International Institute of New England

FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Contents
September 30, 2024 and 2023

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of International Institute of New England, Inc. (a Massachusetts nonprofit corporation) (the Institute), which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of International Institute of New England, Inc. as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Institute's ability to continue as a going concern for a reasonable period of time.

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

AAFCPAs, Inc.

Boston, Massachusetts
March 3, 2025

INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Statements of Financial Position
September 30, 2024 and 2023

Assets	**2024**	**2023**
Current Assets:		
Cash	$ 1,268,297	$ 632,175
Current portion of government contracts and contributions receivable	6,111,864	4,216,844
Accounts receivable	162,220	79,289
Prepaid expenses and other	297,011	308,130
Total current assets	7,839,392	5,236,438
Investments	13,471,895	11,403,418
Contributions Receivable, net	4,180,346	635,794
Property and Equipment, net	1,111,076	1,386,308
Right-of-Use Assets - Operating	1,877,443	2,190,256
Security Deposits	96,057	91,657
Total assets	$ 28,576,209	$ 20,943,871
Liabilities and Net Assets		
Current Liabilities:		
Current portion of operating lease liabilities	$ 754,479	$ 698,298
Accounts payable	697,607	508,696
Accrued expenses	764,983	630,640
Conditional advances	1,476,680	1,106,281
Total current liabilities	3,693,749	2,943,915
Operating Lease Liabilities, net of current portion	1,450,785	1,968,540
Total liabilities	5,144,534	4,912,455
Net Assets:		
Without donor restrictions:		
Operating	15,926,046	12,968,929
Property and equipment	879,312	1,001,383
Total without donor restrictions	16,805,358	13,970,312
With donor restrictions	6,626,317	2,061,104
Total net assets	23,431,675	16,031,416
Total liabilities and net assets	$ 28,576,209	$ 20,943,871

The accompanying notes are an integral part of these statements.

INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Statements of Activities and Changes in Net Assets
For the Years Ended September 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Revenues:						
Government contracts	$ 21,846,676	$ -	$ 21,846,676	$ 16,798,874	$ -	$ 16,798,874
Grants and contributions	5,340,434	5,540,374	10,880,808	4,880,244	817,098	5,697,342
Donated goods and services	702,186	-	702,186	379,202	-	379,202
Program service fees and contracted services	499,790	-	499,790	617,545	-	617,545
Other revenue	52,316	-	52,316	12,910	-	12,910
Net assets released from time restrictions	405,658	(405,658)	-	425,000	(425,000)	-
Net assets released from purpose restrictions	569,503	(569,503)	-	432,765	(432,765)	-
Total revenues	29,416,563	4,565,213	33,981,776	23,546,540	(40,667)	23,505,873
Expenses:						
Program services	22,562,081	-	22,562,081	16,185,833	-	16,185,833
General and administrative	4,064,556	-	4,064,556	3,422,692	-	3,422,692
Fundraising	2,261,598	-	2,261,598	2,009,426	-	2,009,426
Total expenses	28,888,235	-	28,888,235	21,617,951	-	21,617,951
Changes in net assets from operations	528,328	4,565,213	5,093,541	1,928,589	(40,667)	1,887,922
Non-Operating Revenue (Expense):						
Investment return	2,307,471	-	2,307,471	1,070,861	-	1,070,861
Loss on disposal of property and equipment	(753)	-	(753)	(47,869)	-	(47,869)
Total non-operating revenue (expense)	2,306,718	-	2,306,718	1,022,992	-	1,022,992
Changes in net assets	2,835,046	4,565,213	7,400,259	2,951,581	(40,667)	2,910,914
Net Assets:						
Beginning of year	13,970,312	2,061,104	16,031,416	11,018,731	2,101,771	13,120,502
End of year	$ 16,805,358	$ 6,626,317	$ 23,431,675	$ 13,970,312	$ 2,061,104	$ 16,031,416

INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Statements of Cash Flows
For the Years Ended September 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities:		
Changes in net assets	$ 7,400,259	$ 2,910,914
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Investment return	(2,307,471)	(1,070,861)
Loss on disposal of property and equipment	753	47,869
Depreciation	319,517	328,530
Amortization expense - financing lease	12,696	10,947
Non-cash lease expense	686,353	588,260
Donated stock	284,000	(99,509)
Bad debt	42,136	2,174
Change in discount on contributions receivable	310,781	(7,263)
Changes in operating assets and liabilities:		
Government contracts and contributions receivable	(5,792,489)	(2,515,716)
Accounts receivable	(82,931)	(12,607)
Operating lease liabilities	(835,115)	(770,490)
Prepaid expenses and other	11,119	(83,002)
Security deposits	(4,400)	1,327
Accounts payable	262,053	256,146
Accrued expenses	134,343	154,789
Conditional advances	370,399	(1,796,471)
Net cash provided by (used in) operating activities	812,003	(2,054,963)
Cash Flows from Investing Activities:		
Proceeds from sale of investments	3,834,824	9,728,231
Acquisition of property and equipment	(130,875)	(135,812)
Investment purchases	(3,879,830)	(11,972,075)
Net cash used in investing activities	(175,881)	(2,379,656)
Net Change in Cash	636,122	(4,434,619)
Cash:		
Beginning of year	632,175	5,066,794
End of year	$ 1,268,297	$ 632,175
Supplemental Disclosure of Non-Cash Transactions:		
Unrealized gain on investments	$ 1,977,011	$ 770,506
Property and equipment financed by accounts payable	$ -	$ 73,142

The accompanying notes are an integral part of these statements.

INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Statement of Functional Expenses
For the Year Ended September 30, 2024
(With Summarized Comparative Totals for the Year Ended September 30, 2023)

	2024				2023
	Program Services	General and Adminis-trative	Fundraising	Total	Total
Personnel and Related:					
Salaries	$ 12,344,453	$ 1,551,567	$ 1,354,704	$ 15,250,724	$ 10,161,808
Payroll taxes and fringe benefits	2,446,717	376,660	233,900	3,057,277	1,967,498
Donated services	630,080	3,646	31,077	664,803	302,760
Purchased and contracted services	27,665	-	-	27,665	335,763
Staff training	3,626	18,554	5,107	27,287	54,984
Total personnel and related	15,452,541	1,950,427	1,624,788	19,027,756	12,822,813
Occupancy:					
Rent and utilities	511,097	312,956	76,086	900,139	825,642
Depreciation	163,615	108,716	-	272,331	258,005
Total occupancy	674,712	421,672	76,086	1,172,470	1,083,647
Other:					
Client assistance	4,617,314	-	-	4,617,314	4,657,484
Professional fees	887,995	834,995	266,478	1,989,468	1,564,038
Supplies and materials	279,711	308,624	6,597	594,932	401,325
Travel, meetings and conferences	245,004	167,481	25,045	437,530	266,059
Dues and subscriptions	92,770	194,463	70,894	358,127	274,064
Miscellaneous	128,384	41,064	81	169,529	21,543
Events	4,905	-	129,417	134,322	203,087
Insurance	2,193	85,052	-	87,245	67,462
Advertising	35,523	18,027	2,110	55,660	21,953
Storage	40,945	6,760	-	47,705	34,603
Equipment depreciation	28,349	18,837	-	47,186	70,525
Bad debt	-	4,136	38,000	42,136	2,174
Postage	21,599	11,791	8,173	41,563	20,531
Donated goods	37,382	-	-	37,382	76,442
Printing	12,754	1,227	13,929	27,910	30,201
Total other	6,434,828	1,692,457	560,724	8,688,009	7,711,491
Total expenses	$ 22,562,081	$ 4,064,556	$ 2,261,598	$ 28,888,235	$ 21,617,951

INTERNATIONAL INSTITUTE OF NEW ENGLAND, INC.

Statement of Functional Expenses
For the Year Ended September 30, 2023

	Program Services	General and Adminis-trative	Fundraising	Total
Personnel and Related:				
Salaries	$ 7,734,339	$ 1,398,818	$ 1,028,651	$ 10,161,808
Payroll taxes and fringe benefits	1,494,966	257,324	215,208	1,967,498
Donated services	279,961	-	22,799	302,760
Purchased and contracted services	335,763	-	-	335,763
Staff training	8,818	44,830	1,336	54,984
Total personnel and related	9,853,847	1,700,972	1,267,994	12,822,813
Occupancy:				
Rent and utilities	521,346	233,065	71,231	825,642
Depreciation	150,417	107,588	-	258,005
Total occupancy	671,763	340,653	71,231	1,083,647
Other:				
Client assistance	4,657,484	-	-	4,657,484
Professional fees	499,503	738,497	326,038	1,564,038
Supplies and materials	158,439	226,011	16,875	401,325
Travel, meetings and conferences	127,915	122,299	15,845	266,059
Dues and subscriptions	56,893	135,512	81,659	274,064
Miscellaneous	6,382	12,921	2,240	21,543
Events	-	-	203,087	203,087
Insurance	1,714	65,748	-	67,462
Advertising	250	14,176	7,527	21,953
Storage	8,741	25,153	709	34,603
Equipment depreciation	41,116	29,409	-	70,525
Bad debt	-	2,174	-	2,174
Postage	9,860	8,603	2,068	20,531
Donated goods	76,442	-	-	76,442
Printing	15,484	564	14,153	30,201
Total other	5,660,223	1,381,067	670,201	7,711,491
Total expenses	$ 16,185,833	$ 3,422,692	$ 2,009,426	$ 21,617,951

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 2024 and 2023, there were approximately 19,000 and 10,000 unduplicated people, from approximately seventy and sixty-eight countries that benefited from the Institute's services, gaining the knowledge and skills necessary for their integration into American life. The Institute's services include English and literacy classes, citizenship education, job training and placement, legal aid and counseling services, and case management.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

Recently Adopted Accounting Pronouncement

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 replaces the "incurred loss" credit losses framework with a new accounting standard that requires management's measurement of the allowance for credit losses to be based on a broader range of reasonable and supportable information for lifetime credit loss estimates. This amendment was adopted effective October 1, 2023, using the modified retrospective method with no impact to the Institute's financial statements.

Estimates

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

Cash

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

Property and Equipment and Depreciation

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government Contracts, Contribution Receivable and Allowance for Doubtful Accounts

The allowance for doubtful accounts is recorded based on management's analysis of specific accounts and their estimate of amounts that may be uncollectible, if any. It is the Institute's policy to charge-off uncollectible government contracts and contributions receivable when management determines the receivable will not be collected. No allowance for doubtful accounts was deemed necessary as of September 30, 2024 or 2023.

Accounts Receivable and Allowance for Credit Losses

The Institute records program service fees and contracted services receivables for unconditional rights to consideration arising from performance under contracts with customers. Program service fees and contracted service receivables, including billed and unbilled accounts for which the right to payment exists, are considered receivables if the right to consideration is unconditional and only the passage of time is required before the payment of that consideration is due. Any estimated uncollectible amounts are generally considered implicit price concessions which directly reduce program service fees and contracted services receivable. Changes to the estimate of the transaction price are generally recorded as adjustments to the specific program service or contracted service revenue stream in the period of the change.

It is the Institute's policy to charge-off uncollectible program service fees and contract service receivables when management determines the receivable will not be collected. Any estimates for amounts not expected to be collected based on historical experience and other circumstances are recognized as a reduction to net revenue. Such estimates are based on an analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and reasonable and supportable expectation of future conditions, as well as an assessment of specific identifiable customer accounts considered at risk or uncollectible. The Institute assesses collectability by pooling receivables where similar characteristics exist and evaluates receivables individually when specific balances no longer share those risk characteristics and are considered at risk or uncollectible. Subsequent change in estimate of collectability due to a change in the financial status of a payor, is recognized as credit loss expense and presented as an operating expense. There were no material credit loss expenses for the years ended September 30, 2024 and 2023. Recoveries of accounts receivable previously written-off are recorded when received.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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 two limited liability partnerships 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, 2024 and 2023, the Institute had no plans to sell this investment.

The Institute also received $284,239 and $99,509 of donated stock during the years ended September 30, 2024 and 2023, respectively. Donated stock is recorded at the fair value at the time of donation and maintained as part of the investment portfolio (see Note 4).

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 capital-related activity.

Revenue Recognition

Government Contracts, Grants and Contributions

In accordance with ASC Subtopic 958-605, *Revenue Recognition*, the Institute must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists (see Note 9). 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Government Contracts, Grants and Contributions (Continued)

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

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

Special events revenue, included in grants and contributions in the accompanying statements of activities and changes in net assets, is from the Institute's ability to host fundraising events. Special event income consists of both contributions and sales. The contribution portion of the special event income is recognized as revenue when unconditionally committed or received in accordance with Topic 958. Special event contributions 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.

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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Revenue from Contracts with Customers - Topic 606 (Continued)

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.

Accounts receivable related to revenue from contracts with customers was $66,682 on October 1, 2022.

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.

Right-of-Use Asset - Operating Leases and Operating Lease Liabilities

The Institute determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be a lease or contain a lease if the contract conveys the right to control the use of identified property, plant or equipment (an identified asset) in exchange for consideration. The Institute determines such assets are leased because the Institute has the right to obtain substantially all of the economic benefits from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because the Institute determines it does not have the right to control and direct the use of the identified asset. The Institute's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, the Institute separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the right-of-use (ROU) assets and lease liabilities for its office space. The Institute has elected the practical expedient to combine lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease component.

Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Institute determines lease classification as operating or finance at the lease commencement date.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Right-of-Use Asset - Operating Leases and Operating Lease Liabilities (Continued)

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Institute uses the implicit rate when readily determinable. As most leases do not provide an implicit rate, to determine the present value of lease payments, management uses the risk-free rate at lease commencement.

In determining lease terms, lease agreements which include options to extend the lease are considered in the determination of the ROU asset and lease liability when it is reasonably certain that the Institute will exercise that option. Lease expense is generally recognized on a straight-line basis over the lease term.

The Institute has elected not to record leases with an initial term of twelve months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Expense Allocations

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

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

Advertising Costs

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

Donated Goods and Services

In-kind contributions are reflected as contributions at their fair value of the services and goods received, at date of donation, and are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. The Institute is the recipient of donated services and goods which were received in 2024 and 2023 without donor restrictions. These amounts have been reported as both donated services and goods in the accompanying statements of activities and changes in net assets and statements of functional expenses. The Institute recognizes the fair value of contributed services received if such services: a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. Donated services are valued at the standard hourly rates charged for those services. Donated goods are valued at the wholesale prices that would be received for selling similar products.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Goods and Services (Continued)

Donated services and goods consisted of the following for the years ended September 30:

	2024	2023
Donated services	$ 664,804	$ 302,760
Donated goods	37,382	76,442
	$ 702,186	$ 379,202

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.

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, 2024 or 2023. The Institute's information returns are subject to examination by the Federal and state jurisdictions.

Subsequent Events

Subsequent events have been evaluated through March 3, 2025, 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.

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 and ROU assets - operating, net of related liabilities.

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:

	2024	2023
Time restricted	$ 6,136,745	$ 1,124,094
Purpose restricted	489,572	937,010
	$ 6,626,317	$ 2,061,104

3. RETIREMENT PLAN

The Institute has a defined contribution retirement plan covering all eligible employees over the age of twenty-one who have completed a minimum of 1,000 hours of service within one of their first two years of employment. Employee contributions are vested immediately into the plan upon eligibility. The Institute made $268,747 and $143,087 of matching contributions to the plan during the years ended September 30, 2024 and 2023, 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 in the accompanying statements of financial position, are as follows:

2024	Level 1	Level 2	Level 3	Total
Money market funds	$ 1,223,273	$ -	$ -	$ 1,223,273
Equity Mutual funds:				
Large Cap Blend	3,750,718	-	-	3,750,718
Other	2,937,432	-	-	2,937,432
Foreign Large Cap Blend	2,270,775	-	-	2,270,775
Total Equity Mutual funds	8,958,925	-	-	8,958,925
Fixed income	1,010,153	-	-	1,010,153
	$ 11,192,351	$ -	$ -	11,192,351
Limited liability partnerships				2,279,544
Total investments				$ 13,471,895

4. INVESTMENTS (Continued)

2023	Level 1	Level 2	Level 3	Total
Money market funds	$ 793,935	$ -	$ -	$ 793,935
Equity Mutual funds:				
Large Cap Blend	2,553,667	-	-	2,553,667
Other	1,936,146	-	-	1,936,146
Foreign Large Cap Blend	1,603,850	-	-	1,603,850
Total Equity Mutual funds	6,093,663	-	-	6,093,663
Fixed income	2,504,413	-	-	2,504,413
	$ 9,392,011	$ -	$ -	9,392,011
Limited liability partnerships				2,011,407
Total investments				$ 11,403,418

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

Investments are reported in the accompanying statements of financial position as long-term assets based on management's intent with respect to the use of the investments.

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

5. CONCENTRATIONS

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

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, 2024 and 2023, are as follows:

Funder	Operating Revenue and Support %		Government Contracts, Contributions and Accounts Receivables %	
	2024	2023	2024	2023
Commonwealth of Massachusetts	26%	34%	14%	29%
U.S. Committee for Refugees and Immigrants	32%	29%	23%	32%
Individual Donor	10%	- %	49%	- %

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, 2024 and 2023, or on the changes in its net assets for the years then ended.

7. LINE OF CREDIT

The Institute has a revolving line of credit agreement with Eastern Bank renewable annually for borrowing up to $1,500,000. Interest is calculated based on the Secured Overnight Financing Rate which was 7.34% as of September 30, 2024. The line of credit is secured by primarily all of the Institute's assets as defined in the agreement. There was no outstanding balance as of September 30, 2024. The Institute must meet certain covenants as specified in the agreement. The Institute was in compliance with these covenants as of September 30, 2024.

8. LEASES

Nature of Leases

The Institute leases its main office space in Boston, Massachusetts under an agreement that runs through July 2026. The lease included an initial three-month rent-free period. Monthly lease payments for fiscal years 2024 and 2023 were approximately $46,000 and $45,000, respectively, and increase throughout the term of the lease. 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.

The Institute leases other program and administrative space under various operating lease agreements. Monthly lease payments under these agreements range from $2,200 to $7,106. These leases expire at various dates through January 2033. 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 also has printer and copier leases with monthly payments ranging from $192 to $1,041. These leases expire at various dates through July 2026.

The following summarizes the line items in the accompanying statements of functional expenses, which include the components of lease expense for the years ended September 30:

	2024	2023
Operating lease costs included in rent and utilities	$ 687,486	$ 616,978
Operating lease costs included in supplies and materials	14,795	14,795
Variable lease costs included in rent and utilities	212,654	208,664
Short-term lease cost included in supplies and materials	13,353	27,720
Total operating lease expense	$ 928,288	$ 868,157

8. LEASES (Continued)

Nature of Leases (Continued)

The maturities of lease liabilities as of September 30, 2024, are as follows:

2025	$ 824,123
2026	691,675
2027	206,713
2028	187,288
2029	139,792
Thereafter	337,600
Total future undiscounted lease payments	2,387,191
Less - present value discount	(181,927)
Present value of lease liability	$ 2,205,264

The weighted-average discount rate associated with operating leases for the years ended September 30, 2024 and 2023, is 3.93% and 3.89%, respectively. The Institute's weighted-average lease term is 4.24 years and 4.81 years for the years ended September 30, 2024 and 2023, respectively.

During the years ended September 30, 2024 and 2023, cash paid for amounts included in the measurement of operating lease liabilities was $835,115 and $770,490, respectively, and there were $275,570 and $482,978, respectively, of ROU assets obtained in exchange for lease liabilities.

As of September 30, 2024, there were no material leases that have been executed but not yet commenced.

9. CONDITIONAL GOVERNMENT CONTRACTS AND GRANTS

During fiscal years 2024 and 2023, the Institute received grants and contributions (including government contracts) that contained donor-imposed conditions that represent a barrier that must be overcome, as well as a right of return of assets or release from obligations. The Institute recognizes these grants and contributions, including government contracts, when donor-imposed conditions are substantially met.

Conditional promises to give consist of the following at September 30:

	2024	2023
Subject to measurable performance barriers	$ 1,061,997	$ 188,240
Incurring qualifying expenses	1,878,708	2,258,842
Total conditional promises to give	$ 2,940,705	$ 2,447,082

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:

	2024	2023
Cash	$ 1,268,297	$ 632,175
Current portion of government contracts and contributions receivable	6,111,864	4,216,844
Accounts receivable	162,220	79,289
	7,542,381	4,928,308
Less - donor restricted cash and contributions receivable	489,573	937,010
Total financial assets and liquidity resources available within one year	$ 7,052,808	$ 3,991,298

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. The Institute has $11,192,351 and $9,392,011 of readily available investments as of September 30, 2024 and 2023, respectively, should there be an unanticipated cash flow need. In the event of an unanticipated liquidity need, the Institute could also draw upon a $1,500,000 available line of credit (see Note 6).

11. PROPERTY AND EQUIPMENT AND DEPRECIATION

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

	2024	2023
Leasehold improvements	$ 2,801,365	$ 2,751,142
Furniture and equipment	526,202	539,795
	3,327,567	3,290,937
Less - accumulated depreciation	2,216,491	1,904,629
Net property and equipment	$ 1,111,076	$ 1,386,308

Depreciation expense was $319,517 and $328,530 for the years ended September 30, 2024 and 2023, respectively.

12. GOVERNMENT CONTRACTS AND CONTRIBUTIONS RECEIVABLE

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

	2024	2023
Due in one year	$ 6,111,864	$ 4,216,844
Due in two years	1,513,333	412,000
Due in three years	1,020,000	236,000
Due in four years and thereafter	2,000,000	30,000
	10,645,197	4,894,844
Less - discount	352,987	42,206
Less - current portion	6,111,864	4,216,844
	$ 4,180,346	$ 635,794

The discount recorded on amounts to be collected in future years was calculated using a rate of 3.58% and 4.60% for the years ended September 30, 2024 and 2023, respectively.

13. RECLASSIFICATION

Certain amounts in the fiscal year 2023 financial statements have been reclassified to conform with the fiscal year 2024 presentation.