

**INTEGRATED REFUGEE &
IMMIGRANT SERVICES, INC.
FINANCIAL STATEMENTS
YEARS ENDED
DECEMBER 31, 2020 AND 2019**

INTEGRATED REFUGEE & IMMIGRANT SERVICES, INC.

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Beers, Hamerman, Cohen & Burger, PC

Certified Public Accountants and Business Consultants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Integrated Refugee & Immigrant Services, Inc.
New Haven, Connecticut

We have audited the accompanying financial statements of Integrated Refugee & Immigrant Services, Inc., (a nonprofit organization) which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

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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 Integrated Refugee & Immigrant Services, Inc. as of December 31, 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.

Beers, Hamerman, Cohen & Burger, P.C.

New Haven, Connecticut
June 15, 2021

INTEGRATED REFUGEE & IMMIGRANT SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 1,576,571	\$ 1,314,133
Grants receivable	296,053	221,238
Contributions receivable	458,844	685,465
Prepaid expenses	34,332	50,710
Other receivables	5,877	7,600
Endowment investments	674,905	420,486
Property and equipment - net	75,032	43,712
Security deposit	<u>2,400</u>	<u>2,400</u>
TOTAL ASSETS	<u>\$ 3,124,014</u>	<u>\$ 2,745,744</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 166,626	\$ 138,670
Refundable advance - Federal Paycheck Protection Program loan	348,655	-
Deferred revenue	<u>7,407</u>	<u>15,936</u>
Total Liabilities	<u>522,688</u>	<u>154,606</u>
Net Assets		
Without donor restrictions	1,150,712	1,083,202
With donor restrictions	<u>1,450,614</u>	<u>1,507,936</u>
Total Net Assets	<u>2,601,326</u>	<u>2,591,138</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,124,014</u>	<u>\$ 2,745,744</u>

See accompanying notes to the financial statements.

INTEGRATED REFUGEE & IMMIGRANT SERVICES, INC.
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2020			Year Ended December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support						
Grant revenue and clinic fees						
Federal passthrough grants:						
State Department of Social Services	\$ 856,542	\$ -	\$ 856,542	\$ 571,134	\$ -	\$ 571,134
Episcopal Migration Ministries	346,821	-	346,821	594,249	-	594,249
City of New Haven	28,314	-	28,314	4,026	-	4,026
Department of Public Health	10,587	-	10,587	26,197	-	26,197
Preferred Communities	196,478	-	196,478	125,644	-	125,644
Other contributions and grants	988,374	617,337	1,605,711	917,352	1,694,480	2,611,832
Immigration and legal fee income	6,829	-	6,829	12,150	-	12,150
Special events income	88,388	104,931	193,319	95,662	117,958	213,620
Less: cost of direct benefits to donors	(73,340)	-	(73,340)	(67,032)	-	(67,032)
Net assets released from restrictions						
Restrictions satisfied by payments	712,190	(712,190)	-	719,709	(719,709)	-
Restrictions satisfied by passage of time	121,819	(121,819)	-	65,723	(65,723)	-
Total Revenue and Other Support	<u>3,283,002</u>	<u>(111,741)</u>	<u>3,171,261</u>	<u>3,064,814</u>	<u>1,027,006</u>	<u>4,091,820</u>
Operating Expenses						
Program	2,617,541	-	2,617,541	2,249,382	-	2,249,382
Management and general	395,360	-	395,360	317,209	-	317,209
Fundraising	209,077	-	209,077	230,398	-	230,398
Total Operating Expenses	<u>3,221,978</u>	<u>-</u>	<u>3,221,978</u>	<u>2,796,989</u>	<u>-</u>	<u>2,796,989</u>
Other Income (Expense)						
Investment income, net of investment fees	6,486	54,419	60,905	14,602	20,486	35,088
Loss on disposal of equipment	-	-	-	(1,700)	-	(1,700)
Total Other Income	<u>6,486</u>	<u>54,419</u>	<u>60,905</u>	<u>12,902</u>	<u>20,486</u>	<u>33,388</u>
Change in Net Assets	67,510	(57,322)	10,188	280,727	1,047,492	1,328,219
Net Assets, Beginning of Year	<u>1,083,202</u>	<u>1,507,936</u>	<u>2,591,138</u>	<u>802,475</u>	<u>460,444</u>	<u>1,262,919</u>
Net Assets, End of Year	<u>\$ 1,150,712</u>	<u>\$ 1,450,614</u>	<u>\$ 2,601,326</u>	<u>\$ 1,083,202</u>	<u>\$ 1,507,936</u>	<u>\$ 2,591,138</u>

See accompanying notes to the financial statements.

INTEGRATED REFUGEE & IMMIGRANT SERVICES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2020				Year Ended December 31, 2019			
	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,448,355	\$ 267,561	\$ 136,771	\$ 1,852,687	\$ 1,188,468	\$ 201,788	\$ 143,975	\$ 1,534,231
Direct client aid	549,118	-	-	549,118	440,316	-	-	440,316
Employee benefits and payroll taxes	288,975	53,291	27,241	369,507	232,234	39,431	28,134	299,799
Rent	78,870	13,203	6,749	98,822	85,766	12,898	9,202	107,866
Office expenses	44,384	12,655	3,412	60,451	52,903	16,967	6,420	76,290
Program consultants	99,949	3,154	1,632	104,735	83,135	5,571	4,987	93,693
Program activities	46,758	-	-	46,758	83,502	-	-	83,502
Professional fees	-	37,808	-	37,808	-	33,275	-	33,275
Travel	15,211	-	-	15,211	24,739	358	255	25,352
Events	-	-	29,308	29,308	12,744	-	32,488	45,232
Equipment rental and maintenance	5,788	1,066	545	7,399	7,366	1,251	892	9,509
Insurance	24,356	4,487	2,294	31,137	22,396	3,803	2,713	28,912
Depreciation	11,212	2,065	1,056	14,333	11,000	1,867	1,332	14,199
Bad debt expense	2,600	-	-	2,600	-	-	-	-
Professional development	1,965	70	69	2,104	4,813	-	-	4,813
	<u>\$ 2,617,541</u>	<u>\$ 395,360</u>	<u>\$ 209,077</u>	<u>\$ 3,221,978</u>	<u>\$ 2,249,382</u>	<u>\$ 317,209</u>	<u>\$ 230,398</u>	<u>\$ 2,796,989</u>

See accompanying notes to the financial statements.

INTEGRATED REFUGEE & IMMIGRANT SERVICES, INC.
STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 10,188	\$ 1,328,219
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense	2,600	-
Depreciation	14,333	14,199
Loss on disposal of equipment	-	1,700
Realized and unrealized gains on investments	(44,671)	(15,915)
Donated vehicle	(18,762)	(2,022)
Donated equipment	(1,640)	-
Changes in operating assets and liabilities:		
Grants receivable	(74,815)	(175,161)
Contributions receivable	224,021	(618,098)
Prepaid expenses	(1,934)	(25,902)
Other receivables	1,723	1,180
Accounts payable and accrued expenses	27,956	34,549
Refundable advance - Federal Paycheck Protection Program	348,655	-
Deferred revenue	(8,529)	4,578
Net Cash Provided by Operating Activities	<u>479,125</u>	<u>547,327</u>
Cash Flows from Investing Activities		
Purchase of equipment	(6,939)	(30,857)
Proceeds from sale of vehicle	-	450
Purchases of investments	(209,748)	(441,300)
Sales of investments	-	36,729
Net Cash Used by Investing Activities	<u>(216,687)</u>	<u>(434,978)</u>
Change in Cash	262,438	112,349
Cash, Beginning of Year	<u>1,314,133</u>	<u>1,201,784</u>
Cash, End of Year	<u>\$ 1,576,571</u>	<u>\$ 1,314,133</u>

See accompanying notes to the financial statements.

INTEGRATED REFUGEE & IMMIGRANT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Integrated Refugee & Immigrant Services, Inc. (Organization) is a non-profit voluntary health and welfare organization; it was previously named Episcopal Social Services of the Diocese of Connecticut, Inc. (ESS). The Organization's primary purpose is to aid in the resettlement of refugees and other immigrants; in 2020 and 2019, its clients were primarily refugees from Africa and Central Asia and immigrants from Latin America. The Organization is supported primarily through government grants and contributions from individuals, community groups, and faith-based groups.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Grants and Contributions Receivable

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment

Property and equipment and leasehold improvements are stated at cost or fair value if donated and depreciated using the straight-line method over the estimated useful lives of the assets, which are five years for furniture and equipment, vehicles, and leasehold improvements. The Organization's capitalization threshold is \$1,000.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and related taxes are allocated based on estimates of actual time spent on program activities, management and general activities and fundraising activities. Rent expense is allocated based on the nature and use of the space, whether for program activities or administrative activities.

INTEGRATED REFUGEE & IMMIGRANT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Contributions

Contributions are defined as voluntary, non-reciprocal transfers. Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any restrictions.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted support is reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Government Grants

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as a contribution when the Organization has met the conditions of the grant, which is generally that the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

Revenue from Contracts with Customers

Revenue from contracts with customers consist of the following:

	Year Ended December 31,	
	<u>2020</u>	<u>2019</u>
Immigration and legal fee income	\$ 6,829	\$ 12,150
Registration fees - special events	84,795	76,249
After-party tickets - special events	2,583	-
Merchandise - special events	<u>565</u>	<u>-</u>
Total	<u>\$ 94,772</u>	<u>\$ 88,399</u>

Revenue for immigration and legal services provided to clients is recognized as the services are provided. The Organization recognizes revenue for registration fees for special events at the time the special event is held. Determining when control transfers requires management to make judgements that affect the timing of revenue recognized. The Organization believes that the preceding method provides a faithful depiction of the transfer of control of its services.

Income Taxes

The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3).

INTEGRATED REFUGEE & IMMIGRANT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Investments

Investments are recorded at fair value based on quoted market prices in an active market. Investment income and net appreciation or depreciation in the fair value of investments is included in the statement of activities.

Endowment Funds

The Organization allocates investment income in accordance with donor restrictions and Connecticut law, which adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable.

Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions be made in relation to the overall resources of the Organization.

Donated Services

The Organization recognizes donated services that will create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosures 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 these estimates.

Reclassifications

Prior period financial statement amounts have been reclassified to conform to current period presentation.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Liquidity

The operations and programs of the Organization are primarily funded by governmental grants and private contributions. The Organization reviews its operations on a weekly basis and monitors cash flows accordingly. Most of the government agencies have contracted grants through September 2021 and the Organization is expecting to continue provide the services that the federal agencies are funding. The public support revenues are unpredictable for the future, however the same programs are planned to occur in 2021 as in 2020.

INTEGRATED REFUGEE & IMMIGRANT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS – (CONTINUED)

Availability of Financial Assets

The following reflects the Organization’s financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for general expenditure in the following year.

	Year Ended December 31,	
	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash	\$ 1,576,571	\$ 1,314,133
Grants receivable	296,053	221,238
Contributions receivable	458,844	685,465
Other receivables	5,877	7,600
Endowment investments	<u>674,905</u>	<u>420,486</u>
	3,012,250	2,648,922
Less amounts not available to be used for general expenditures within one year:		
Net assets with donor restrictions	1,450,614	1,507,936
Less net assets with time restrictions to be met in less than a year	<u>(9,579)</u>	<u>(21,467)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 1,571,215</u>	<u>\$ 1,162,453</u>

NOTE 3 - ENDOWMENT

On February 7, 2019, the Organization received a contribution from a donor in the amount of \$1,000,000 to fund a permanent endowment. The endowment is to be paid in five annual installments of \$200,000, with annual payments to be made to the Organization on the anniversary of the date of the contribution award agreement. Under the contribution award agreement, the Organization may withdraw an amount up to 5% of the fair market value of the endowment fund annually.

The Organization’s endowment consists of funds to be used in the support of the Organization’s mission. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

INTEGRATED REFUGEE & IMMIGRANT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 3 - ENDOWMENT – (CONTINUED)

Interpretation of Relevant Law

Management of the Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds, including:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return of the charitable assets
- Other resources of the Organization
- The Organization's investment policies

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period.

Spending Policy

It is the Organization's objective to achieve an overall return on the endowment which will sustain a consistent level of funding of operational needs, based on the spending policy, and which will preserve purchasing power of the fund for the long-term fulfillment of their charitable purpose. The Organization's endowment policies include the following five investment concepts: meaning of total return, relationship of risk to return, use of portfolio techniques to reduce risk, importance of time, and reporting as an investment management tool.

The Organization has adopted a spending policy which allows them to withdraw up to 5% of the fair market value of the fund, annually; first from net income, and to the extent insufficient, from realized net capital gains, to the extent that is insufficient, from principal of the fund. For the first two years of the agreement, fair market value will be considered the fair market value of the fund on the first business day of the current valuation year. For the third and subsequent years, fair market value will be considered the average of the market value of the fund on the first business day of the current valuation year, the market value of the fund on the first business day of the previous valuation year, and the market value of the fund on the first business day of the valuation year which was two years prior to the current valuation year.

INTEGRATED REFUGEE & IMMIGRANT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 3 - ENDOWMENT – (CONTINUED)

Spending Policy – (Continued)

The up to 5% value is subject to a cap and floor restriction. When calculating the 5% of the three-year average, the resulting value is restricted to not less than 4% and not more than 6% of the market value of the fund on the first business day of the current valuation year.

The composition of assets that comprise the Endowment fund are as follows:

	December 31,	
	<u>2020</u>	<u>2019</u>
Contributions receivable	\$ 393,674	\$ 584,261
Investments	<u>674,905</u>	<u>420,486</u>
Total	<u>\$ 1,068,579</u>	<u>\$ 1,004,747</u>

Changes in endowment net assets for the year ended December 31, 2020 are as follows:

Balance, January 1, 2020	\$ 1,004,747
Change in fair value	9,413
Investment return, net	<u>54,419</u>
Balance, December 31, 2020	<u>\$ 1,068,579</u>

Changes in endowment net assets for the year ended December 31, 2019 are as follows:

Balance, January 1, 2019	\$ -
Contributions	984,261
Investment return, net	<u>20,486</u>
Balance, December 31, 2019	<u>\$ 1,004,747</u>

INTEGRATED REFUGEE & IMMIGRANT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 4 - DONATIONS IN KIND

Donations in kind consist of the following:

	Year Ended	
	December 31,	
	<u>2020</u>	<u>2019</u>
Professional services	\$ 19,028	\$ 14,500
Vehicles	18,762	2,022
Equipment	1,640	-
Special events	<u>-</u>	<u>5,000</u>
	<u>\$ 39,430</u>	<u>\$ 21,522</u>

NOTE 5 - CONTRIBUTIONS RECEIVABLE

The Organization had contributions receivable of \$458,844 and \$685,465 as of December 31, 2020 and 2019, respectively. Promises to give in more than one year were discounted at 1.62% per year. This interest rate reflects the U.S Treasury's daily treasury yield curve based on the Organization's initial \$1,000,000 endowment granted in 2019 and the additional annual payments they are to receive on this endowment through 2022. There was no reserve recorded on these long-term promises to give as the Organization believes they are fully collectible.

Contributions receivable are:

	December 31,	
	<u>2020</u>	<u>2019</u>
Contributions due in less than one year	\$ 265,170	\$ 301,204
Contributions due within one to five years	<u>200,000</u>	<u>400,000</u>
	465,170	701,204
Less: discount to net present value	<u>(6,326)</u>	<u>(15,739)</u>
	<u>\$ 458,844</u>	<u>\$ 685,465</u>

INTEGRATED REFUGEE & IMMIGRANT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 6 - FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value in three broad levels:

Level 1: Inputs are based upon adjusted quoted prices for identical instruments traded in active markets.

Level 2: Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are, therefore, determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques. These inputs reflect the assumptions of management about assumptions market participants would use in pricing the investments.

The Organization's assets at fair value are classified as Level 1 in the fair value hierarchy table, as follows:

	December 31,	
	<u>2020</u>	<u>2019</u>
ETF - U.S. Stocks	<u>\$ 203,873</u>	<u>\$ 126,004</u>
Mutual Funds		
Emerging markets	129,993	82,539
Developed Markets	129,797	81,060
Real estate	120,829	75,021
Other	30,157	18,653
Fixed Income	30,155	18,614
Treasury	<u>30,101</u>	<u>18,595</u>
Total mutual funds	<u>471,032</u>	<u>294,482</u>
Total investments at fair value	<u>\$ 674,905</u>	<u>\$ 420,486</u>

INTEGRATED REFUGEE & IMMIGRANT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 6 - FAIR VALUE MEASUREMENTS – (CONTINUED)

The fair value of contributions receivable measured at fair value on a non-recurring basis at December 31, 2020 and 2019 was \$393,674 and \$584,261, respectively. They are a Level 3 input and were determined using the income approach based on calculating the present value of the future receipts using a discount rate of 1.62%.

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31,	
	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 20,738	\$ 12,158
Leasehold improvements	41,705	41,705
Vehicles	50,911	32,149
Software	18,312	-
Less: accumulated depreciation	<u>(56,634)</u>	<u>(42,300)</u>
	<u>\$ 75,032</u>	<u>\$ 43,712</u>

NOTE 8 - OPERATING LEASES

The Organization leased its facility located in New Haven, Connecticut on a month-to-month basis through December 2020. Monthly rent expense under the lease was \$6,810. As part of the lease, the Organization also rented additional storage space for \$600 per month. In December 2020, the Organization signed a six-month renewal for this facility through June 2021. All other terms of the lease remain unchanged.

In October 2018, the Organization began leasing additional space from a Church to operate certain education programs. The lease ended in June 2019, and the monthly rent was \$500. In September 2019, the Organization began leasing additional space from another Church to operate certain education programs. The lease period was September 2019 through June 2020 and monthly rent was \$1,300. As a result of the COVID-19 pandemic, the lease ended in February 2020.

The Organization also leases various office equipment, including copiers and a mail machine. The lease terms range between four and five years. The monthly lease expense for each of the copiers is between \$134 and \$194 and the quarterly lease expense for the mail machine is \$165.

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NOTE 8 - OPERATING LEASES – (CONTINUED)

The future minimum lease payments are as follows:

Year Ending <u>December 31,</u>	
2021	\$ 48,734
2022	3,096
2023	1,622
2024	684
2025	684
Thereafter	<u>570</u>
	<u>\$ 55,390</u>

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

The Organization's net assets with donor restrictions consist of the following:

	December 31,	
	<u>2020</u>	<u>2019</u>
Endowment	\$ 1,068,579	\$1,004,747
Educational outreach	62,201	250,368
COVID Relief	58,110	-
Anti-racism work	47,142	-
Immigration legal services	42,391	120,096
Food and food pantry services	23,908	-
Employment services and job creation	23,363	23,363
Helping families	23,177	-
Co-sponsorship	18,615	11,665
Music project	13,912	14,134
New office space	11,395	11,395
Community outreach	10,000	10,000
Mental health and wellness	10,000	9,965
Designated families	9,707	10,242
Run for Refugees sponsorships and donations for 2021 and 2020, respectively	9,579	26,467
Other restricted purposes	8,213	7,300
Art therapy	8,163	-
Operations - structural improvement	1,916	1,916
Direct client assistance	<u>243</u>	<u>6,278</u>
	<u>\$ 1,450,614</u>	<u>\$1,507,936</u>

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NOTE 10 - EMPLOYEE BENEFIT PLAN

The Organization participates in the pension plan of the Episcopal Diocese of Connecticut, which is a defined contribution plan covering employees who: 1) are at least 21, 2) have worked for the Organization for 12 months, and 3) work at least 1,000 hours per year. Pension costs are determined as five (5%) percent of eligible employee compensation and a match of employee contributions up to four (4%) percent. Pension expense was \$110,054 and \$92,966 for the years ended December 31, 2020 and 2019, respectively. All employer contributions are immediately vested to the employees.

NOTE 11 - CONCENTRATIONS

Economic Dependence

The Organization derives substantial portions of its revenue from federal grants passed through various state agencies and church related entities. Should the relationship with any of these organizations be jeopardized or these organizations lose their own funding sources, it is possible the Organization would be unable to continue in its current size and scope.

For the years ended December 31, 2020 and 2019, approximately 45% and 32% of all revenue and support was from government grants.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

As part of its mission, the Organization has become a party to various leases for its clientele. As of December 31, 2020, the Organization is a party to 17 leases which range from \$850 to \$1,300 per month. The leases expire at various dates, the latest being November 1, 2021.

Financial awards from governmental entities in the form of grants and fees are subject to a special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

NOTE 13 - FEDERAL PAYCHECK PROTECTION PROGRAM

In May 2020, the Organization received loan proceeds in the amount of \$348,655 under the Federal Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Securities Act (CARES ACT), provides for loans to qualifying entities for amounts up to 2.5 times average monthly payroll expenses of the qualifying entity. The loans and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the 24-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization intends to use the proceeds for purposes consistent with the PPP guidelines. The Organization has elected to record proceeds from the loan as a liability until either (1) the loan is partly or wholly forgiven and the Organization has been legally released or (2) the Organization pays off the loan.

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NOTE 14 - COVID-19

As a result of the COVID-19 pandemic, the Organization experienced a significant increase in client needs as well as increased expenses due to the transition to remote working and changes in operational procedures. Although the Organization had a reduction in arrivals under the refugee program in 2020, the number of immigrant clients served by the Organization increased. Many of the Organization's clients required substantial increased assistance due to the public health and economic impacts of the pandemic. The Organization's food pantry served triple the number of individuals than in 2019, and due to the safety precautions needed, many processes and procedures needed to be adapted. The Organization hired additional staff to assist new clients.

The Organization received supplemental federal funding in 2020 to help the Organization with the additional costs incurred due to the pandemic and aid in carrying out programs, as well as additional private contributions from donors. The total incremental funding received during the year ended December 31, 2020 was as follows:

Supplemental federal assistance	\$ 153,144
Private contributions for COVID-19 expenses	<u>326,700</u>
Total COVID-19 assistance	<u>\$ 479,844</u>

Total incremental direct client assistance expenses related to COVID-19 during the year ended December 31, 2020 were as follows:

Rent	\$ 219,664
Food	28,828
Care packages	20,681
Tablets for students	10,350
Cash assistance	10,000
Food pantry	6,646
Utilities	4,128
Medical	1,901
Other	<u>1,432</u>
Total COVID-19 related client assistance	<u>\$ 303,630</u>

The Organization will use \$58,110 for direct client assistance in 2021 (see Note 15).

The Organization also received additional loan proceeds from the Federal Paycheck Protection Program subsequent to year end (see Note 15).

The extent of any further impacts of the COVID-19 pandemic on the Organization is uncertain and cannot be reasonably estimated as of the date of the financial statements.

NOTE 15 - SUBSEQUENT EVENTS

On March 28, 2021, the Organization received additional loan proceeds in the amount of \$372,865 under the Federal Paycheck Protection Program. The terms are the same as those related to the funds they received in May 2020.

The Organization did not have any additional subsequent events through June 15, 2021 which is the date the financial statements were available to be issued.