



International  
Institute of  
New England



**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

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

Contents  
September 30, 2020 and 2019

---

|  | <u>Pages</u> |
|--|--------------|
| <b>Independent Auditor’s Report</b> .....                | 1            |
| <b>Financial Statements:</b>                             |              |
| Statements of Financial Position .....                   | 2            |
| Statements of Activities and Changes in Net Assets ..... | 3            |
| Statements of Cash Flows .....                           | 4            |
| Statements of Functional Expenses .....                  | 5 - 6        |
| Notes to Financial Statements .....                      | 7 - 17       |



50 Washington Street  
Westborough, MA 01581  
508.366.9100  
aafcpcpa.com

## Independent Auditor's Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of International Institute of New England, Inc. (a Massachusetts nonprofit corporation), which comprise the statements of financial position as of September 30, 2020 and 2019, 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.

### ***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.

### ***Auditor's 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 audits 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 auditor's 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.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Institute of New England, Inc. as of September 30, 2020 and 2019, 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.

*AAFCPAs, Inc.*

Boston, Massachusetts  
March 25, 2021

**INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.**Statements of Financial Position  
September 30, 2020 and 2019

| <b>Assets</b>   | <b>2020</b>          | <b>2019</b>          |
|---|----------------------|----------------------|
| Current Assets:   |                      |                      |
| Cash  | \$ 906,611           | \$ 303,109           |
| Short-term investments                                    | 400,000              | 600,000              |
| Government contracts and contributions receivable         | 723,511              | 898,459              |
| Accounts receivable                                       | 54,101               | 41,620               |
| Prepaid expenses and other                                | 17,744               | 75,131               |
| Total current assets                                      | 2,101,967            | 1,918,319            |
| Investments   | 6,772,529            | 6,389,743            |
| Property and Equipment, net                               | 1,588,536            | 1,728,194            |
| Security Deposits   | 100,434              | 100,434              |
| Total assets  | <u>\$ 10,563,466</u> | <u>\$ 10,136,690</u> |
| <b>Liabilities and Net Assets</b>                         |                      |                      |
| Current Liabilities:                                      |                      |                      |
| Accounts payable  | \$ 59,503            | \$ 66,190            |
| Accrued expenses  | 347,866              | 372,088              |
| Current portion of lease incentive                        | 110,782              | 110,782              |
| Conditional advances                                      | 57,924               | 84,864               |
| Total current liabilities                                 | 576,075              | 633,924              |
| Deferred Rent and Lease Incentive, net of current portion | 751,328              | 857,417              |
| Total liabilities   | <u>1,327,403</u>     | <u>1,491,341</u>     |
| Net Assets:   |                      |                      |
| Without donor restrictions:                               |                      |                      |
| Operating   | 7,968,322            | 7,535,501            |
| Property and equipment                                    | 942,314              | 971,188              |
| Total without donor restrictions                          | 8,910,636            | 8,506,689            |
| With donor restrictions                                   | 325,427              | 138,660              |
| Total net assets  | <u>9,236,063</u>     | <u>8,645,349</u>     |
| Total liabilities and net assets                          | <u>\$ 10,563,466</u> | <u>\$ 10,136,690</u> |

The accompanying notes are an integral part of these statements.

Page 2

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

Statements of Activities and Changes in Net Assets  
For the Years Ended September 30, 2020 and 2019

|   | 2020                       |                         |                     | 2019                       |                         |                     |
|---|----------------------------|-------------------------|---------------------|----------------------------|-------------------------|---------------------|
|   | Without Donor Restrictions | With Donor Restrictions | Total               | Without Donor Restrictions | With Donor Restrictions | Total               |
| <b>Revenues:</b>                              |                            |                         |                     |                            |                         |                     |
| Government contracts                          | \$ 3,965,017               | \$ -                    | \$ 3,965,017        | \$ 3,694,803               | \$ -                    | \$ 3,694,803        |
| Grants and contributions                      | 1,688,987                  | 675,977                 | 2,364,964           | 1,779,756                  | 392,684                 | 2,172,440           |
| Donated goods and services                    | 560,288                    | -                       | 560,288             | 1,062,113                  | -                       | 1,062,113           |
| Program service fees                          | 229,059                    | -                       | 229,059             | 231,069                    | -                       | 231,069             |
| Contracted services                           | 159,183                    | -                       | 159,183             | 131,921                    | -                       | 131,921             |
| United Way allocation                         | 58,800                     | -                       | 58,800              | 60,000                     | -                       | 60,000              |
| Net assets released from program restrictions | 639,210                    | (639,210)               | -                   | 367,970                    | (367,970)               | -                   |
| Total revenues                                | <u>7,300,544</u>           | <u>36,767</u>           | <u>7,337,311</u>    | <u>7,327,632</u>           | <u>24,714</u>           | <u>7,352,346</u>    |
| <b>Expenses:</b>                              |                            |                         |                     |                            |                         |                     |
| Program services                              | 4,921,123                  | -                       | 4,921,123           | 5,777,290                  | -                       | 5,777,290           |
| General and administrative                    | 1,515,827                  | -                       | 1,515,827           | 1,351,264                  | -                       | 1,351,264           |
| Fundraising                                   | 835,801                    | -                       | 835,801             | 1,079,977                  | -                       | 1,079,977           |
| Total expenses                                | <u>7,272,751</u>           | <u>-</u>                | <u>7,272,751</u>    | <u>8,208,531</u>           | <u>-</u>                | <u>8,208,531</u>    |
| Changes in net assets from operations         | <u>27,793</u>              | <u>36,767</u>           | <u>64,560</u>       | <u>(880,899)</u>           | <u>24,714</u>           | <u>(856,185)</u>    |
| <b>Non-Operating Revenue (Expense):</b>       |                            |                         |                     |                            |                         |                     |
| Investment return                             | 382,836                    | -                       | 382,836             | 352,632                    | -                       | 352,632             |
| Capital grants and contracts                  | 35,832                     | 150,000                 | 185,832             | -                          | -                       | -                   |
| Loss on disposal of property and equipment    | (42,514)                   | -                       | (42,514)            | (9,029)                    | -                       | (9,029)             |
| Total non-operating revenue (expense)         | <u>376,154</u>             | <u>150,000</u>          | <u>526,154</u>      | <u>343,603</u>             | <u>-</u>                | <u>343,603</u>      |
| Changes in net assets                         | 403,947                    | 186,767                 | 590,714             | (537,296)                  | 24,714                  | (512,582)           |
| <b>Net Assets:</b>                            |                            |                         |                     |                            |                         |                     |
| Beginning of year                             | <u>8,506,689</u>           | <u>138,660</u>          | <u>8,645,349</u>    | <u>9,043,985</u>           | <u>113,946</u>          | <u>9,157,931</u>    |
| End of year                                   | <u>\$ 8,910,636</u>        | <u>\$ 325,427</u>       | <u>\$ 9,236,063</u> | <u>\$ 8,506,689</u>        | <u>\$ 138,660</u>       | <u>\$ 8,645,349</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, 2020 and 2019

|  | <u>2020</u>       | <u>2019</u>       |
|--|-------------------|-------------------|
| <b>Cash Flows from Operating Activities:</b>   |                   |                   |
| Changes in net assets  | \$ 590,714        | \$ (512,582)      |
| Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities: |                   |                   |
| Capital grants and contracts   | (185,832)         | -                 |
| Investment return  | (382,836)         | (352,632)         |
| Loss on disposal of property and equipment   | 42,514            | 9,029             |
| Depreciation   | 299,534           | 282,936           |
| Amortization of lease incentive  | (110,784)         | (110,784)         |
| Changes in operating assets and liabilities:   |                   |                   |
| Accounts receivable  | (12,481)          | (41,620)          |
| Government contracts and contributions receivable  | 310,780           | (185,256)         |
| Prepaid expenses and other   | 57,387            | 38,760            |
| Accounts payable   | (6,687)           | 22,261            |
| Accrued expenses   | (24,222)          | 45,202            |
| Conditional advances   | (26,940)          | 24,061            |
| Deferred rent  | 4,695             | 16,944            |
|  | <u>555,842</u>    | <u>(763,681)</u>  |
| <b>Cash Flows from Investing Activities:</b>   |                   |                   |
| Proceeds from sale/transfer of investments   | 200,050           | 775,050           |
| Acquisition of property and equipment  | (202,390)         | (124,735)         |
| Investment purchases   | -                 | (16,412)          |
|  | <u>(2,340)</u>    | <u>633,903</u>    |
| <b>Cash Flows from Financing Activities:</b>   |                   |                   |
| Capital grants and contracts   | <u>50,000</u>     | <u>-</u>          |
| <b>Net Change in Cash</b>  | <b>603,502</b>    | <b>(129,778)</b>  |
| <b>Cash:</b>   |                   |                   |
| Beginning of year  | <u>303,109</u>    | <u>432,887</u>    |
| End of year  | <u>\$ 906,611</u> | <u>\$ 303,109</u> |
| <b>Supplemental Disclosure of Non-Cash Transactions:</b>   |                   |                   |
| Unrealized gain on investments   | <u>\$ 83,056</u>  | <u>\$ 156,426</u> |

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

Statement of Functional Expenses

For the Year Ended September 30, 2020

(With Summarized Comparative Totals for the Year Ended September 30, 2019)

|                                   | 2020                |                            |                   | 2019                |                     |
|-----------------------------------|---------------------|----------------------------|-------------------|---------------------|---------------------|
|                                   | Program Services    | General and Administrative | Fundraising       | Total               | Total               |
| <b>Personnel and Related:</b>     |                     |                            |                   |                     |                     |
| Salaries                          | \$ 2,572,879        | \$ 867,535                 | \$ 410,616        | \$ 3,851,030        | \$ 3,744,694        |
| Payroll taxes and fringe benefits | 483,114             | 151,974                    | 78,362            | 713,450             | 713,122             |
| Donated services                  | 513,454             | -                          | -                 | 513,454             | 913,115             |
| Purchased and contracted services | 78,949              | 116,003                    | 33,859            | 228,811             | 259,052             |
| Staff training                    | 2,330               | 1,827                      | 575               | 4,732               | 13,311              |
| Recruitment                       | 846                 | 774                        | 1,944             | 3,564               | 3,880               |
| Total personnel and related       | <u>3,651,572</u>    | <u>1,138,113</u>           | <u>525,356</u>    | <u>5,315,041</u>    | <u>5,647,174</u>    |
| <b>Occupancy:</b>                 |                     |                            |                   |                     |                     |
| Rent and utilities                | 427,811             | 67,662                     | 37,686            | 533,159             | 522,158             |
| Depreciation                      | 152,337             | 34,530                     | 16,249            | 203,116             | 201,858             |
| Equipment rental                  | 13,362              | 1,047                      | 925               | 15,334              | 18,141              |
| Repairs and maintenance           | 1,749               | 788                        | -                 | 2,537               | 16,460              |
| Total occupancy                   | <u>595,259</u>      | <u>104,027</u>             | <u>54,860</u>     | <u>754,146</u>      | <u>758,617</u>      |
| <b>Other:</b>                     |                     |                            |                   |                     |                     |
| Client assistance                 | 361,974             | -                          | -                 | 361,974             | 717,364             |
| Special events                    | -                   | -                          | 220,806           | 220,806             | 295,880             |
| Professional fees                 | -                   | 109,586                    | 1,125             | 110,711             | 98,348              |
| Depreciation                      | 72,510              | 16,257                     | 7,651             | 96,418              | 81,078              |
| Service charges                   | 10,480              | 51,510                     | 14,124            | 76,114              | 74,012              |
| Supplies and materials            | 49,692              | 12,594                     | 398               | 62,684              | 79,849              |
| Telephone                         | 52,321              | 7,375                      | 1,944             | 61,640              | 72,439              |
| Travel, meetings and conferences  | 25,337              | 22,075                     | 1,088             | 48,500              | 76,242              |
| Donated goods                     | 46,834              | -                          | -                 | 46,834              | 148,998             |
| Insurance                         | 12,639              | 33,859                     | -                 | 46,498              | 52,765              |
| Dues and subscriptions            | 11,387              | 10,861                     | 4,048             | 26,296              | 36,022              |
| Printing                          | 6,060               | 5,331                      | 2,223             | 13,614              | 23,771              |
| Storage                           | 10,304              | 277                        | -                 | 10,581              | 9,995               |
| Postage                           | 6,683               | 1,303                      | 2,078             | 10,064              | 12,912              |
| Advertising                       | 7,037               | -                          | 100               | 7,137               | 17,090              |
| Miscellaneous                     | 1,034               | 2,659                      | -                 | 3,693               | 5,975               |
| Total other                       | <u>674,292</u>      | <u>273,687</u>             | <u>255,585</u>    | <u>1,203,564</u>    | <u>1,802,740</u>    |
| Total expenses                    | <u>\$ 4,921,123</u> | <u>\$ 1,515,827</u>        | <u>\$ 835,801</u> | <u>\$ 7,272,751</u> | <u>\$ 8,208,531</u> |

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

Statement of Functional Expenses  
For the Year Ended September 30, 2019

|                                   | <u>Program<br/>Services</u> | <u>General<br/>and<br/>Adminis-<br/>trative</u> | <u>Fundraising</u>  | <u>Total</u>        |
|-----------------------------------|-----------------------------|---|---------------------|---------------------|
| <b>Personnel and Related:</b>     |                             |   |                     |                     |
| Salaries                          | \$ 2,492,807                | \$ 736,209                                      | \$ 515,678          | \$ 3,744,694        |
| Payroll taxes and fringe benefits | 470,743                     | 144,123   | 98,256              | 713,122             |
| Donated services                  | 913,115                     | -   | -                   | 913,115             |
| Purchased and contracted services | 120,332                     | 122,337   | 16,383              | 259,052             |
| Staff training                    | 3,567                       | 4,595   | 5,149               | 13,311              |
| Recruitment                       | 1,566                       | 2,314   | -                   | 3,880               |
|                                   | <u>4,002,130</u>            | <u>1,009,578</u>                                | <u>635,466</u>      | <u>5,647,174</u>    |
| <b>Occupancy:</b>                 |                             |   |                     |                     |
| Rent and utilities                | 417,070                     | 50,445  | 54,643              | 522,158             |
| Depreciation                      | 151,394                     | 34,316  | 16,148              | 201,858             |
| Equipment rental                  | 16,393                      | 968   | 780                 | 18,141              |
| Repairs and maintenance           | 9,561                       | 6,899   | -                   | 16,460              |
|                                   | <u>594,418</u>              | <u>92,628</u>                                   | <u>71,571</u>       | <u>758,617</u>      |
| <b>Other:</b>                     |                             |   |                     |                     |
| Client assistance                 | 717,364                     | -   | -                   | 717,364             |
| Special events                    | -                           | -   | 295,880             | 295,880             |
| Professional fees                 | -                           | 98,348  | -                   | 98,348              |
| Depreciation                      | 63,141                      | 9,340   | 8,597               | 81,078              |
| Service charges                   | 7,305                       | 51,894  | 14,813              | 74,012              |
| Supplies and materials            | 68,263                      | 9,168   | 2,418               | 79,849              |
| Telephone                         | 64,461                      | 3,366   | 4,612               | 72,439              |
| Travel, meetings and conferences  | 41,013                      | 22,603  | 12,626              | 76,242              |
| Donated goods                     | 148,998                     | -   | -                   | 148,998             |
| Insurance                         | 17,079                      | 35,686  | -                   | 52,765              |
| Dues and subscriptions            | 9,780                       | 14,555  | 11,687              | 36,022              |
| Printing                          | 8,587                       | 117   | 15,067              | 23,771              |
| Storage                           | 9,661                       | 334   | -                   | 9,995               |
| Postage                           | 4,872                       | 1,841   | 6,199               | 12,912              |
| Advertising                       | 16,049                      | -   | 1,041               | 17,090              |
| Miscellaneous                     | 4,169                       | 1,806   | -                   | 5,975               |
|                                   | <u>1,180,742</u>            | <u>249,058</u>                                  | <u>372,940</u>      | <u>1,802,740</u>    |
| Total other                       | <u>1,180,742</u>            | <u>249,058</u>                                  | <u>372,940</u>      | <u>1,802,740</u>    |
| Total expenses                    | <u>\$ 5,777,290</u>         | <u>\$ 1,351,264</u>                             | <u>\$ 1,079,977</u> | <u>\$ 8,208,531</u> |

The accompanying notes are an integral part of these statements.



## INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Notes to Financial Statements  
September 30, 2020 and 2019

---

### 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 2020 and 2019, there were approximately 2,500 unduplicated people, from approximately 100 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).

#### Adoption of New Accounting Standards

The Institute adopted FASB's Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, with respect to its revenue recognition policies. The core principle of the new accounting guidance is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. As a result of the adoption of Topic 606, disclosures related to revenue recognition have been enhanced. The Institute adopted ASU No. 2014-09 using a modified retrospective method applied to those contracts which were not completed as of October 1, 2019. There was no cumulative-effect adjustment to opening net assets as of October 1, 2019. The adoption of this ASU did not have a material impact on the accompanying financial statements.

The Institute also adopted FASB's ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The Institute adopted ASU No. 2018-08 using a modified prospective method effective October 1, 2019. Under the modified prospective method, this ASU only applies to agreements not completed or entered into (revenue or expense that has not yet been recognized) as of October 1, 2019. As a result, the fiscal year 2019 financial statements are not restated and there was no cumulative-effect adjustment to opening net assets as of October 1, 2019.

## INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Notes to Financial Statements  
September 30, 2020 and 2019

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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.

#### 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 are depreciated using the straight-line method over the following estimated useful lives:

|                         |  |
|-------------------------|--|
| Leasehold improvements  | Lesser of life of<br>lease or 10 years |
| Furniture and equipment | 3 - 10 years                           |
| Vehicles                | 5 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. No allowance for doubtful accounts was deemed necessary as of September 30, 2020 or 2019.

#### 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).

#### 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.

## INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Notes to Financial Statements  
September 30, 2020 and 2019

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fair Value Measurements (Continued)

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.

#### *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, 2020, and 2019, the Institute had no plans to sell this investment.

#### **Revenue Recognition**

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

The Institute's primary sources of revenue are from Federal and state government contracts. Amounts received under these contracts have been recorded in accordance with ASU Subtopic 958 (see page 10). These contracts are considered nonreciprocal transactions because the general public receives the benefit as the result of the assets transferred. These conditional contributions are recognized as services are provided or costs are incurred.

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 the statements of activities and changes in net assets as net assets released from restrictions as costs are incurred or time or program restrictions have lapsed.

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

**Revenue Recognition (Continued)**

*Government Contracts, Grants and Contributions (Continued)*

In accordance with Topic 958, 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.

A portion of the Institute's revenue is derived from cost-reimbursable and unit-rate contracts (contracts), which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when the Institute has incurred expenditures in compliance with specific contract provisions. Amounts received prior to incurring qualifying expenditures are reported as conditional advances in the accompanying statements of financial position.

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. The sales portion of the special event income is recognized in accordance with 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 have 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.

## INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Notes to Financial Statements  
September 30, 2020 and 2019

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition (Continued)

##### *Revenue from Contracts with Customers – Topic 606 (Continued)*

Contracted service 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.

#### 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.

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 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

The Institute receives donated goods and services in various aspects of its program services. The value of the donated items is based on values assigned or estimates made by the donors. Donated goods include food and clothing; and donated services include legal, teaching, and consulting work. Donated items received were as follows:

|                  | <u>2020</u>       | <u>2019</u>         |
|------------------|-------------------|---------------------|
| Donated services | \$ 513,454        | \$ 913,115          |
| Donated goods    | <u>46,834</u>     | <u>148,998</u>      |
|                  | <u>\$ 560,288</u> | <u>\$ 1,062,113</u> |

## INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Notes to Financial Statements  
September 30, 2020 and 2019

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Donated Goods and Services (Continued)

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.

#### Subsequent Events

Subsequent events have been evaluated through March 25, 2021, which is the date the financial statements were available to be issued. See Note 7 for an event that met the criteria for 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, 2020 or 2019. 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>2020</u>       | <u>2019</u>       |
|--------------------|-------------------|-------------------|
| Purpose restricted | \$ 175,427        | \$ 138,660        |
| Capital restricted | <u>150,000</u>    | <u>-</u>          |
|                    | <u>\$ 325,427</u> | <u>\$ 138,660</u> |

## INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Notes to Financial Statements  
September 30, 2020 and 2019

---

### 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 each of their first two years of employment. Employee contributions are vested immediately into the plan upon eligibility. The Institute made \$60,174 and \$74,120 of matching contributions to the plan during the years ended September 30, 2020 and 2019, respectively, which are included in payroll taxes and fringe benefits in the accompanying statements of functional expenses.

### 4. INVESTMENTS

Investments, which are stated at fair value (see Note 2) in the accompanying statements of financial position, are as follows:

| <u>2020</u>                               | <u>Level 1</u>      | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u>        |
|---|---------------------|----------------|----------------|---------------------|
| Money market funds                        | \$ 1,200,058        | \$ -           | \$ -           | \$ 1,200,058        |
| Mutual funds:                             |                     |                |                |                     |
| Equities                                  | 3,621,534           | -              | -              | 3,621,534           |
| Fixed income                              | <u>1,019,733</u>    | <u>-</u>       | <u>-</u>       | <u>1,019,733</u>    |
|   | <u>\$ 5,841,325</u> | <u>\$ -</u>    | <u>\$ -</u>    | 5,841,325           |
| Limited liability partnership (see below) |                     |                |                | <u>1,331,204</u>    |
| Total investments                         |                     |                |                | <u>\$ 7,172,529</u> |
| <u>2019</u>                               | <u>Level 1</u>      | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u>        |
| Money market funds                        | \$ 45,216           | \$ -           | \$ -           | \$ 45,216           |
| Mutual funds:                             |                     |                |                |                     |
| Equities                                  | 4,431,162           | -              | -              | 4,431,162           |
| Fixed income                              | <u>1,244,737</u>    | <u>-</u>       | <u>-</u>       | <u>1,244,737</u>    |
|   | <u>\$ 5,721,115</u> | <u>\$ -</u>    | <u>\$ -</u>    | 5,721,115           |
| Limited liability partnership (see below) |                     |                |                | <u>1,268,628</u>    |
| Total investments                         |                     |                |                | <u>\$ 6,989,743</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 above tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position (see Note 2).

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, 2020 and 2019, \$400,000 and \$600,000, respectively, were reported as current investments as management's intent is to use these funds for operations in the subsequent year.

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

## INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Notes to Financial Statements  
September 30, 2020 and 2019

---

### 5. CONCENTRATIONS

The Institute maintains its cash balances with two banks. 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.

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, 2020 and 2019, are as follows:

| <u>Funder</u>                              | <u>Operating Revenue and Support %</u> |             | <u>Government Contracts, Contributions and Accounts Receivables %</u> |             |
|--|--|-------------|---|-------------|
|  | <u>2020</u>                            | <u>2019</u> | <u>2020</u>   | <u>2019</u> |
| Commonwealth of Massachusetts              | 21%                                    | 18%         | 37%   | 20%         |
| U.S. Committee for Refugees and Immigrants | 14%                                    | 17%         | 20%   | 19%         |
| State of New Hampshire                     | 9%                                     | 7%          | 18%   | 6%          |
| Private donor                              | 1%                                     | - %         | 14%   | - %         |

### 6. FUNDING

The Institute receives a significant portion of its funding from government agencies, all of which are subject to audit by the specific government agency. 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, 2020 and 2019, 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 2020 and 2019 were approximately \$42,000 and \$41,000, 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 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, 2020 and 2019, deferred rent was \$215,888 and \$211,193, respectively, and is included in deferred rent and lease incentive in the accompanying statements of financial position.

The lease agreement also included 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, 2020 and 2019, and is netted with rent and utilities in the accompanying statements of functional expenses.



## INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Notes to Financial Statements  
September 30, 2020 and 2019

---

### 7. LEASE AGREEMENTS (Continued)

The Institute leases program and administrative space under various operating leases and tenant-at-will agreements. These leases expire at various dates through January 2023. 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 \$514,000 and \$500,000 for the years ended September 30, 2020 and 2019, respectively, which is included in rent and utilities in the accompanying statements of functional expenses.

In February 2021, the Institute entered into an operating lease agreement for program space in Lowell, Massachusetts. The lease will commence on July 1, 2021, with monthly payments of \$6,756 through June 30, 2031. Rent increases annually based on the Consumer Price Index, which is limited to a maximum annual increase of 3%. There are extension options for two additional five-year periods.

The Institute also has a copier lease with monthly payments through June 2022.

Future minimum lease payments under the lease agreements for the next five fiscal years are as follows:

|            |            |
|------------|------------|
| 2021       | \$ 617,014 |
| 2022       | \$ 587,850 |
| 2023       | \$ 557,880 |
| 2024       | \$ 553,247 |
| 2025       | \$ 565,496 |
| Thereafter | \$ 479,753 |

### 8. CONDITIONAL GOVERNMENT CONTRACTS AND GRANTS

#### Conditional Government Contracts

During fiscal year 2020, 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 (see Note 2).

Conditional promises to give at September 30, 2020, consist of:

|  |                     |
|--|---------------------|
| Subject to measurable performance barriers | \$ 629,471          |
| Incurring qualifying expenses              | <u>557,306</u>      |
| Total conditional promises to give         | <u>\$ 1,186,777</u> |

## INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Notes to Financial Statements  
September 30, 2020 and 2019

---

### 8. **CONDITIONAL GOVERNMENT CONTRACTS AND GRANTS** (Continued)

#### **Paycheck Protection Program Loan**

The Institute applied for and was awarded a loan of \$884,501 from the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The funds were used to pay certain payroll costs, including benefits during a covered period as defined in the CARES Act. A portion of these funds may be forgiven, as defined in the agreement, at the end of the covered period and the remainder of the funds will be due over a two-year period with interest at 1%. Any repayment will be deferred for a period of ten months from the end of the covered period, when the note, plus interest, will be due in equal monthly payments over a two-year period. The forgiveness calculations are subject to review and approval by the lending bank and the Small Business Administration (SBA).

The Institute believes there is less than a remote chance this loan will not be forgiven and, therefore, is accounting for it as a conditional grant under ASC Subtopic 958-605. This grant is conditional upon certain performance requirements and the incurrence of eligible expenses. Amounts received are recognized as revenue when the Institute has incurred expenditures in compliance with the loan application and CARES Act requirements. As of September 30, 2020, the Institute recognized the full PPP loan amount of \$884,501 as grant revenue, which is included in government contracts in the accompanying 2020 statement of activities and changes in net assets.

### 9. **RELATED PARTY TRANSACTIONS**

The Institute's President and Chief Executive Officer (CEO) is also a member of the Board of Directors. Compensation and employee benefits for services provided as the President and CEO are determined by the independent members of the Board of Directors and are based on performance objectives.

The Institute's Chief Financial Officer is also the Institute's Treasurer.

### 10. **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>2020</u>         | <u>2019</u>         |
|--|---------------------|---------------------|
| Cash   | \$ 906,611          | \$ 303,109          |
| Short-term investments   | 400,000             | 600,000             |
| Government contracts and contributions receivables                       | 723,511             | 898,459             |
| Accounts receivable  | <u>54,101</u>       | <u>41,620</u>       |
|  | 2,084,223           | 1,843,188           |
| Less - donor restricted cash and contributions receivable                | <u>325,427</u>      | <u>138,660</u>      |
| Total financial assets and liquidity resources available within one year | <u>\$ 1,758,796</u> | <u>\$ 1,704,528</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  
September 30, 2020 and 2019

---

### 11. PROPERTY AND EQUIPMENT AND DEPRECIATION

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

|                                 | <u>2020</u>         | <u>2019</u>         |
|---------------------------------|---------------------|---------------------|
| Leasehold improvements          | \$ 1,955,962        | \$ 1,928,778        |
| Furniture and equipment         | 679,676             | 589,571             |
| Vehicles                        | -                   | <u>23,064</u>       |
|                                 | <u>2,635,638</u>    | <u>2,541,413</u>    |
| Less - accumulated depreciation | <u>1,047,102</u>    | <u>813,219</u>      |
| Net property and equipment      | <u>\$ 1,588,536</u> | <u>\$ 1,728,194</u> |

Depreciation expense was \$299,534 and \$282,936 for the years ended September 30, 2020 and 2019, respectively.

### 12. CONTINGENCY

The COVID-19 pandemic in the United States has caused business disruption and a reduction in economic activity. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. While the Institute expects this matter to negatively impact its operating results, the related financial impact and duration cannot be reasonably estimated at this time.

### 13. RECLASSIFICATIONS

Certain amounts in the fiscal year 2019 financial statements have been reclassified to conform with the fiscal year 2020 presentation.