financial statements.

Leases – In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the entity's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for the Foundation for the year ended June 30, 2021. Early adoption is permitted. Management is evaluating the impact of the amended lease guidance on the Foundation's financial statements.

Accounting for Contributions Received and Contributions Made – In June 2018, FASB issued ASU 2018-08 related to the accounting for contributions made. This update applies to both resource recipients and resource providers and assists in evaluating whether a transfer of assets is an exchange transaction or a contribution and also assists with distinguishing between conditional and unconditional contributions. Distinguishing between contributions and exchange transactions determines which guidance should be applied. For contributions, the guidance in Subtopic 958-605 should be followed, and for exchange transactions, Topic 606 should be followed. The ASU is effective for the Foundation for the year ended June 30, 2020. The Foundation is currently evaluating the impact this guidance will have on its financial statements.

**MONTGOMERY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. With the exception of the disclosure regarding liquidity and availability of resources (Note 2), the ASU has been applied retrospectively to all periods presented, resulting in no changes to net assets with donor restrictions and net assets without donor restrictions.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial Assets at Year-End:	
Cash and Cash Equivalents	\$ 4,731,022
Operating Investments	31,467,469
Pledges Receivable, Net	<u>1,319,680</u>
Total Financial Assets	37,518,171
Less Amounts Not Available to be Used Within	
One Year Due to Donor Restrictions	<u>(35,127,566)</u>
Financial Assets Available to Meet General	
Expenditures Within One Year	<u>\$ 2,390,605</u>

The Foundation's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

As part of the Foundation's liquidity management plan, the Foundation invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

MONTGOMERY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable at June 30 include amounts due in:

	2019	2018
Less Than One Year	\$ 717,574	\$ 874,770
One to Five Years	468,464	850,731
More Than Five Years	1,683,720	1,683,721
Total	2,869,758	3,409,222
Pledges Deemed Uncollectible	(17,342)	(74,899)
Present Value Discount	(1,532,736)	(1,558,638)
Total	\$ 1,319,680	\$ 1,775,685

The discount rate used on long-term promises to give was 3% in both 2019 and 2018. Pledges deemed uncollectible are approximately 3% of discounted unconditional promises to give at June 30, 2019 and 2018 as determined by a review of individual current year pledges.

The Foundation was named remainder interest beneficiary of two charitable remainder unitrusts where the Foundation is not the trustee and does not exercise control over the assets contributed to the trusts. The Foundation recorded the agreements as pledges receivable and contribution revenue at the present value of the estimated future benefits to be received when the trust assets are distributed. Adjustments are made to the receivables on a yearly basis to reflect the accretion of the discounts and revaluation of the present value of the estimated future payments. As of June 30, 2019 and 2018, the amount included in the pledge receivable balance was \$170,257 and \$159,405, respectively.

NOTE 4 INVESTMENTS

The investments of the Foundation are carried at fair value and summarized at June 30 as follows:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Mutual Funds	\$ 26,085,921	\$ 28,889,279	\$ 26,619,624	\$ 29,461,200
Stocks	-	-	45,952	50,913
Total	\$ 26,085,921	\$ 28,889,279	\$ 26,665,576	\$ 29,512,113

MONTGOMERY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 5 FAIR VALUE MEASUREMENTS

The accounting guidance establishes a framework for measuring fair value. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The following describes the three levels of the fair value hierarchy:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access at the measurement date.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than observable quoted prices for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset or liability's 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 must maximize the use of observable inputs and minimize the use of unobservable inputs.

Mutual funds and stock investments are valued at fair value based on quoted market prices at year-end. The fair value of money market funds approximate cost. The Foundation currently has no Level 2 or 3 assets.

**MONTGOMERY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

Assets at Fair Value

As of June 30, assets measured at fair value on a recurring basis are summarized by level within the fair value hierarchy as follows:

	2019			
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Unobservable Inputs	Total
	Level 1	Level 2	Level 3	Fair Value
	Level 1	Level 2	Level 3	Fair Value
Mutual Funds, by Type:				
Alternatives	\$ 3,595,795	\$ -	\$ -	\$ 3,595,795
Bond	1,337,448	-	-	1,337,448
Convertible	139,178	-	-	139,178
Equity	3,437,952	-	-	3,437,952
Fixed Income	3,402,486	-	-	3,402,486
Growth	5,819,279	-	-	5,819,279
International	5,254,710	-	-	5,254,710
Real Estate	2,046,140	-	-	2,046,140
Value	3,856,291	-	-	3,856,291
Subtotal	28,889,279	-	-	28,889,279
Assets Held for Charitable				
Gift Annuities				
Mutual Funds, by Type:				
Alternatives	6,080	-	-	6,080
Equity	5,927	-	-	5,927
Fixed Income	8,990	-	-	8,990
Growth	10,925	-	-	10,925
International	14,850	-	-	14,850
Real Estate	2,958	-	-	2,958
Value	4,419	-	-	4,419
Total	54,149	-	-	54,149
Total Assets, at Fair Value	\$ 28,943,428	\$ -	\$ -	\$ 28,943,428

**MONTGOMERY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

Assets at Fair Value (Continued)

	2018				
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Unobservable Inputs Level 3	Total Fair Value	
	Mutual Funds, by Type:				
	Alternatives	\$ 4,392,359	\$ -	\$ -	\$ 4,392,359
Bond	1,605,835	-	-	1,605,835	
Convertible	188,492	-	-	188,492	
Equity	3,752,146	-	-	3,752,146	
Fixed Income	1,858,375	-	-	1,858,375	
Floating Rate	710,119	-	-	710,119	
Growth	4,889,446	-	-	4,889,446	
International	6,359,664	-	-	6,359,664	
Real Estate	2,083,050	-	-	2,083,050	
Value	<u>3,621,714</u>	<u>-</u>	<u>-</u>	<u>3,621,714</u>	
Subtotal	<u>29,461,200</u>	<u>-</u>	<u>-</u>	<u>29,461,200</u>	
Stock					
Bristol-Myers Squibb	50,913	-	-	50,913	
Subtotal	<u>50,913</u>	<u>-</u>	<u>-</u>	<u>50,913</u>	
Assets Held for Charitable					
Gift Annuities					
Mutual Funds, by Type:					
Alternatives	14,151	-	-	14,151	
Bond	6,634	-	-	6,634	
Equity	7,813	-	-	7,813	
Fixed Income	6,708	-	-	6,708	
Growth	18,372	-	-	18,372	
International	24,814	-	-	24,814	
Real Estate	4,101	-	-	4,101	
Value	<u>7,463</u>	<u>-</u>	<u>-</u>	<u>7,463</u>	
Subtotal	<u>90,056</u>	<u>-</u>	<u>-</u>	<u>90,056</u>	
Total Assets, at Fair Value	<u>\$ 29,602,169</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,602,169</u>	

MONTGOMERY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

Liabilities at Fair Value

Annuity obligations – the fair value of the Foundation’s annuity obligations is based on the net present value of the anticipated benefit. As benefit payments are made, the liability is adjusted based on an amortization schedule.

	2019			
	Quoted Prices in Active Markets for Identical Obligations Level 1	Significant Other Observable Inputs Level 2	Unobservable Inputs Level 3	Total Fair Value
Annuity Obligations, at Fair Value	\$ -	\$ 809,473	\$ -	\$ 809,473
	2018			
	Quoted Prices in Active Markets for Identical Obligations Level 1	Significant Other Observable Inputs Level 2	Unobservable Inputs Level 3	Total Fair Value
Annuity Obligations, at Fair Value	\$ -	\$ 841,476	\$ -	\$ 841,476

NOTE 6 CHARITABLE REMAINDER TRUSTS

The Foundation has been designated as remainder interest beneficiary under certain charitable gift-annuity agreements contracted with donors. The agreements call for specified distributions (annuity payments) to be paid to designated lead interest beneficiaries during their lives. The Foundation holds and invests the assets of the charitable gift annuity agreements and ensures that the specified distributions are made to the lead interest beneficiaries. The assets held and annuities payable are reflected on the statements of financial position.

Upon commencement of such agreements, the Foundation records the fair value of the assets received and records the estimated present value of future payments to the lead interest beneficiaries as a liability for annuities payable from charitable gift annuity agreements. The liability is established by estimating future payments based on the beneficiary’s life expectancy and discounting those payments to their present value. The excess of the assets received over the liability incurred is recognized on the statements of activities as contributions under charitable gift annuity agreements.

Assets held in split-interest agreements are adjusted to their fair value and the liability for annuities payable is adjusted to its current estimated present value on a recurring basis. Adjustments to the liability are reflected on the statements of activities as changes in the value of gift annuity agreements. When the estimated present value of the liability exceeds the value of the related assets, the deficit is a reduction of net assets without donor restrictions.

**MONTGOMERY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 6 CHARITABLE REMAINDER TRUSTS (CONTINUED)

As of June 30, the assets, obligations and net assets related to charitable gift annuities were classified as follows:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Assets Held for Charitable Gift Annuities	\$ 6,560	\$ 47,589	\$ 54,149
Annuities Payable from Charitable Gifts	783,708	25,765	809,473
Net Assets (Liabilities)	\$ (777,148)	\$ 21,824	\$ (755,324)
	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Assets Held for Charitable Gift Annuities	\$ 20,263	\$ 69,793	\$ 90,056
Annuities Payable from Charitable Gifts	806,597	34,879	841,476
Net Assets (Liabilities)	\$ (786,334)	\$ 34,914	\$ (751,420)

In order to offset the net liability, in fiscal year 2013, the Board directed funds without donor restrictions from both the general endowment earnings and a portion of the proceeds of the sale of the Maryland College of Art and Design property, to function as a reserve. As of June 30, 2019 and 2018, the combined balances in these two funds totaled \$1,042,691 and \$1,079,304, respectively, and are recorded within investments on the statements of financial position.

During the year ended June 30, 2019, no new split-interest agreements were created and one was extinguished. During the year ended June 30, 2018, no new split-interest agreement was created and one was extinguished. The total number of split-interest agreements was 12 and 13 as of June 30, 2019 and 2018.

NOTE 7 NOTES PAYABLE

2011 Bonds

In August 2011, the Authority issued "Montgomery County Revenue Authority Lease Revenue Bonds (Montgomery College Project) Series 2011A and Series 2011B Bonds (the 2011 Bonds) with a total face value of \$15,870,000. The Authority and the Foundation entered into a loan agreement to effectively transfer all obligations of the 2011 Bonds issue to the Foundation. The proceeds of the 2011 Bonds were used 1) for the purchase of the Goldenrod Building (a 68,826 gross square foot office building located on 4.62 acres located adjacent to the Germantown Campus of the College), 2) to pay real estate closing costs associated with the building purchase, and 3) to pay issuance costs of the 2011 Bonds. The 2011 Bonds have annual maturity dates from May 1, 2012 to May 1, 2036 and were issued at a premium of \$257,814.

MONTGOMERY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 7 NOTES PAYABLE (CONTINUED)

2011 Bonds (Continued)

The College entered into a lease agreement with the Foundation, beginning on September 1, 2011, with semi-annual payments to the Foundation that are calculated to be at least equal to the scheduled debt service payments on the 2011 Bonds. This lease agreement was pledged as security for the 2011 Bonds. The Foundation's obligations under the loan agreement are limited to its revenues payable under this lease. The bonds are not payable from, and no recourse shall be available against, any other assets of the Foundation.

The Series 2011A Bonds are subject to optional redemption in whole or in part on any date commencing May 1, 2021, and shall be so redeemed by the Authority in the event and to the extent the Foundation shall exercise its option to prepay the payments for the Project under Section 9.01(a) of the Loan Agreement at a redemption price equal to 100% of the principal amount redeemed plus accrued interest to the date fixed for redemption, without premium.

The Series 2011B Bonds maturing on or after May 1, 2022 are subject to optional redemption in whole or in part on any date commencing May 1, 2021, and shall be so redeemed by the Authority in the event and to the extent the Foundation shall exercise its option to prepay the payments for the Project under Section 9.01(a) of the Loan Agreement at a redemption price equal to 100% of the principal amount redeemed plus accrued interest to the date fixed for redemption, without premium.

The Series 2011B Bonds maturing by their terms prior to May 1, 2022 are not subject to optional redemption.

Interest is due semi-annually, each May 1 and November 1. Interest is being expensed as incurred. Interest incurred and expensed during the years ended June 30, 2019 and 2018 was \$542,239 and \$557,223, respectively.

2014 Bonds

In November 2014, the Authority issued "Montgomery County Revenue Authority Lease Revenue Refunding Bonds (Montgomery College Arts Center Project) Series 2014", with a total face value of \$22,570,000. The Authority and the Foundation entered into a loan agreement to effectively transfer all rights and obligations of the bond issue to the Foundation. The proceeds of the 2014 Bonds were used to 1) advance refund all of the outstanding Montgomery County Revenue Authority Lease Revenue Bonds (Montgomery College Arts Center Project), Series 2005A; and 2) pay issuance costs of the 2014 Bonds.

The 2014 Bonds have annual maturity dates from May 1, 2015 to May 1, 2030 and were issued at a premium of \$2,195,089.

MONTGOMERY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 7 NOTES PAYABLE (CONTINUED)

2014 Bonds (Continued)

The College entered into a lease agreement with the Foundation in October 2005, amended November 2014, with semi-annual payments to the Foundation that are calculated to be at least equal to the scheduled debt service payments on the 2014 Bonds. This lease agreement was pledged as security for the 2014 Bonds. The Foundation's obligations under the loan agreement are limited to its revenues payable under this lease. The bonds are not payable from, and no recourse shall be available against, any other assets of the Foundation.

The Series 2014 Bonds maturing on or after May 1, 2025 are subject to optional redemption in whole or in part at the option of the Foundation in accordance with the Loan Agreement, on any date commencing May 1, 2024, at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

The 2014 Bonds maturing by their terms prior to May 1, 2025 are not subject to optional redemption.

Interest is due semi-annually, each May 1 and November 1. Interest is being expensed as incurred. Interest incurred and expensed during the years ended June 30, 2019 and 2018 was \$758,140 and \$803,840, respectively.

2015 Bonds

In June 2015, the Authority issued "Montgomery County Revenue Authority Transportation Fund Lease Revenue Bonds, Series 2015A", with a total face value of \$28,325,000. The Authority and the Foundation entered into a loan agreement to effectively transfer all rights and obligations of the bond issue to the Foundation. The proceeds of the 2015 Bonds were used to 1) advance refund all of the outstanding Montgomery County Revenue Authority Transportation Fund Lease Revenue Bonds, Series 2008A; 2) finance the cost of the acquisition, construction and equipping of a parking garage on the Rockville Campus; 3) pay a portion of the interest on the 2015 Bonds estimated to accrue until November 1, 2016, and 4) pay the cost of issuing the 2015 bonds. The 2015 Bonds have annual maturity dates from November 1, 2015 to November 1, 2042 and were issued at a premium of \$1,341,104.

The College entered into a lease agreement with the Foundation in November 2008, amended June 2015, with semi-annual payments to the Foundation that are calculated to be at least equal to the scheduled debt service payments on the 2015 Bonds. This lease agreement was pledged as security for the 2015 Bonds. The Foundation's obligations under the loan agreement are limited to its revenues payable under this lease. The bonds are not payable from, and no recourse shall be available against, any other assets of the Foundation.

The Series 2015 Bonds maturing on or after November 1, 2026 are subject to optional redemption in whole or in part at the option of the Foundation in accordance with the Loan Agreement, on any date commencing November 1, 2025, at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

MONTGOMERY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 7 NOTES PAYABLE (CONTINUED)

2015 Bonds (Continued)

The 2015 Bonds maturing by their terms prior to November 1, 2026 are not subject to optional redemption.

Interest is due semi-annually, each May 1 and November 1. Interest is being expensed as incurred. Interest incurred and expensed during the years ended June 30, 2019 and 2018 was \$1,047,550 and \$1,073,950, respectively.

2016 Certificates of Participation

In July of 2016, Montgomery County Maryland issued Certificates of Participation (COPs) Series 2016A with a total face value of \$23,050,000, and Series 2016B with a total face value of \$1,810,000. The proceeds of the Series 2016A Certificates were loaned by the County to the Foundation to purchase and renovate a building to house College central and administrative services offices. The COPs were used 1) to finance the costs of the acquisition, design, construction and equipping of an approximate 115,000 square foot building with approximately 365 to 400 parking spaces, 2) to pay real estate closing costs associated with the building purchase, 3) to fund a Capitalized Interest Fund, and 4) to pay a portion of the issuance costs of the 2016 COPs. The 2016A COPs have annual maturity dates from November 1, 2019 to November 1, 2035 and were issued at a net premium of \$1,328,788.

The Foundation leased its interest in the improvements and the site upon which the improvements are located to the College pursuant to a lease agreement dated as of July 1, 2016, between the Foundation and the College (the Lease). The Lease requires the College to make rental payments (the Rental Payments), which are assigned by the Foundation to the County pursuant to an Assignment of Rents and Leases Agreement dated as of July 1, 2016 between the County and the Foundation (the Assignment of Leases). The County is also secured by a deed of trust from the Foundation for the benefit of the County to secure the obligations of the Foundation under the Loan Agreement delivered at the time of closing of the Certificates (the Deed of Trust).

The Series 2016A Certificates that mature on or after November 1, 2025, are subject to redemption beginning November 1, 2024, as a whole or in part at any time thereafter, in any order of their maturities, at the option of the County, at a redemption price for each certificate equal to the principal amount of the certificate to be redeemed, together with interest accrued to the date fixed for redemption, without premium. The Series 2016A Certificates that mature on or before November 1, 2024, are not subject to redemption prior to their respective maturities.

The proceeds of the Series 2016B Certificates were loaned by the County to the Foundation and were applied to pay the costs incurred by the College in connection with its terminating certain lease agreements for space that it leased through June 30, 2018 which was replaced with the facilities that comprise the improvements. A portion of the Series 2016B Certificates were also applied to pay the costs of issuing the Series 2016B Certificates. The 2016B COPs have annual maturity dates from November 1, 2017 to November 1, 2021 and were issued at a net premium of \$888.

**MONTGOMERY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 7 NOTES PAYABLE (CONTINUED)

2016 Certificates of Participation (Continued)

The Series 2016B Certificates are not subject to optional redemption prior to their respective maturities.

Interest is due semi-annually, each May 1 and November 1. Interest is being expensed as incurred. Interest incurred and expensed during the years ended June 30, 2019 and 2018 was \$700,096 and \$701,880, respectively.

Future Maturities Schedule

Maturity dates and stated interest rates of the Bonds outstanding as of June 30, 2019 are as follows:

Fiscal Year Ended	2011 Bonds			2014 Bonds		2015 Bonds		2016 Certificates		Total Principal Amount
	Principal Amount Series A	Principal Amount Series B	Interest Rate	Principal Amount	Interest Rate	Principal Amount	Interest Rate	Principal Amount	Interest Rate	
2020	\$ -	\$ 505,000	4.00	\$ 1,225,000	4.00	\$ 915,000	4.00	\$ 715,000	5.00	\$ 3,360,000
2021	-	525,000	4.00	1,280,000	4.00	960,000	4.00	745,000	5.00	3,510,000
2022	-	545,000	4.00	1,325,000	5.00	1,000,000	5.00	760,000	5.00	3,630,000
2023	-	565,000	4.15	1,395,000	5.00	1,050,000	5.00	1,255,000	5.00	4,265,000
2024	-	590,000	4.30	1,460,000	5.00	1,105,000	5.00	1,320,000	5.00	4,475,000
Thereafter	6,840,000	2,685,000	Varies from 4% to 5%	10,345,000	Varies from 3% to 5%	20,375,000	Varies from 3.125% to 5.00%	19,350,000	Varies from 2% to 5%	59,595,000
Total	\$ 6,840,000	\$ 5,415,000		\$ 17,030,000		\$ 25,405,000		\$ 24,145,000		78,835,000
								Unamortized Discount		(497,858)
								Deferred Financing Costs		(679,382)
								Unspent Bond Proceeds		509,303
								Unamortized Premiums		4,009,787
								Notes Payable, Net		\$ 82,176,850

MONTGOMERY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods.

	<u>2019</u>	<u>2018</u>
Subject to Expenditure for Specific Purpose:		
General Use Programs	\$ 5,636,750	\$ 5,872,046
Scholarship	6,408,498	5,807,267
Student Athletics	60,453	72,460
Total	<u>12,105,701</u>	<u>11,751,773</u>
Endowments:		
Amounts Required to be Maintained in Perpetuity:		
Scholarship	15,482,765	15,056,875
General Use Programs	7,440,258	7,250,128
Student and Faculty Support	77,018	70,168
Annuity Funds	21,824	34,915
Total Endowments	<u>23,021,865</u>	<u>22,412,086</u>
Total Net Assets with Donor Restrictions	<u>\$ 35,127,566</u>	<u>\$ 34,163,859</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Satisfaction of Purpose Restrictions:		
General Use Programs	\$ 1,376,339	\$ 1,113,437
Scholarship	2,385,526	2,473,108
Student Athletics	56,582	12,355
Total Satisfaction of Purpose Restrictions	<u>3,818,447</u>	<u>3,598,900</u>
Total Net Assets Released from Restrictions	<u>\$ 3,818,447</u>	<u>\$ 3,598,900</u>

MONTGOMERY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 9 ENDOWMENT

The Foundation's endowment consists of 281 individual funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund.
- 2) The purposes of the Foundation and the donor-restricted endowment fund.
- 3) General economic conditions.
- 4) The possible effect of inflation and deflation.
- 5) The expected total return from income and the appreciation of investments.
- 6) Other resources of the Foundation.
- 7) The investment policies of the Foundation.

MONTGOMERY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 9 ENDOWMENT (CONTINUED)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets consist of those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the board of directors, the investment return objective is to attain an average annual total return of CPI plus 5% (nominal return net of investment management fees) over the long term (up to a rolling five-year period). The goal is to combine various asset classes to achieve diversification and at the same time balance the risk and return. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year up to 5% of its endowment fund's average fair value over the prior 12 quarters through March 31 of the preceding fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at a moderate annual rate. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

MONTGOMERY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 9 ENDOWMENT (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy
(Continued)

The Foundation had the following changes in endowment net assets during the years ended June 30:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ -	\$ 28,009,790	\$ 28,009,790
Contributions	-	671,194	671,194
Appropriations of Endowment Assets for Expenditures	-	(1,241,656)	(1,241,656)
Endowment Net Assets After Contributions and Expenditures	-	27,439,328	27,439,328
Net Investment Income	-	1,122,050	1,122,050
Subtotal	-	28,561,378	28,561,378
Other Changes	-	-	-
Matured Annuity Transferred into Endowed Gift	-	19,882	19,882
Endowment Net Assets - End of Year	<u>\$ -</u>	<u>\$ 28,581,260</u>	<u>\$ 28,581,260</u>
	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ -	\$ 26,136,059	\$ 26,136,059
Contributions	-	965,384	965,384
Appropriations of Endowment Assets for Expenditures	-	(1,235,080)	(1,235,080)
Endowment Net Assets After Contributions and Contributions and Expenditures	-	25,866,363	25,866,363
Net Investment Income	-	2,149,200	2,149,200
Subtotal	-	28,015,563	28,015,563
Donor Requested Endowment of Previously Unendowed Gift	-	(5,773)	(5,773)
Endowment Net Assets - End of Year	<u>\$ -</u>	<u>\$ 28,009,790</u>	<u>\$ 28,009,790</u>

The donor-restricted endowment balances above do not include pledges receivables of \$396,409 and \$361,199 for the years ended June 30, 2019 and 2018, respectively. The donor-restricted endowment balances above also do not include net assets related to annuities of \$21,825 and \$34,915 as of June 30, 2019 and 2018, respectively, which do not become part of endowment assets until maturity. The endowment assets are primarily comprised of the Foundation's investments as detailed in Note 4. The remaining endowment assets are comprised of cash.

MONTGOMERY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 9 ENDOWMENT (CONTINUED)

**Spending Policy and How the Investment Objectives Relate to Spending Policy
(Continued)**

The Foundation maintains a general endowment, where the donors have specified all earnings are without donor restrictions for general Foundation operations. Accumulated earnings without donor restrictions of \$10,537 and \$19,954 were transferred to the Foundation's Without Donor Restrictions Fund on June 30, 2019 and 2018, respectively.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in net assets without donor restrictions were \$-0- and \$108 as of June 30, 2019 and 2018, respectively.

NOTE 10 PROGRAM SERVICE DESCRIPTIONS

Scholarships

Scholarships are established by donors' contributions and are awarded to students who have met the donors' imposed restrictions. During the 2018-2019 academic year, Montgomery College began competing at the Division I and Division II levels of the National Junior College Athletic Association. As a result, the Foundation is now providing athletic scholarships.

Student Athletics

The Student Athletics program is a designated program established for use by the College's athletic department. The program reimburses the athletic department for certain expenses incurred during the year.

Student and Faculty Support

The Student and Faculty Support program distributes grants and awards to deserving individuals and academic programs. This program also includes noncash donations received which are subsequently given to the College. Noncash donations for fiscal years 2019 and 2018 were valued at \$79,400 and \$36,371, respectively, and are included in Other Noncash Contributions on the statements of activities.

MONTGOMERY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 11 RELATED PARTY TRANSACTIONS

Leases

In September 2011, the Foundation entered into a Project Lease Agreement (the Goldenrod Lease) with the College, under which the College leases the Goldenrod building. The lease commenced on September 1, 2011 and will terminate on August 31, 2041. The Goldenrod Lease is a triple net lease, with the College responsible for all operating costs, as well as insurance, taxes, and costs of repairs and general maintenance of the Goldenrod building. The Goldenrod Lease is a capital lease, and the Foundation's asset is shown as Net Investment in Capital Lease on the statements of financial position. The College paid the Foundation \$1,030,472 and \$1,029,540 during the years ended June 30, 2019 and 2018, respectively, as stipulated in the Goldenrod Lease.

In November 2014, the Foundation amended a 2005 Project Lease Agreement (the Project Lease) with the College, under which the College leases the Art Center. The lease commenced on November 19, 2014, and will terminate on December 31, 2031. The Project Lease is a triple net lease, with the College responsible for all operating costs, as well as insurance, taxes and costs of repairs and general maintenance of the Art Center. The College owns the land on which the Art Center stands. The Foundation leased the land on July 17, 2007 for 80 years for a one-time fee of \$5,000. The Project Lease is a capital lease, and the Foundation's asset is shown as Net Investment in Capital Lease on the statements of financial position. The College paid the Foundation \$1,938,140 and \$1,946,339 during each of the years ended June 30, 2019 and 2018, respectively, as stipulated in the Project Lease.

In June 2015, the Foundation entered into a Project Lease Agreement (the Garage Lease) with the College, under which the College leases two parking garages, one in Silver Spring/Takoma Park and the other in Rockville – upon its construction. The lease commenced on June 23, 2015 and will terminate on December 31, 2043. The Garage Lease is a triple net lease, with the College responsible for all operating costs, as well as insurance, taxes, and costs of repairs and general maintenance of the Parking Garages. The Garage Lease is a capital lease, and the Foundation's asset is shown as Net Investment in Capital Lease on the statements of financial position. The College paid the Foundation \$1,937,550 and \$1,938,226 during the years ended June 30, 2019 and 2018, respectively, as stipulated in the Garage Lease.

In July 2016, the Foundation entered into a Project Lease Agreement (the Central Services lease) with the College, under which the College leases the Central Services building. The lease commenced on July 27, 2016 and will terminate on June 30, 2041. The Central Services Lease is a triple net lease, with the College responsible for all operating costs, as well as insurance, taxes, and costs of repairs and general maintenance of the Central Services building. The Central Services Lease is a capital lease, and the Foundation's asset is shown as net investment in capital lease on the statements of financial position. The College made lease payments of \$1,060,096 and \$1,057,471 during the years ended June 30, 2019 and 2018, respectively, as stipulated in the Central Services Lease. The Foundation has assigned these lease payments to the County pursuant to an Assignment of Rents and Leases Agreement dated as of July 1, 2016 between the County and the Foundation (the Assignment of Leases).

**MONTGOMERY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 11 RELATED PARTY TRANSACTIONS (CONTINUED)

Leases (Continued)

As of June 30, 2019, future payments to be received by the Foundation under these leases for the years ended June 30 are:

	Art Center	Parking Garages	Goldenrod	Central Services	Total
2020	\$ 1,943,806	\$ 1,935,350	\$ 1,031,073	\$ 1,410,904	\$ 6,321,133
2021	1,949,806	1,942,850	1,030,873	1,417,631	6,341,160
2022	1,943,606	1,938,650	1,029,873	1,407,499	6,319,628
2023	1,947,356	1,937,400	1,028,073	1,858,229	6,771,058
2024	1,942,606	1,938,525	1,029,625	1,858,854	6,769,610
Thereafter	11,679,788	27,079,813	12,369,345	22,309,340	73,438,286
	21,406,968	36,772,588	17,518,862	30,262,457	105,960,875
Imputed Interest	(4,376,968)	(11,367,588)	(5,263,862)	(6,117,457)	(27,125,875)
Total	<u>\$ 17,030,000</u>	<u>\$ 25,405,000</u>	<u>\$ 12,255,000</u>	<u>\$ 24,145,000</u>	<u>\$ 78,835,000</u>

Scholarships and Grants

The Foundation directly pays the College, and indirectly on the College's behalf, for scholarships and grants. Total expenses to or for the College were \$3,815,508 and \$4,247,992 in 2019 and 2018, respectively, for scholarships and grants. These payments are reflected in the statements of activities as part of program expenses. As of June 30, 2019 and 2018, \$111,550 and \$159,142 was due to the College and are included in Accounts Payable on the statements of financial position.

Donated Services

The College allows the Foundation to utilize space on campus for the Foundation's administrative offices. The value of the contributed office space is not reflected in these financial statements since it is not deemed significant.

The College donated to the Foundation personnel services valued at \$501,494 and \$555,032 in 2019 and 2018, respectively, based on salary and overhead related expenditures. These donations are reflected in the financial statements as both support and expense.

NOTE 12 TRANSFERS

During the year ended June 30, 2019, there were no transfers between net assets with restrictions and net assets without restrictions. On March 22, 2019, a gift annuity matured and was transferred into an endowment fund, as instructed by the donor. Both the gift annuity and the endowment fund were required to be maintained in perpetuity, and thus, no transfer between net asset classifications was necessary.

During the year ended June 30, 2018, management transferred a restricted gift required to be maintained in perpetuity into an already established purpose-restricted scholarship fund, as instructed by the donor. The total amount of \$5,289 was transferred on April 30, 2018, and net assets with donor restrictions have been adjusted to reflect this reclassification.

MONTGOMERY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 13 SUBSEQUENT EVENTS

Management evaluated subsequent events through September 18, 2019, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2019, but prior to September 18, 2019, that provided additional evidence about conditions that existed at June 30, 2019, have been recognized in the financial statements for the year ended June 30, 2019. Events or transactions that provided evidence about conditions that did not exist at June 30, 2019 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2019.

RFP 520-023, Appendix IX

2018 – 2019 FISAP Report to Department of Education

Public Burden Statement

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number. The valid OMB control number for this information collection is 1845-0030. Public reporting burden for this collection of information is estimated to average 24 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Responding to this collection is mandatory in accordance with 34 CFR 674.19 (Federal Perkins Loan), 34 CFR 675.19 (Federal Work-Study), and 34 CFR 676.19 and 20 U.S.C. 1094 (Federal Supplemental Educational Opportunity Grant). If you have comments or concerns regarding the status of your individual submission of this form, please contact the Common Origination and Disbursement (COD) School Relations Center directly at 800/848-0978 or email CODSupport@ed.gov.

Fiscal Operations Report and Application to Participate (FISAP)

Report: Award Year July 1, 2018 through June 30, 2019; Application: Award Year July 1, 2020 through June 30, 2021

Part I. Identifying Information, Certification and Warning

Section A. Identifying Information

1(a). Name and address of school

Montgomery College
900 Hungerford Drive
Rockville MD 208501195

1(b). Mailing address (if different from 1(a))

2. OPEID Number 00691100

3. Type of school (select one)

- 3.1 public
 3.2 private/non-profit
 3.3 proprietary

(Select one if proprietary)

- (a) art
 (b) business
 (c) cosmetology
 (d) trade and technical
 (e) other

4. Length/type of longest program (select one)

- 4.1 less than 1 year
 4.2 1 year but less than 2 years
 4.3 2 years but less than 3 years
 4.4 3 years but less than 4 years
 4.5 4 years (no higher than a baccalaureate degree)
 4.6 5 years or more
 4.7 post-baccalaureate only

5. Additional Institutions

If the data reported on this form applies to more than one eligible institution you must identify all institutions for which this form is applicable. The OPEID and individual amount(s) of 2018-19 FSEOG and FWS authorizations allocated to each institution must be provided. **See instructions**

This FISAP includes data for more than one eligible institution.

yes no

If yes, list the following for each eligible institution:

OPEID _____ 2018-19 FSEOG \$ _____ 2018-19 FWS \$ _____

6. Financial Aid Administrator

Name Judith M. Taylor Telephone No. (240) 567-7320
Email address judith.taylor@montgomerycollege.edu Fax No. (240) 567-5104

7. Name and address of private financial aid consultant firm, if any

Name _____
Address 1 _____
Address 2 _____
City _____ State _____ Zip _____

Section B. Certification and Warning

Name of School Montgomery College
OPEID Number 00691100 State MD

Applicants must review the requirements for certification regarding lobbying included in the regulations cited below before completing this form. Applicants must sign this form to comply with the certification requirements under 34 CFR Part 82, "New Restrictions on Lobbying." This certification is a material representation of fact upon which the Department of Education relies when it makes a grant or enters into a cooperative agreement.

As required by Section 1352, Title 31 of the U.S. Code, and implemented at 34 CFR Part 82, for persons entering into a Federal contract, grant or cooperative agreement over \$100,000, as defined at 34 CFR Part 82, Sections 82.105 and 82.110, the applicant certifies that:

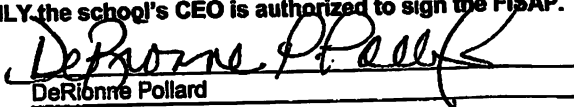
- (a) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the making of any Federal grant, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal grant or cooperative agreement;
- (b) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal grant or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and
- (c) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subgrants and contracts under grants and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

As the duly authorized representative of the applicant, I hereby certify that the applicant will comply with the above certification. I further certify that the information contained in this electronic FISAP is in compliance with governing legislation and regulations and is true and accurate. I understand that all information associated with this FISAP is subject to audit and program review by representatives of the Secretary of Education.

Note: The Campus-Based eSignature process has been discontinued.

WARNING: If you purposely give false or misleading information, you may be fined up to \$20,000, sent to prison, or both.

8. Chief Executive Officer (includes President, Chancellor and Director)
Important: ONLY the school's CEO is authorized to sign the FISAP.

Signature		Date signed	<u>9/24/19</u>
Name	<u>DeRionne Pollard</u>	Telephone No.	<u>(240) 567-5264</u>
Title	<u>CHIEF EXEC OFFICER</u>	Fax No.	<u>(240) 567-5260</u>
E-mail address	<u>DeRionne.Pollard@montgomerycollege.edu</u>		

The CEO must provide an original signature on the printed form that must be mailed or hand delivered by the October 1, 2019 deadline date.

Standard Mail:
U.S. Department of Education
P.O. Box 9003
Niagara Falls, NY 14302

Overnight Mail/Courier:
U.S. Department of Education
2429 Military Road, Suite 200
Niagara Falls, NY 14304

Application to Participate, Part II

Name of School Montgomery College
OPEID Number 00691100 State MD

Part II. Application to Participate for Award Year July 1, 2020 through June 30, 2021

Section A. Request for Funds for the 2020-21 Award Year

- | | |
|--|------------------|
| 1. Federal Perkins Loan Level of Expenditures | \$ <u>n/a</u> |
| 2. Federal Perkins Loan Federal Capital Contribution | \$ <u>n/a</u> |
| 3. FSEOG federal funds | \$ <u>800000</u> |
| 4. FWS federal funds | \$ <u>900000</u> |

Section B. Federal Perkins Loan Program Liquidation Request (Refer to FISAP Instructions for a more detailed explanation of this Section and field.)

5. My school wishes to liquidate its Federal Perkins Loan Program portfolio. yes no

Section C. Waiver Request for the Underuse of Funds

My school has returned more than 10 percent of its Federal Perkins Loan, FSEOG, or FWS allocation for the 2018-19 award year.

6. My school wishes to apply for a waiver of the penalty for the underuse of funds and will provide, on the Additional Information screen, a written explanation of the circumstances. yes no

Application to Participate, Part II (continued)

Name of School Montgomery College
OPEID Number 00691100 State MD

Part II. Application to Participate for Award Year July 1, 2020 through June 30, 2021

Section D. Information on Enrollment

My school's calendar is Traditional Non-Traditional

Schools with a traditional calendar that had 2018-19 enrollment, fill in Field 7.

7. Total number students, 2018-19 (a) Undergraduate 29473 (b) Graduate/Professional 0

Schools with a traditional calendar that did not have 2018-19 enrollment, fill in Field 8.

8. Estimated number students, 2019-20 (a) Undergraduate _____ (b) Graduate/Professional _____

Schools with a non-traditional calendar that had 2018-19 enrollment, fill in fields 9 through 20.

	Undergraduate Continuing Students (a)	Undergraduate New Starts (b)	Graduate/Professional Continuing Students (c)	Graduate/Professional New Starts (d)
9. July 1, 2018	0	0	0	0
10. August 1	0	0	0	0
11. September 1	0	0	0	0
12. October 1	0	0	0	0
13. November 1	0	0	0	0
14. December 1	0	0	0	0
15. January 1, 2019	0	0	0	0
16. February 1	0	0	0	0
17. March 1	0	0	0	0
18. April 1	0	0	0	0
19. May 1	0	0	0	0
20. June 1	0	0	0	0
21. TOTAL	0	0	0	0

Section E. Assessments and Expenditures

	Undergraduate (a)	Graduate/Professional (b)
22. Total tuition and fees for the award year July 1, 2018 to June 30, 2019	\$ <u>81687029</u>	\$ <u>0</u>
23. Total Federal Pell Grants expenditures for the 2018-19 award year	\$ <u>23665046</u>	
24. Total expended for state grants and scholarships made to undergraduates for the award year July 1, 2018 to June 30, 2019	\$ <u>2238844</u>	

Section F. Information on Eligible Aid Applicants Enrolled in Your School for Award Year 2018-19

	Dependent Undergraduate		Independent Undergraduate		Independent Graduate/ Professional (e)
	Without Baccalaureate/ 1 st Prof. Degree (a)	With Baccalaureate 1 st Prof. Degree (b)	Without Baccalaureate/ 1 st Prof. Degree (c)	With Baccalaureate/ 1 st Prof. Degree (d)	
25. Students with an "Automatic" Zero EFC	<u>2021</u>	<u>3</u>	<u>850</u>	<u>40</u>	<u>0</u>
Taxable and Untaxed Income					
26. \$0 - \$2,999	<u>18</u>	<u>0</u>	<u>506</u>	<u>46</u>	<u>0</u>
27. \$3,000 - \$5,999	<u>17</u>	<u>0</u>	<u>70</u>	<u>11</u>	<u>0</u>
28. \$6,000 - \$8,999	<u>25</u>	<u>0</u>	<u>60</u>	<u>6</u>	<u>0</u>
29. \$9,000 - \$11,999	<u>36</u>	<u>0</u>	<u>68</u>	<u>12</u>	<u>0</u>
30. \$12,000 - \$14,999	<u>45</u>	<u>0</u>	<u>61</u>	<u>6</u>	<u>0</u>
31. \$15,000 - \$17,999	<u>47</u>	<u>0</u>	<u>61</u>	<u>13</u>	<u>0</u>
32. \$18,000 - \$23,999	<u>114</u>	<u>0</u>	<u>120</u>	<u>23</u>	<u>0</u>
33. \$24,000 - \$29,999	<u>410</u>	<u>3</u>	<u>127</u>	<u>15</u>	<u>0</u>
34. \$30,000 - \$35,999	<u>525</u>	<u>0</u>	<u>133</u>	<u>5</u>	<u>0</u>
35. \$36,000 - \$41,999	<u>554</u>	<u>0</u>	<u>126</u>	<u>18</u>	<u>0</u>
36. \$42,000 - \$47,999	<u>505</u>	<u>0</u>	<u>151</u>	<u>7</u>	<u>0</u>
37. \$48,000 - \$53,999	<u>438</u>	<u>0</u>	<u>155</u>	<u>11</u>	<u>0</u>
38. \$54,000 - \$59,999	<u>403</u>	<u>2</u>	<u>138</u>	<u>10</u>	<u>0</u>
39. \$60,000 and over	<u>2903</u>	<u>10</u>	<u>2179</u>	<u>271</u>	<u>0</u>
40. TOTAL	<u>8061</u>	<u>18</u>	<u>4805</u>	<u>494</u>	<u>0</u>

Fiscal Operations Report, Part III

Name of School Montgomery College
OPEID Number 00691100 State MD

Part III. Federal Perkins Loan Program for Award Year July 1, 2018 through June 30, 2019

Section A. Fiscal Report (Cumulative) as of June 30, 2019

Field Item	Amount (a)	Number of Borrowers (b)	Debit Balances (c)	Credit Balances (d)
1.1. Cash on hand and in depository as of 6/30/2019			\$ 0	
1.2. Cash on hand and in depository as of 10/31/2019	\$ 0			
2. Funds receivable from federal government			\$ 0	
3. Funds receivable from school			\$ 0	
4. Funds advanced to students		0	\$ 0	
5. Loan principal collected		0		\$ 0
6. Loan principal assigned to and accepted by the United States		0		\$ 0
<u>Loan principal canceled for the following categories:</u>				
7. teaching/military service (applies to loans made prior to 07/01/1972)		0		\$ 0
8. certain subject matter teaching service (math, science, foreign languages, bilingual education)		0		\$ 0
9. all other authorized pre-K or K-12 teaching service		0		\$ 0
10. military service (applies to loans made 07/01/1972 and after)		0		\$ 0
11. volunteer service		0		\$ 0
12. law enforcement and corrections officer service		0		\$ 0
13. child/family/early intervention service		0		\$ 0
14. nurse/medical technician service		0		\$ 0
15. pre-K or child care program staff member service		0		\$ 0
16. service as an attorney in a public defender organization		0		\$ 0
17. fire fighter service		0		\$ 0
18. Tribal College or University faculty service		0		\$ 0
19. librarian service		0		\$ 0
20. speech-language pathology service		0		\$ 0
21. death/disability		0		\$ 0
22. disability based on VA determination		0		\$ 0
23. bankruptcy		0		\$ 0
24. surviving spouses of public service victims of 9-11 terrorist attacks		0		\$ 0
25. loans discharged due to closed schools		0		\$ 0
26. Loan principal adjustments - other		0		\$ 0
27. Federal Capital Contributions			\$ 0	
28. Repayments of fund capital to federal government				
29.1. Short-term loans to the Fund	\$ 0			
29.2. ICC deposited to the Fund	\$ 0			
29.3. Institutional Capital Contributions				\$ 0
30.1. Repayment of short-term loans to the fund	\$ 0			
30.2. Repayments of excess/liquidated fund capital to Institution	\$ 0			
30.3. Repayments of fund capital to school			\$ 0	
31. Interest Income on loans				\$ 0
32. Other Income				\$ 0
33. Reimbursements to the Fund of the amounts canceled on loans made 07/01/1972 and after				\$ 0
34.1. Administrative cost allowance	\$ 0			
34.2. Collection costs	\$ 0			
34.3. Administrative cost allowance and collection costs (control)			\$ 0	

Fiscal Operations Report, Part III (continued)

Name of School Montgomery College
 OPEID Number 00691100 State MD

Part III. Federal Perkins Loan Program for Award Year July 1, 2018 through June 30, 2019

Section A. Fiscal Report (Cumulative) as of June 30, 2019

Field Item	Amount (a)	Number of Borrowers (b)	Debit Balances (c)	Credit Balances (d)
<u>Cost of loan principal and interest canceled for the following categories:</u>				
35. teaching/military service (applies to loans made prior to 07/01/1972)			\$ 0	
36. certain subject matter teaching service (math, science, foreign languages, bilingual education)			\$ 0	
37. all other authorized pre-K or K-12 teaching service (applies to loans made 07/01/1972 and after)			\$ 0	
38. military service (applies to loans made 07/01/1972 and after)			\$ 0	
39. volunteer service in the Peace Corps or under the Domestic Volunteer Service Act of 1973			\$ 0	
40. law enforcement and corrections officer service			\$ 0	
41. child/family/early intervention service			\$ 0	
42. nurse/medical technician service			\$ 0	
43. pre-K or child care program staff member service			\$ 0	
44. service as an attorney in a public defender organization			\$ 0	
45. fire fighter service			\$ 0	
46. Tribal College or University faculty service			\$ 0	
47. librarian service			\$ 0	
48. speech-language pathology service			\$ 0	
49. death/disability			\$ 0	
50. VA disability determination			\$ 0	
51. bankruptcy			\$ 0	
52. surviving spouses of public service victims of 9-11 terrorist attacks			\$ 0	
53. Cost of loan principal and interest assigned to and accepted by the United States			\$ 0	
54. Cost of loan principal and interest canceled for loans discharged due to closed schools			\$ 0	
55. Other costs or losses			\$ 0	
56. Balancing Adjustments (Debits)			\$ 0	
57. Balancing Adjustments (Credits)				\$ 0
58. Total debits and credits (Sum of fields 1.1 through 57)			\$ 0	\$ 0

Section B. Annual Activity During the 2018-19 Award Year (July 1, 2018 through June 30, 2019)

	Number of Borrowers (a)	Amount (b)
1. Final adjusted Federal Capital Contribution (FCC) authorization		\$ n/a
2. FWS funds transferred to the Fund		+\$ n/a
3. FCC transferred to:		
(a) FSEOG		-\$ n/a
(b) FWS		-\$ n/a
4. Total federal funds available for the 2018-19 award year (fields 1 + 2 - 3(a) - 3(b))		\$ n/a
5. The unexpended amount of final adjusted authorized FCC for award year 2018-19 that was NOT requested from G5 by June 30, 2019. This amount will be reduced from your total award amount next spring (see instructions).		\$ n/a
6. Institutional Capital Contribution (ICC) deposited into the Fund between July 1, 2018 and June 30, 2019		\$ n/a
7. Loans advanced to students from the Fund during the 2018-19 award year (minus 2018-19 award year refunds)		\$ n/a
8. Administrative cost allowance claimed for the 2018-19 award year (see instructions)		\$ n/a
9. Total principal and interest repaid by borrowers from all sources during the 2018-19 award year	0	\$ 0
10. Total principal repaid by borrowers from all sources during the 2018-19 award year for loans in default for more than 2 years but not more than 5 years	0	\$ 0
11. Total principal repaid by borrowers from all sources during the 2018-19 award year for loans in default for more than 5 years	0	\$ 0
12. Annual servicing costs paid with institutional funds during the 2018-19 award year for non-defaulted loans (do not include collection costs included in Section A, field 34.2)		\$ 0
13. Amount of loan service cancellation reimbursement your institution received during the 2018-19 award year, if applicable (do not include this amount in Section A, field 33)		\$ 0

Fiscal Operations Report, Part III (continued)

Name of School Montgomery College
OPEID Number 00691100 State MD

Part III. Federal Perkins Loan Program for Award Year July 1, 2018 through June 30, 2019

Section C. Cumulative Repayment Information as of June 30, 2019

Status of Borrowers as of June 30, 2019

	Amount (a)	Number of Borrowers (b)	Amount Lent (c)	Principal Amount Outstanding (d)
1.1. Borrowers whose loans are fully retired		0	\$ 0	
1.2. Loans that have been purchased	\$ 0			
2. Borrowers whose loans were assigned to and officially accepted by the U.S. Department of Education as of June 30, 2019 (Note: Field 2 equals the sum of Field 2.1 plus Field 2.2.)		0	\$ 0	\$ 0
2.1 Assignments due to default or liquidation		0	\$ 0	\$ 0
2.2 Assignments due to total and permanent disability discharge		0	\$ 0	\$ 0
3. Total borrowers not in repayment status		0		\$ 0
4. Borrowers on schedule in repayment status		0		
5.1. In default less than 240 days (monthly installments) or less than 270 days (other installments)		0	\$ 0	\$ 0
5.2. In default 240 days or more (monthly installments) or 270 days or more (other installments), up to 2 years		0	\$ 0	\$ 0
5.3. In default more than 2 years but not more than 5 years		0	\$ 0	\$ 0
5.4. In default more than 5 years		0	\$ 0	\$ 0

Cohort Default Rate (Sections D and E)

Schools with fewer than 30 borrowers who entered repayment in the 2017-18 award year should skip to Section E.

Section D. Schools with 30 or More Borrowers Who Entered Repayment in the 2017-18 Award Year

1.1. Number of borrowers who entered repayment in 2017-18	0
1.2. Number of borrowers from Field 1.1 above with loans in default by June 30, 2019	0
1.3. Cohort default rate ((Field 1.2 / Field 1.1) x 100)	0

Section E. Schools with Fewer than 30 Borrowers Who Entered Repayment in the 2017-18 Award Year

2.1. Number of borrowers who entered repayment in:		2.2. Number of borrowers with loans in default by:	
(a) 2015-16 (07/01/2015-06/30/2016)	0	(a) June 30, 2017 (those in 2.1(a) only)	0
(b) 2016-17 (07/01/2016-06/30/2017)	0	(b) June 30, 2018 (those in 2.1(b) only)	0
(c) 2017-18 (07/01/2017-06/30/2018)	0	(c) June 30, 2019 (those in 2.1(c) only)	0
2.3. Total number of borrowers who entered repayment during the three years above (fields 2.1(a) + 2.1(b) + 2.1(c))			0
2.4. Total number of borrowers with loans in default during the three years above (fields 2.2(a) + 2.2(b) + 2.2(c))			0
2.5. Cohort default rate ((Field 2.4 / Field 2.3) x 100)			0

Fiscal Operations Report, Part IV

Name of School Montgomery College
OPEID Number 00691100 State MD

Part IV. Federal Supplemental Educational Opportunity Grant (FSEOG) Program for Award Year July 1, 2018 through June 30, 2019

Section A. Federal Funds Authorized for FSEOG

1. Final adjusted FSEOG authorization \$ 650000

Section B. Federal Funds Available for FSEOG Expenditures

2. FWS funds transferred to and spent in FSEOG	+ \$ <u>0</u>
3. Federal Perkins Federal Capital Contribution funds transferred to and spent in FSEOG	+ \$ <u>n/a</u>
4. FSEOG funds transferred to and spent in FWS	- \$ <u>0</u>
5. 2019-20 FSEOG funds carried back and spent in 2018-19	+ \$ <u>0</u>
6. Additional 2019-20 FSEOG funds carried back and spent for 2019 summer enrollment	+ \$ <u>0</u>
7. 2017-18 funds carried forward and spent in 2018-19	+ \$ <u>0</u>
8. 2018-19 funds carried forward to be spent in 2019-20	- \$ <u>0</u>
9. 2018-19 funds carried back and spent in 2017-18	- \$ <u>0</u>
10. Additional 2018-19 funds carried back and spent for 2018 summer enrollment	- \$ <u>0</u>
11. Total federal funds available for 2018-19 FSEOG (fields 1 + 2 + 3 + 5 + 6 + 7) minus (fields 4 + 8 + 9 + 10)	\$ <u>650000</u>

Section C. Funds to FSEOG Recipients

12. Total funds to FSEOG recipients (fields 13 + 14)	\$ <u>618280</u>
13. Nonfederal share of funds to FSEOG recipients (25 percent of Field 12)	\$ <u>0</u>
(a) Cash outlay contributed	\$ <u>0</u>
(b) Other resources designated	\$ <u>0</u>

Section D. Federal Funds Spent for FSEOG Program

14. Federal share of funds to FSEOG recipients (75 percent of Field 12)	\$ <u>618280</u>
15. Administrative cost allowance claimed (see instructions)	+ \$ <u>30914</u>
16. Federal funds spent for FSEOG (fields 14 + 15)	\$ <u>649194</u>

Section E. Use of FSEOG Authorization

17. Expended FSEOG authorization (fields 4 + 8 + 9 + 10 + 16) minus (fields 2 + 3 + 5 + 6 + 7)	\$ <u>649194</u>
18. Unexpended FSEOG authorization (Field 1 - Field 17) (cannot be negative)	\$ <u>806</u>

Section F. Information about FSEOG Disaster-Affected Students

19. Number of disaster-affected students who received FSEOG funds	<u>0</u>
20. Federal Share of FSEOG funds to disaster-affected students	\$ <u>0</u>
21. Total FSEOG Funds to disaster-affected students	\$ <u>0</u>

Fiscal Operations Report, Part V

Name of School Montgomery College
OPEID Number 00691100 State MD

Part V. Federal Work-Study (FWS) Program for Award Year July 1, 2018 through June 30, 2019

Section A. Federal Funds Authorized for FWS

1. Final adjusted FWS authorization \$ 692065

Section B. Federal Funds Available for FWS Expenditures

2. Federal Perkins Federal Capital Contribution funds transferred to and spent in FWS	+ \$ <u>0</u>
3. FSEOG funds transferred to and spent in FWS	+ \$ <u>0</u>
4. FWS funds transferred to and spent in:	
(a) FSEOG	- \$ <u>0</u>
(b) Federal Perkins Loan Program	- \$ <u>n/a</u>
(c) Work Colleges Program	- \$ <u>0</u>
5. 2019-20 FWS funds carried back and spent in 2018-19	+ \$ <u>0</u>
6. Additional 2019-20 FWS funds carried back and spent for 2019 summer employment	+ \$ <u>0</u>
7. 2017-18 funds carried forward and spent in 2018-19	+ \$ <u>0</u>
8. 2018-19 funds carried forward to be spent in 2019-20	- \$ <u>33564</u>
9. 2018-19 funds carried back and spent in 2017-18	- \$ <u>15292</u>
10. Additional 2018-19 funds carried back and spent for 2018 summer employment	- \$ <u>0</u>
11. Total federal funds available for 2018-19 FWS (fields 1 + 2 + 3 + 5 + 6 + 7) minus (fields 4(a) + 4(b) + 4(c) + 8 + 9 + 10)	\$ <u>643209</u>

Section C. Total Compensation for FWS

12. Total earned compensation for FWS Program		\$ <u>612580</u>
(a) On-campus earned compensation	\$ <u>602514</u>	
(b) Off-campus earned compensation for public or private non-profit agencies, excluding amounts reported in Field 12(c)	\$ <u>10066</u>	
(c) Off-campus earned compensation for agencies that were unable to pay regular nonfederal share and had a federal share up to 90 percent	\$ <u>0</u>	
(d) Off-campus earned compensation for private for-profit organizations	\$ <u>0</u>	
13. Total institutional share of earned compensation (see instructions)		\$ <u>0</u>

Section D. Funds Spent from Federal Share of FWS

14. Total federal share of FWS earned compensation		\$ <u>612580</u>
(a) Federal share paid at a rate up to 75 percent	\$ <u>0</u>	
(b) Federal share paid at a rate up to 100 percent for waivers of nonfederal share	\$ <u>612580</u>	
(c) Federal share paid at a rate up to 90 percent for agencies that were unable to pay regular nonfederal share	\$ <u>0</u>	
(d) Federal share paid at a rate up to 50 percent for off-campus, private for-profit organizations	\$ <u>0</u>	
15. Administrative cost allowance claimed (see instructions)		+ \$ <u>30629</u>
16. Federal share of Job Location and Development (JLD) Program expenditures		+ \$ <u>0</u>
17. Total federal funds spent for FWS (fields 14 + 15 + 16)		\$ <u>643209</u>

Fiscal Operations Report, Part V (continued)

Name of School Montgomery College
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Part V. Federal Work-Study (FWS) Program for Award Year July 1, 2018 through June 30, 2019

Section E. Use of FWS Authorization

18. Expended FWS authorization (fields 4(a) + 4(b) + 4(c) + 8 + 9 + 10 + 17) minus (fields 2 + 3 + 5 + 6 + 7)	\$ <u>692065</u>
19. Unexpended FWS authorization (Field 1 - Field 18)	\$ <u>0</u>

Section F. Information About the Job Location and Development (JLD) Program

20. Total expenditures for the JLD Program	\$ <u>0</u>
21. Institutional expenditures for the JLD Program (see instructions)	\$ <u>0</u>
22. Number of students for whom jobs were located or developed	<u>0</u>
23. Total earnings of the students in Field 22 above	\$ <u>0</u>

Section G. Information About FWS Students Employed in Community Service Activities

24. Number of students in community service employment	<u>41</u>
25. Federal share of community service earned compensation	\$ <u>152306</u>
26. Nonfederal share of community service earned compensation	\$ <u>0</u>

Section H. Information About FWS Students Employed as Reading Tutors of Children or Employed in Family Literacy Activities

27. Number of FWS students employed as reading tutors of children or employed in family literacy activities	<u>1</u>
28. Federal share of earned compensation for FWS students employed as reading tutors of children or employed in family literacy activities	\$ <u>1029</u>
(a) Amount of the federal share in Field 28 spent on community service employment	\$ <u>1029</u>
29. Total earned compensation for FWS students employed as reading tutors of children or employed in family literacy activities	\$ <u>1029</u>

Section I. Information About FWS Students Employed as Mathematics Tutors of Children

30. Number of FWS students employed as mathematics tutors of children	<u>1</u>
31. Federal share of earned compensation for FWS students employed as mathematics tutors of children	\$ <u>1029</u>
32. Total earned compensation for FWS students employed as mathematics tutors of children	\$ <u>1029</u>

Section J. Information About FWS Students in Civic Education and Participation Activities

33. Number of students in civic education and participation activities	<u>0</u>
34. Federal share spent for students in civic education and participation activities	\$ <u>0</u>
35. Total spent for students in civic education and participation activities	\$ <u>0</u>

Section K. Information About FWS Disaster-Affected Students

36. Number of disaster-affected students receiving FWS funds	<u>0</u>
37. Federal share of funds to disaster-affected students	\$ <u>0</u>
38. Total funds to disaster-affected students	\$ <u>0</u>

Fiscal Operations Report, Part VI

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Part VI. Program Summary for Award Year July 1, 2018 through June 30, 2019

Section A. Distribution of Program Recipients and Expenditures by Type of Student

Taxable and Untaxed Income Category Student Type	Federal Perkins Loan		FSEOG		FWS		Unduplicated Recipients (g)
	Recipients (a)	Funds (b)	Recipients (c)	Funds (d)	Recipients (e)	Funds (f)	
Undergraduate Dependent							
1. \$0 - \$5,999	n/a	n/a	123	36800	8	35097	130
2. \$6,000 - \$11,999	n/a	n/a	115	34433	5	23579	116
3. \$12,000 - \$23,999	n/a	n/a	378	126822	23	78224	389
4. \$24,000 - \$29,999	n/a	n/a	157	49527	13	60097	164
5. \$30,000 - \$41,999	n/a	n/a	177	55870	24	101558	190
6. \$42,000 - \$59,999	n/a	n/a	40	12900	16	55828	56
7. \$60,000 - \$69,999	n/a	n/a	3	600	12	40901	15
8. \$70,000 - \$79,999	n/a	n/a	0	0	3	14872	3
9. \$80,000 - \$89,999	n/a	n/a	1	200	1	5797	2
10. \$90,000 - \$99,999	n/a	n/a	0	0	0	0	0
11. \$100,000 and over	n/a	n/a	0	0	1	1078	1
Undergraduate Independent							
12. \$0 - \$1,999	n/a	n/a	156	55928	16	63891	164
13. \$2,000 - \$3,999	n/a	n/a	61	22200	3	8581	62
14. \$4,000 - \$7,999	n/a	n/a	87	32500	7	27043	90
15. \$8,000 - \$11,999	n/a	n/a	113	42700	4	17412	115
16. \$12,000 - \$15,999	n/a	n/a	52	19900	6	29852	55
17. \$16,000 - \$19,999	n/a	n/a	57	20900	6	17332	61
18. \$20,000 - \$24,999	n/a	n/a	67	24900	2	6525	69
19. \$25,000 - \$29,999	n/a	n/a	58	21600	3	14096	59
20. \$30,000 - \$34,999	n/a	n/a	57	21800	2	2110	59
21. \$35,000 - \$39,999	n/a	n/a	39	14400	1	5690	40
22. \$40,000 and over	n/a	n/a	72	24300	2	3017	74
23. Graduate/Professional	n/a	n/a	n/a	n/a	0	0	0
24. TOTAL (fields 1-23)	n/a	n/a	1813	618280	158	612580	1914
25. Total less-than-full-time students (from fields 1-23)	n/a	n/a	1329	460480	108	427172	1402
26. Total "Automatic" Zero EFC students (from fields 1-23)	n/a	n/a	921	309510	47	185673	942

Fiscal Operations Report, Part VI (continued)

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Part VI. Program Summary for Award Year July 1, 2018 through June 30, 2019

Section B. Calculating the Administrative Cost Allowance

Administrative Cost Allowance Worksheet (Worksheet must be retained for audit and program reviews)

Step 1. Calculate the amount spent in 2018-19 on which the administrative cost allowance is based.

1. Total compensation in FWS (amount from Part V, Section C, Field 12)	\$ <u>612580</u>
2. Amount of Federal Perkins Loan funds advanced to students (amount from Part III, Section B, Field 7)	+ \$ <u>n/a</u>
3. Total funds to FSEOG recipients (amount from Part IV, Section C, Field 12)	+ \$ <u>618280</u>
4. Total amount spent (fields 1 + 2 + 3)	\$ <u>1230860</u>

Step 2. Calculate the administrative cost allowance.

Schools whose total amount spent was \$2,750,000 or less

5. Enter total amount spent (Field 4)	\$ <u>1230860</u>
6. Multiply	x <u>0.05</u>
7. Total administrative cost allowance - go to Step 3	\$ <u>61543</u>

Schools whose total amount spent was more than \$2,750,000 but less than \$5,500,000

8. Enter total amount spent (Field 4)	\$ <u>0</u>
9. Subtract	- \$ <u>2,750,000</u>
10. Expenditures over \$2,750,000 (Field 8 - Field 9)	\$ <u>0</u>
11. Multiply	x <u>0.04</u>
12. Administrative cost allowance on expenditures over \$2,750,000 (Field 10 x Field 11)	\$ <u>0</u>
13. Add administrative cost allowance on expenditures of \$2,750,000 (\$2.75 million x .05)	+ \$ <u>137,500</u>
14. Total administrative cost allowance (Field 12 + Field 13) - go to Step 3	\$ <u>0</u>

Schools whose total amount spent was \$5,500,000 or more

15. Enter total amount spent (Field 4)	\$ <u>0</u>
16. Subtract	- \$ <u>5,499,999</u>
17. Expenditures of \$5,500,000 or more (Field 15 - Field 16)	\$ <u>0</u>
18. Multiply	x <u>0.03</u>
19. Administrative cost allowance on expenditures of \$5,500,000 or more (Field 17 x Field 18)	\$ <u>0</u>
20. Add administrative cost allowance on expenditures less than \$5,500,000 ((\$2.75 million x .05) + Field 12)	+ \$ <u>247,500</u>
21. Total administrative cost allowance (Field 19 + Field 20) - go to Step 3	\$ <u>0</u>

Step 3. Decide how much administrative cost allowance your school claimed.

22. How much administrative cost allowance did your school claim? (The amount may be the same or less than the amount calculated in Step 2.)	\$ <u>61543</u>
23. How much administrative cost allowance did your school claim in each program?	\$ <u>n/a</u>
(a) Federal Perkins Loan (must be the same as Part III, Section B, Field 8)	\$ <u>30914</u>
(b) FSEOG (must be the same as Part IV, Section D, Field 15)	\$ <u>30629</u>
(c) FWS (must be the same as Part V, Section D, Field 15)	\$ <u>0</u>