



**International  
Institute of  
New England**

**FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022 AND 2021**

**INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.**

Contents  
September 30, 2022 and 2021

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## Independent Auditor's Report

To the Board of Directors of  
International Institute of New England, Inc.:

### **Opinion**

We have audited the financial statements of International Institute of New England, Inc. (a Massachusetts nonprofit corporation) (the Institute), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of International Institute of New England, Inc. as of September 30, 2022 and 2021, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Institute and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Institute's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

## **Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Institute's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*AAFCPA, Inc.*

Boston, Massachusetts  
March 8, 2023

**INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.**

Statements of Financial Position  
September 30, 2022 and 2021

<b>Assets</b>	<b>2022</b>	<b>2021</b>
Current Assets:		
Cash	\$ 5,066,794	\$ 680,095
Short-term investments	-	300,000
Current portion of government contracts and contributions receivable	1,671,722	1,301,245
Accounts receivable	66,682	49,313
Prepaid expenses and other	225,128	77,162
Total current assets	7,030,326	2,407,815
Investments	7,989,204	7,919,112
Contributions Receivable, net	660,111	-
Property and Equipment, net	1,540,761	1,738,963
Security Deposits	92,984	92,984
Total assets	<u>\$ 17,313,386</u>	<u>\$ 12,158,874</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts payable	\$ 201,095	\$ 40,733
Accrued expenses	475,851	268,166
Current portion of lease incentive	110,782	110,782
Conditional advances	2,902,752	55,197
Total current liabilities	3,690,480	474,878
Deferred Rent and Lease Incentive, net of current portion	502,404	632,991
Total liabilities	<u>4,192,884</u>	<u>1,107,869</u>
Net Assets:		
Without donor restrictions:		
Operating	9,902,624	9,203,985
Property and equipment	1,116,107	1,203,525
Total without donor restrictions	11,018,731	10,407,510
With donor restrictions	2,101,771	643,495
Total net assets	<u>13,120,502</u>	<u>11,051,005</u>
Total liabilities and net assets	<u>\$ 17,313,386</u>	<u>\$ 12,158,874</u>

**INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.**

Statements of Activities and Changes in Net Assets  
For the Years Ended September 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues:</b>						
Government contracts	\$ 9,807,401	\$ -	\$ 9,807,401	\$ 3,919,032	\$ -	\$ 3,919,032
Grants and contributions	4,968,989	2,292,154	7,261,143	1,924,356	1,503,795	3,428,151
Donated goods and services	731,498	-	731,498	617,041	-	617,041
Program service fees and contracted services	398,961	-	398,961	335,308	-	335,308
Other revenue	6,111	-	6,111	404	-	404
Net assets released from purpose restrictions	833,878	(833,878)	-	1,035,727	(1,035,727)	-
Total revenues	<u>16,746,838</u>	<u>1,458,276</u>	<u>18,205,114</u>	<u>7,831,868</u>	<u>468,068</u>	<u>8,299,936</u>
<b>Expenses:</b>						
Program services	10,994,016	-	10,994,016	5,276,292	-	5,276,292
General and administrative	2,165,323	-	2,165,323	1,704,520	-	1,704,520
Fundraising	1,769,692	-	1,769,692	794,600	-	794,600
Total expenses	<u>14,929,031</u>	<u>-</u>	<u>14,929,031</u>	<u>7,775,412</u>	<u>-</u>	<u>7,775,412</u>
Changes in net assets from operations	<u>1,817,807</u>	<u>1,458,276</u>	<u>3,276,083</u>	<u>56,456</u>	<u>468,068</u>	<u>524,524</u>
<b>Non-Operating Revenue (Expense):</b>						
Capital grants and government contracts	-	-	-	-	135,000	135,000
Net assets released from capital restrictions	-	-	-	285,000	(285,000)	-
Investment return	(1,206,586)	-	(1,206,586)	1,155,418	-	1,155,418
Total non-operating revenue (expense)	<u>(1,206,586)</u>	<u>-</u>	<u>(1,206,586)</u>	<u>1,440,418</u>	<u>(150,000)</u>	<u>1,290,418</u>
Changes in net assets	611,221	1,458,276	2,069,497	1,496,874	318,068	1,814,942
<b>Net Assets:</b>						
Beginning of year	<u>10,407,510</u>	<u>643,495</u>	<u>11,051,005</u>	<u>8,910,636</u>	<u>325,427</u>	<u>9,236,063</u>
End of year	<u>\$ 11,018,731</u>	<u>\$ 2,101,771</u>	<u>\$ 13,120,502</u>	<u>\$ 10,407,510</u>	<u>\$ 643,495</u>	<u>\$ 11,051,005</u>

The accompanying notes are an integral part of these statements.

**INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.**

Statements of Cash Flows

For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ 2,069,497	\$ 1,814,942
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Capital grants and government contracts	-	(135,000)
Investment return	1,206,586	(1,155,418)
Depreciation	430,664	326,275
Amortization of deferred rent and lease incentive	(110,782)	(110,784)
Donated stock	(2,765)	(173,945)
Bad debt	93,351	-
Discount on contributions receivable	49,889	-
Changes in operating assets and liabilities:		
Government contracts and contributions receivable	(1,173,828)	(713,566)
Accounts receivable	(17,369)	4,788
Prepaid expenses and other	(147,966)	(57,968)
Security deposits	-	6,000
Accounts payable	138,675	(18,770)
Accrued expenses	207,685	(79,700)
Conditional advances	2,847,555	(2,727)
Deferred rent	(19,805)	(7,553)
	<u>5,571,387</u>	<u>(303,426)</u>
<b>Net cash provided by (used) in operating activities</b>		
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sale/transfer of investments	440,000	282,780
Acquisition of property and equipment	(210,775)	(476,702)
Investment purchases	(1,413,913)	-
	<u>(1,184,688)</u>	<u>(193,922)</u>
<b>Net cash used in investing activities</b>		
<b>Cash Flows from Financing Activities:</b>		
Capital grants and government contracts	-	270,832
	<u>4,386,699</u>	<u>(226,516)</u>
<b>Net Change in Cash</b>		
<b>Cash:</b>		
Beginning of year	680,095	906,611
End of year	<u>\$ 5,066,794</u>	<u>\$ 680,095</u>
<b>Supplemental Disclosure of Non-Cash Transactions:</b>		
Unrealized gain (loss) on investments	<u>\$ (1,394,382)</u>	<u>\$ 914,311</u>
Property and equipment financed by accounts payable	<u>\$ 21,687</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

**INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.**

Statement of Functional Expenses

For the Year Ended September 30, 2022

(With Summarized Comparative Totals for the Year Ended September 30, 2021)

	2022			2021	
	Program Services	General and Adminis- trative	Fundraising	Total	Total
<b>Personnel and Related:</b>					
Salaries	\$ 4,489,338	\$ 895,615	\$ 959,486	\$ 6,344,439	\$ 3,768,779
Payroll taxes and fringe benefits	722,749	181,369	197,438	1,101,556	733,960
Donated services	416,417	2,383	53,765	472,565	570,121
Purchased and contracted services	405,001	20,150	5,936	431,087	369,081
Staff training	9,519	14,117	4,938	28,574	2,903
Total personnel and related	6,043,024	1,113,634	1,221,563	8,378,221	5,444,844
<b>Occupancy:</b>					
Rent and utilities	498,545	65,127	62,228	625,900	589,908
Depreciation	191,661	137,088	-	328,749	215,715
Total occupancy	690,206	202,215	62,228	954,649	805,623
<b>Other:</b>					
Client assistance	3,612,976	-	-	3,612,976	617,377
Professional fees	175,264	371,672	200,823	747,759	334,160
Donated goods	258,933	-	-	258,933	46,920
Supplies and materials	57,797	133,531	8,786	200,114	92,978
Dues and subscriptions	29,220	83,723	68,487	181,430	44,738
Special events	-	-	175,352	175,352	109,356
Depreciation	59,416	42,499	-	101,915	110,560
Bad debt	-	93,351	-	93,351	-
Travel, meetings and conferences	41,992	40,029	6,717	88,738	30,830
Insurance	1,583	53,911	-	55,494	49,194
Storage	10,643	14,643	-	25,286	12,854
Printing	2,646	703	18,030	21,379	17,347
Postage	8,544	3,085	6,484	18,113	13,204
Miscellaneous	1,352	12,327	443	14,122	43,734
Advertising	420	-	779	1,199	1,693
Total other	4,260,786	849,474	485,901	5,596,161	1,524,945
Total expenses	<u>\$ 10,994,016</u>	<u>\$ 2,165,323</u>	<u>\$ 1,769,692</u>	<u>\$ 14,929,031</u>	<u>\$ 7,775,412</u>



**INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.**

Statement of Functional Expenses  
For the Year Ended September 30, 2021

	<u>Program Services</u>	<u>General and Adminis- trative</u>	<u>Fundraising</u>	<u>Total</u>
<b>Personnel and Related:</b>				
Salaries	\$ 2,537,585	\$ 808,301	\$ 422,893	\$ 3,768,779
Payroll taxes and fringe benefits	491,277	158,926	83,757	733,960
Donated services	570,121	-	-	570,121
Purchased and contracted services	90,020	212,677	66,384	369,081
Staff training	292	1,623	988	2,903
	<u>3,689,295</u>	<u>1,181,527</u>	<u>574,022</u>	<u>5,444,844</u>
<b>Total personnel and related</b>				
<b>Occupancy:</b>				
Rent and utilities	493,375	51,318	45,215	589,908
Depreciation	161,786	36,672	17,257	215,715
	<u>655,161</u>	<u>87,990</u>	<u>62,472</u>	<u>805,623</u>
<b>Total occupancy</b>				
<b>Other:</b>				
Client assistance	617,377	-	-	617,377
Professional fees	21,032	311,622	1,506	334,160
Donated goods	46,920	-	-	46,920
Supplies and materials	82,800	7,953	2,225	92,978
Dues and subscriptions	18,993	10,153	15,592	44,738
Special events	-	-	109,356	109,356
Depreciation	82,920	18,795	8,845	110,560
Travel, meetings and conferences	16,980	12,420	1,430	30,830
Insurance	854	48,340	-	49,194
Storage	12,265	589	-	12,854
Printing	14,105	-	3,242	17,347
Postage	10,191	1,299	1,714	13,204
Miscellaneous	6,834	23,728	13,172	43,734
Advertising	565	104	1,024	1,693
	<u>931,836</u>	<u>435,003</u>	<u>158,106</u>	<u>1,524,945</u>
<b>Total other</b>				
<b>Total expenses</b>				
	<u>\$ 5,276,292</u>	<u>\$ 1,704,520</u>	<u>\$ 794,600</u>	<u>\$ 7,775,412</u>

## INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Notes to Financial Statements  
September 30, 2022 and 2021

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### 1. OPERATIONS AND NONPROFIT STATUS

International Institute of New England, Inc. (the Institute) is a nonprofit organization that provides assistance to the immigrant and refugee populations of Massachusetts and New Hampshire. In fiscal years 2022 and 2021, there were approximately 4,200 and 3,000 unduplicated people, from approximately 68 and 112 countries that benefited from the Institute's services, gaining the knowledge and skills necessary for their integration into American life. The Institute's services include English and literacy classes, citizenship education, job training and placement, legal aid and counseling services, and case management.

The Institute is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Institute is also exempt from state income taxes. Contributions made to the Institute are deductible by donors within the requirements of the IRC.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The Institute prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

#### Recently Adopted Accounting Pronouncement

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 is intended to increase the transparency of contributed nonfinancial assets (in-kind goods and services) for not-for-profit entities through enhancements to presentation and disclosure. The amendments in this ASU do not change the recognition and measurement requirements of in-kind goods and services.

In fiscal year 2022, the Institute adopted ASU 2020-07. The adoption of this ASU did not impact the Institute's net asset classes, results of operations, or cash flows for the years ended September 30, 2022 and 2021. This ASU has been applied retrospectively to all periods presented.

#### Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as revenues and expenses in the accompanying statements of activities and changes in net assets. Non-operating revenue (expense) includes investment and property and equipment related activity.

#### Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash

For the purpose of the statements of cash flows, management considers all highly liquid investments with an initial maturity of three months or less to be cash, except those funds that are included in the Institute's investments (see Note 4).

## INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Notes to Financial Statements  
September 30, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Property and Equipment and Depreciation

Property and equipment are recorded at cost when purchased or at fair value at the date of donation. Property and equipment having a value of \$5,000 or more are capitalized and are depreciated using the straight-line method over the following estimated useful lives:

Leasehold improvements	Lesser of life of lease or 10 years
Furniture and equipment	3 - 10 years

#### Allowance for Doubtful Accounts

The allowance for doubtful accounts is recorded based on management's analysis of specific accounts and their estimate of amounts that may be uncollectible, if any. It is the Institute's policy to charge-off uncollectible government contracts and contributions receivable when management determines the receivable will not be collected. No allowance for doubtful accounts was deemed necessary as of September 30, 2022 or 2021.

#### Fair Value Measurements

The Institute follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Institute would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Institute uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Institute. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable, and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

## INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Notes to Financial Statements  
September 30, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fair Value Measurements (Continued)

##### *Investments*

Investments are recorded in the financial statements at fair value. If an investment is directly held by the Institute and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Reported fair values of shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. The Institute's interest in a limited liability partnership is reported at the net asset value (NAV) reported by fund managers, which is used as a practical expedient to estimate fair value, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of September 30, 2022, and 2021, the Institute had no plans to sell this investment.

The Institute also received \$2,765 and \$173,945 of donated stock during the years ended September 30, 2022 and 2021, respectively. Donated stock is recorded at the fair value at the time of donation and maintained as part of the investment portfolio (see Note 4).

#### Revenue Recognition

##### *Government Contracts, Grants and Contributions*

In accordance with ASC Subtopic 958-605, *Revenue Recognition*, the Institute must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists (see Note 8). Indicators of a barrier include a measurable performance-related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Institute should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met. Assets received before the barrier is overcome are recorded as conditional advances.

The Institute's primary sources of revenue are derived from cost-reimbursable and unit-rate Federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. These contracts are considered nonreciprocal transactions because the general public receives the benefit as the result of the assets transferred. Amounts are recognized as revenue when the Institute has incurred expenditures in compliance with specific contract or grant provisions.

Grants and contributions and United Way allocations are recorded as revenue and net assets without donor restrictions when unconditionally committed. Grants and contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when unconditionally received or pledged. Net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in statements of activities and changes in net assets as net assets released from restrictions as costs are incurred, time or program restrictions have lapsed, or capital improvements have been placed into service.

Special events revenue, included in grants and contributions in the accompanying statements of activities and changes in net assets, is from the Institute's ability to host fundraising events. Special event income consists of both contributions and sales. The contribution portion of the special event income is recognized as revenue when unconditionally committed or received in accordance with Topic 958. Special events are considered donor restricted if the proceeds of the event are restricted for specific purposes or time periods at the time of the event.

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition (Continued)**

*Government Contracts, Grants and Contributions (Continued)*

The sales portion of the special event income is recognized in accordance with *Revenue from Contracts with Customers* (Topic 606) and is derived from various components, including ticket sales from fundraising events held in which the transaction price is determined annually. Registration fees for these events are set by the Institute and have not been allocated as the events are each considered to be separate performance obligations. The fee portion for these events is immaterial and has not been recognized separately from the contribution portion.

*Revenue from Contracts with Customers - Topic 606*

The Institute generally measures revenue from exchange transactions based on the amount of consideration the Institute expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the Institute satisfies its performance obligations under a contract. The Institute evaluates its revenue recognition based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

The Institute recognized program service fees for legal and translation services provided for clients, in which the clients either pay for the services themselves or are sponsored by corporations, depending on the service provided. Program service fees generally consist of a single performance obligation to provide services, and agreements with clients do not contain variable consideration. Accordingly, program service fees are recognized at a point in time, which is also when the performance obligation is satisfied. The transaction price is a fixed fee based upon the service provided, which is established by management based on hourly rates and expected number of hours to complete the service.

Contracted services revenue consists of various training and education service programs provided to immigrants and refugees that span over several months based on the nature of the program or course. There is a single performance obligation for all programs, which consists of the completion of the training and education program or course and related events. Revenue is recognized ratably over the period of the program or course, and the transaction price is based on fixed quoted prices. The contract amount may vary based upon the number of participants in the program and the rate per participant. Generally, a fixed-fee contract is signed by either an individual participant in the program or an organization sponsoring the individuals. The transaction price is determined based upon hourly rates established by management and the number of hours estimated to complete a contract.

*Other*

Investment return consists of interest, dividends, and realized and unrealized gains and losses. Interest income is recorded as earned and dividend income is recorded on the ex-dividend date. Realized gains and losses on investment transactions are recorded based on the average cost method. Unrealized gains and losses are recorded based on changes in fair value. All other revenue is recognized as earned.

## INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Notes to Financial Statements  
September 30, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Expense Allocations

Program expenses include direct expenses, as well as indirect expenses, which are allocated based upon management's estimate of the percentage attributable to each program. Expenses related directly to a program or supporting function are charged to that function, while all other expenses are allocated based upon management's estimate of the percentage attributable to each function.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are salaries, payroll taxes and fringe benefits, which are allocated on the basis of estimates of time and effort; occupancy and depreciation, which are allocated on a square footage basis; and indirect other operating expenses, which are allocated based on management's estimate of usage.

#### Advertising Costs

Costs incurred for producing and communicating advertising are expensed when incurred and are reflected as advertising in the accompanying statements of functional expenses.

#### Donated Goods and Services

In-kind contributions are reflected as contributions at their fair value of the services and goods received, at date of donation, and are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. The Institute is the recipient of donated services and goods. All donated goods and services were unrestricted in fiscal year 2022 and 2021. These amounts have been reported as both donated services and goods in the accompanying statements of activities and changes in net assets and statements of functional expenses. The Institute recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. Donated services are valued at the standard hourly rates charged for those services. Donated goods are valued at the wholesale prices that would be received for selling similar products. Donated services and goods consisted of the following for the years ended September 30:

	<u>2022</u>	<u>2021</u>
Donated services	\$ 472,565	\$ 570,121
Donated goods	<u>258,933</u>	<u>46,920</u>
	<u>\$ 731,498</u>	<u>\$ 617,041</u>

The Institute also receives a substantial amount of donated administrative services. Many individuals volunteer their time and perform a variety of tasks that help the Institute accomplish its goals. These services do not meet the criteria for recognition as contributed services under U.S. GAAP and, accordingly, are not included in the accompanying financial statements.

## INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Notes to Financial Statements  
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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Subsequent Events

Subsequent events have been evaluated through March 8, 2023, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

#### Income Taxes

The Institute accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Institute has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at September 30, 2022 or 2021. The Institute's information returns are subject to examination by the Federal and state jurisdictions.

#### Net Assets

##### *Net Assets Without Donor Restrictions:*

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Institute. The Institute has grouped its net assets without donor restrictions into the following categories:

**Operating** - represents funds available to carry on the operations of the Institute.

**Property and equipment** - reflect and account for the activities relating to the Institute's property and equipment, net of related liabilities.

##### *Net Assets with Donor Restrictions:*

The Institute receives contributions and grants that are designated by donors for specific purposes or time periods. These contributions are recorded as net assets with donor restrictions until they are either expended for their designated purposes or as the time restrictions lapse.

Net assets with donor restrictions consist of the following at September 30:

	<u>2022</u>	<u>2021</u>
Purpose restricted	\$ 1,271,660	\$ 643,495
Time restricted	<u>830,111</u>	<u>-</u>
	<u>\$ 2,101,771</u>	<u>\$ 643,495</u>

### 3. RETIREMENT PLAN

The Institute has a defined contribution retirement plan covering all eligible employees over the age of twenty-one who have completed a minimum of 1,000 hours of service within one of their first two years of employment. Employee contributions are vested immediately into the plan upon eligibility. The Institute made \$95,213 and \$60,839 of matching contributions to the plan during the years ended September 30, 2022 and 2021, respectively, which are included in payroll taxes and fringe benefits in the accompanying statements of functional expenses.

## INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Notes to Financial Statements  
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### 4. INVESTMENTS

Investments, which are stated at fair value in the accompanying statements of financial position, are as follows:

<u>2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 1,245,785	\$ -	\$ -	\$ 1,245,785
Mutual funds:				
Equities	4,634,759	-	-	4,634,759
Fixed income	690,562	-	-	690,562
Common stock	<u>1,534</u>	<u>-</u>	<u>-</u>	<u>1,534</u>
	<u>\$ 6,572,640</u>	<u>\$ -</u>	<u>\$ -</u>	6,572,640
Limited liability partnership (see below)				<u>1,416,564</u>
Total investments				<u>\$ 7,989,204</u>
<u>2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 703,642	\$ -	\$ -	\$ 703,642
Mutual funds:				
Equities	5,273,083	-	-	5,273,083
Fixed income	<u>808,309</u>	<u>-</u>	<u>-</u>	<u>808,309</u>
	<u>\$ 6,785,034</u>	<u>\$ -</u>	<u>\$ -</u>	6,785,034
Limited liability partnership (see below)				<u>1,434,078</u>
Total investments				<u>\$ 8,219,112</u>

In accordance with ASU No. 2015-07, the Institute's investment in a limited liability partnership is valued at fair value using the NAV per share (or its equivalent) practical expedient and has not been classified in the fair value hierarchy. The fair value amounts presented in the table above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Investments are reported in the accompanying statements of financial position as current or long-term assets based on management's intent with respect to the use of the investments. At September 30, 2022, there were no investments reported as short-term investments. At September 30, 2021, \$300,000 was reported as short-term investments as management intended to use those funds during fiscal year 2022.

The investments are not insured and are subject to market fluctuation.

### 5. CONCENTRATIONS

The Institute maintains its cash balances in one Massachusetts bank. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. The Institute has supplemental coverage at one bank, which insures the portion of deposits in excess of the FDIC's limit. The Institute has not experienced any losses in such accounts. Management believes the Institute is not exposed to any significant credit risk on its operating cash balance.



## INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Notes to Financial Statements  
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### 5. CONCENTRATIONS (Continued)

Funding agencies and donors exceeding 10% of the Institute's operating revenue and support (excluding donated goods and services) or government contracts, contributions and accounts receivables as of and for the years ended September 30, 2022 and 2021, are as follows:

<u>Funder</u>	<u>Operating Revenue and Support %</u>		<u>Government Contracts, Contributions and Accounts Receivables %</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Commonwealth of Massachusetts	38%	23%	20%	32%
U.S. Committee for Refugees and Immigrants	28%	21%	26%	13%
State of New Hampshire	- %	- %	- %	13%

### 6. FUNDING

The Institute receives a significant portion of its funding from government agencies. These contracts are subject to audit by these government agencies. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the Institute as of September 30, 2022 and 2021, or on the changes in its net assets for the years then ended.

### 7. LEASE AGREEMENTS

The Institute leases its main office space in Boston, Massachusetts under an agreement that runs through July 2026. Monthly lease payments for fiscal years 2022 and 2021 were approximately \$44,000 and \$43,000, respectively, and increase throughout the term of the lease. The Institute records rent on a straight-line basis over the term of the lease. The difference between the monthly lease payments and the related rent expense for a given fiscal year is recorded as deferred rent. The straight-line rent expense combines the escalation amounts and an initial three-month rent-free period. At September 30, 2022 and 2021, deferred rent was \$188,532 and \$208,335, respectively, and is included in deferred rent and lease incentive in the accompanying statements of financial position.

The lease agreement also includes a tenant improvement allowance of \$1,107,822 in the form of a reimbursement for construction and related costs incurred by the Institute for leasehold improvements. This improvement allowance is reported as a liability and is being amortized over the lease term. The improvement allowance is included in deferred rent and lease incentives in the accompanying statements of financial position. Amortization of the lease incentive was \$110,782 during each of the years ended September 30, 2022 and 2021, and is netted with rent and utilities in the accompanying statements of functional expenses.

The Institute leases other program and administrative space under various operating lease agreements. Monthly lease payments under these agreements range from \$4,098 to \$6,804. These leases expire at various dates through June 2031. The leases require the Institute to maintain certain insurance coverage and pay for its proportionate share of real estate taxes and operating expenses.

Facility rent expense under all leases was approximately \$572,000 and \$521,000 for the years ended September 30, 2022 and 2021, respectively, which is included in rent and utilities in the accompanying statements of functional expenses.

The Institute also has a copier lease with monthly payments of \$1,041 through June 2025.

## INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Notes to Financial Statements  
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### 7. LEASE AGREEMENTS (Continued)

Future minimum lease payments under the lease agreements are as follows:

2023	\$ 768,815
2024	785,990
2025	756,869
2026	622,109
2027	146,307
Thereafter	<u>374,117</u>
Total	<u>\$ 3,454,207</u>

### 8. CONDITIONAL GOVERNMENT CONTRACTS AND GRANTS

During fiscal years 2022 and 2021, the Institute received grants and contributions (including government contracts) that contained donor-imposed conditions that represent a barrier that must be overcome, as well as a right of return of assets or release from obligations. The Institute recognizes these grants and contributions, including government contracts, when donor-imposed conditions are substantially met.

Conditional promises to give at September 30, 2022 and 2021, consist of:

	<u>2022</u>	<u>2021</u>
Incurring qualifying expenses	\$ 3,887,800	\$ 773,802
Subject to measurable performance barriers	<u>2,907,015</u>	<u>222,907</u>
Total conditional promises to give	<u>\$ 6,794,815</u>	<u>\$ 996,709</u>

### 9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Institute's financial assets available within one year from the statements of financial position date for general operating expenses are as follows at September 30:

	<u>2022</u>	<u>2021</u>
Cash	\$ 5,066,794	\$ 680,095
Short-term investments	-	300,000
Current portion of government contracts and contributions receivable	1,671,722	1,301,245
Accounts receivable	<u>66,682</u>	<u>49,313</u>
	6,805,198	2,330,653
Less - donor restricted cash and contributions receivable	<u>1,241,660</u>	<u>643,495</u>
Total financial assets and liquidity resources available within one year	<u>\$ 5,563,538</u>	<u>\$ 1,687,158</u>

The Institute is substantially supported by grants and contributions without donor restrictions and government contracts. As part of the Institute's liquidity management, the Institute has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.**Notes to Financial Statements  
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**10. PROPERTY AND EQUIPMENT AND DEPRECIATION**

Property and equipment consist of the following as of September 30:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 2,586,602	\$ 2,354,140
Furniture and equipment	<u>642,631</u>	<u>680,966</u>
	3,229,233	3,035,106
Less - accumulated depreciation	<u>1,688,472</u>	<u>1,296,143</u>
Net property and equipment	<u>\$ 1,540,761</u>	<u>\$ 1,738,963</u>

Depreciation expense was \$430,664 and \$326,275 for the years ended September 30, 2022 and 2021, respectively.

**11. GOVERNMENT CONTRACTS AND CONTRIBUTIONS RECEIVABLE**

Government grants and contributions receivable are expected to be collected as follows at September 30:

	<u>2022</u>	<u>2021</u>
Due in one year	\$ 1,671,722	\$ 1,301,245
Due in two years	<u>710,000</u>	<u>-</u>
	2,381,722	1,301,245
Less - discount	49,889	-
Less - current portion	<u>1,671,722</u>	<u>1,301,245</u>
	<u>\$ 660,111</u>	<u>\$ -</u>

The discount recorded on amounts to be collected in future years was calculated using a rate of 3.71%.

**12. RECLASSIFICATION**

Certain amounts in the fiscal year 2021 financial statements have been reclassified to conform with the fiscal year 2022 presentation.