



**International  
Institute of  
New England**

**FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

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

Contents  
September 30, 2021 and 2020

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## 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, 2021 and 2020, 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, 2021 and 2020, 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 28, 2022

**INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.**Statements of Financial Position  
September 30, 2021 and 2020

<b>Assets</b>	<b>2021</b>	<b>2020</b>
Current Assets:		
Cash	\$ 680,095	\$ 906,611
Short-term investments	300,000	400,000
Government contracts and contributions receivable	1,301,245	723,511
Accounts receivable	49,313	54,101
Prepaid expenses and other	75,712	17,744
Total current assets	2,406,365	2,101,967
Investments	7,919,112	6,772,529
Property and Equipment, net	1,738,963	1,588,536
Security Deposits	94,434	100,434
Total assets	<u>\$ 12,158,874</u>	<u>\$ 10,563,466</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts payable	\$ 40,733	\$ 59,503
Accrued expenses	268,166	347,866
Current portion of lease incentive	110,782	110,782
Conditional advances	55,197	57,924
Total current liabilities	474,878	576,075
Deferred Rent and Lease Incentive, net of current portion	632,991	751,328
Total liabilities	<u>1,107,869</u>	<u>1,327,403</u>
Net Assets:		
Without donor restrictions:		
Operating	9,203,985	7,968,322
Property and equipment	1,203,525	942,314
Total without donor restrictions	10,407,510	8,910,636
With donor restrictions	643,495	325,427
Total net assets	<u>11,051,005</u>	<u>9,236,063</u>
Total liabilities and net assets	<u>\$ 12,158,874</u>	<u>\$ 10,563,466</u>

The accompanying notes are an integral part of these statements.

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

Statements of Activities and Changes in Net Assets  
For the Years Ended September 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues:</b>						
Government contracts	\$ 3,919,032	\$ -	\$ 3,919,032	\$ 3,965,017	\$ -	\$ 3,965,017
Grants and contributions	1,924,356	1,503,795	3,428,151	1,747,787	675,977	2,423,764
Donated goods and services	617,041	-	617,041	560,288	-	560,288
Program service fees	272,470	-	272,470	229,059	-	229,059
Contracted services	63,242	-	63,242	159,183	-	159,183
Net assets released from program restrictions	1,035,727	(1,035,727)	-	639,210	(639,210)	-
Total revenues	<u>7,831,868</u>	<u>468,068</u>	<u>8,299,936</u>	<u>7,300,544</u>	<u>36,767</u>	<u>7,337,311</u>
<b>Expenses:</b>						
Program services	5,276,292	-	5,276,292	4,921,123	-	4,921,123
General and administrative	1,704,520	-	1,704,520	1,515,827	-	1,515,827
Fundraising	794,600	-	794,600	835,801	-	835,801
Total expenses	<u>7,775,412</u>	<u>-</u>	<u>7,775,412</u>	<u>7,272,751</u>	<u>-</u>	<u>7,272,751</u>
Changes in net assets from operations	<u>56,456</u>	<u>468,068</u>	<u>524,524</u>	<u>27,793</u>	<u>36,767</u>	<u>64,560</u>
<b>Non-Operating Revenue (Expense):</b>						
Investment return	1,155,418	-	1,155,418	382,836	-	382,836
Capital grants and and government contracts	-	135,000	135,000	35,832	150,000	185,832
Net assets released from capital restrictions	285,000	(285,000)	-	-	-	-
Loss on disposal of property and equipment	-	-	-	(42,514)	-	(42,514)
Total non-operating revenue (expense)	<u>1,440,418</u>	<u>(150,000)</u>	<u>1,290,418</u>	<u>376,154</u>	<u>150,000</u>	<u>526,154</u>
Changes in net assets	<u>1,496,874</u>	<u>318,068</u>	<u>1,814,942</u>	<u>403,947</u>	<u>186,767</u>	<u>590,714</u>
<b>Net Assets:</b>						
Beginning 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>
End 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>

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ 1,814,942	\$ 590,714
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Capital grants and contracts	(135,000)	(185,832)
Investment return	(1,155,418)	(382,836)
Loss on disposal of property and equipment	-	42,514
Depreciation	326,275	299,534
Amortization of lease incentive	(110,784)	(110,784)
Donated stock	(173,945)	-
Changes in operating assets and liabilities:		
Accounts receivable	4,788	(12,481)
Government contracts and contributions receivable	(713,566)	310,780
Prepaid expenses and other	(57,968)	57,387
Security deposits	6,000	-
Accounts payable	(18,770)	(6,687)
Accrued expenses	(79,700)	(24,222)
Conditional advances	(2,727)	(26,940)
Deferred rent	(7,553)	4,695
Net cash provided by (used) in operating activities	<u>(303,426)</u>	<u>555,842</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sale/transfer of investments	282,780	200,050
Acquisition of property and equipment	<u>(476,702)</u>	<u>(202,390)</u>
Net cash used in investing activities	<u>(193,922)</u>	<u>(2,340)</u>
<b>Cash Flows from Financing Activities:</b>		
Capital grants and contracts	<u>270,832</u>	<u>50,000</u>
<b>Net Change in Cash</b>	(226,516)	603,502
<b>Cash:</b>		
Beginning of year	<u>906,611</u>	<u>303,109</u>
End of year	<u>\$ 680,095</u>	<u>\$ 906,611</u>
<b>Supplemental Disclosure of Non-Cash Transactions:</b>		
Unrealized gain on investments	<u>\$ 914,311</u>	<u>\$ 83,056</u>

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

Statement of Functional Expenses

For the Year Ended September 30, 2021

(With Summarized Comparative Totals for the Year Ended September 30, 2020)

	2021			2020	
	Program Services	General and Administrative	Fundraising	Total	Total
<b>Personnel and Related:</b>					
Salaries	\$ 2,537,585	\$ 808,301	\$ 422,893	\$ 3,768,779	\$ 3,851,030
Payroll taxes and fringe benefits	491,278	158,926	83,756	733,960	713,450
Donated services	570,121	-	-	570,121	513,454
Purchased and contracted services	90,020	212,677	66,384	369,081	228,811
Recruitment	1,996	123,776	-	125,772	3,564
Staff training	292	1,623	988	2,903	4,732
Total personnel and related	<u>3,691,292</u>	<u>1,305,303</u>	<u>574,021</u>	<u>5,570,616</u>	<u>5,315,041</u>
<b>Occupancy:</b>					
Rent and utilities	446,036	50,111	43,160	539,307	533,159
Depreciation	161,786	36,672	17,257	215,715	203,116
Equipment rental	7,803	2,873	1,295	11,971	15,334
Repairs and maintenance	73	1,073	-	1,146	2,537
Total occupancy	<u>615,698</u>	<u>90,729</u>	<u>61,712</u>	<u>768,139</u>	<u>754,146</u>
<b>Other:</b>					
Client assistance	617,377	-	-	617,377	361,974
Supplies and materials	93,956	25,727	2,435	122,118	62,684
Professional fees	-	115,693	-	115,693	110,711
Depreciation	82,920	18,795	8,845	110,560	96,418
Special events	-	-	109,356	109,356	220,806
Service charges	3,258	71,323	13,174	87,755	76,114
Telephone	47,338	1,207	2,055	50,600	61,640
Insurance	855	48,340	-	49,195	46,498
Donated goods	46,920	-	-	46,920	46,834
Dues and subscriptions	18,993	10,153	15,592	44,738	26,296
Travel, meetings and conferences	16,981	12,420	1,430	30,831	48,500
Printing	14,105	-	3,242	17,347	13,614
Postage	10,192	1,299	1,714	13,205	10,064
Storage	12,265	589	-	12,854	10,581
Miscellaneous	3,578	2,837	-	6,415	3,693
Advertising	564	105	1,024	1,693	7,137
Total other	<u>969,302</u>	<u>308,488</u>	<u>158,867</u>	<u>1,436,657</u>	<u>1,203,564</u>
Total expenses	<u>\$ 5,276,292</u>	<u>\$ 1,704,520</u>	<u>\$ 794,600</u>	<u>\$ 7,775,412</u>	<u>\$ 7,272,751</u>

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

Statement of Functional Expenses  
For the Year Ended September 30, 2020

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



## INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Notes to Financial Statements  
September 30, 2021 and 2020

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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 2021 and 2020, there were approximately 3,000 unduplicated people, from approximately 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).

#### 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 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. No allowance for doubtful accounts was deemed necessary as of September 30, 2021 or 2020.

## INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Notes to Financial Statements  
September 30, 2021 and 2020

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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. 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, 2021, and 2020, the Institute had no plans to sell this investment.

## INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Notes to Financial Statements  
September 30, 2021 and 2020

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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 Accounting Standards Update (ASU) *Topic 958, Not-for-Profit Entities* (Topic 958). 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 qualifying 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 accompanying 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.

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 *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.

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

**Revenue Recognition (Continued)**

*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.

**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.

## INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Notes to Financial Statements  
September 30, 2021 and 2020

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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>2021</u>	<u>2020</u>
Donated services	\$ 570,121	\$ 513,454
Donated goods	<u>46,920</u>	<u>46,834</u>
	<u>\$ 617,041</u>	<u>\$ 560,288</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.

#### Subsequent Events

Subsequent events have been evaluated through March 28, 2022, 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, 2021 or 2020. 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.

## INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Notes to Financial Statements  
September 30, 2021 and 2020

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Assets (Continued)

##### *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>2021</u>	<u>2020</u>
Purpose restricted	\$ 643,495	\$ 175,427
Capital restricted	<u>-</u>	<u>150,000</u>
	<u>\$ 643,495</u>	<u>\$ 325,427</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 each of their first two years of employment. Employee contributions are vested immediately into the plan upon eligibility. The Institute made \$60,839 and \$60,174 of matching contributions to the plan during the years ended September 30, 2021 and 2020, 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>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 page 13)				<u>1,434,078</u>
Total investments				<u>\$ 8,219,112</u>

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

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**4. INVESTMENTS (Continued)**

<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>

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 and on page 12 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, 2021 and 2020, \$300,000 and \$400,000, respectively, were reported as current short-term 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.

**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, 2021 and 2020, are as follows:

<u>Funder</u>	<u>Operating Revenue and Support %</u>		<u>Government Contracts, Contributions and Accounts Receivables %</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Commonwealth of Massachusetts	23%	21%	32%	37%
U.S. Committee for Refugees and Immigrants	21%	14%	13%	20%
State of New Hampshire	9%	9%	13%	18%
Private donor	- %	1%	- %	14%

## INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Notes to Financial Statements  
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### 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, 2021 and 2020, 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 2021 and 2020 were approximately \$43,000 and \$42,000, 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, 2021 and 2020, deferred rent was \$208,335 and \$215,888, 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 \$110,784 during each of the years ended September 30, 2021 and 2020, and is netted with rent and utilities in the accompanying statements of functional expenses.

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.

The Institute entered into an operating lease agreement for program space in Lowell, Massachusetts, which commenced 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.

Facility rent expense under all leases was approximately \$521,000 and \$514,000 for the years ended September 30, 2021 and 2020, 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 through June 2022.

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

2022	\$ 669,029
2023	639,566
2024	635,853
2025	649,445
2026	565,488
Thereafter	<u>441,829</u>
Total	<u>\$ 3,601,210</u>



## INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Notes to Financial Statements  
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### 8. CONDITIONAL GOVERNMENT CONTRACTS AND GRANTS

#### Conditional Government Contracts and Grants

During fiscal years 2021 and 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, 2021 and 2020, consist of:

	<u>2021</u>	<u>2020</u>
Incurring qualifying expenses	\$ 773,802	\$ 557,306
Subject to measurable performance barriers	<u>222,907</u>	<u>629,471</u>
Total conditional promises to give	<u>\$ 996,709</u>	<u>\$ 1,186,777</u>

#### Paycheck Protection Program Loan

During fiscal year 2020, 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. The Institute believed there was less than a remote chance the loan would be forgiven, and therefore, accounted for it as a conditional grant. As of September 2020, the Institute recognized the full PPP loan amount of \$884,501 as grant revenue as the condition was met as of September 30, 2020, which is included in government contracts in the accompanying fiscal year 2020 statement of activities and changes in net assets. During fiscal year 2021, the entire PPP loan amount and related accrued interest were formally forgiven by the bank and the Small Business Administration.

### 9. RELATED PARTY TRANSACTIONS

The Institute's President and Chief Executive Officer (CEO) is also the Treasurer 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 was the Treasurer of the Board of Directors during fiscal year 2020.

## INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Notes to Financial Statements  
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### 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>2021</u>	<u>2020</u>
Cash	\$ 680,095	\$ 906,611
Short-term investments	300,000	400,000
Government contracts and contributions receivable	1,301,245	723,511
Accounts receivable	<u>49,313</u>	<u>54,101</u>
	2,330,653	2,084,223
Less - donor restricted cash and contributions receivable	<u>643,495</u>	<u>325,427</u>
Total financial assets and liquidity resources available within one year	<u>\$ 1,687,158</u>	<u>\$ 1,758,796</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.

### 11. PROPERTY AND EQUIPMENT AND DEPRECIATION

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

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 2,354,140	\$ 1,955,962
Furniture and equipment	<u>680,966</u>	<u>679,676</u>
	3,035,106	2,635,638
Less - accumulated depreciation	<u>1,296,143</u>	<u>1,047,102</u>
Net property and equipment	<u>\$ 1,738,963</u>	<u>\$ 1,588,536</u>

Depreciation expense was \$326,275 and \$299,534 for the years ended September 30, 2021 and 2020, 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.