

**INTEGRATED REFUGEE &
IMMIGRANT SERVICES, INC.**

**FINANCIAL STATEMENTS
AND FEDERAL SINGLE AUDIT**

**YEARS ENDED
DECEMBER 31, 2019 AND 2018**

INTEGRATED REGUFEE &
IMMIGRANT SERVICES, INC.

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Integrated Refugee & Immigrant Services, Inc., which comprise the statements of financial position as of December 31, 2019 and 2018 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

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, 2019 and 2018, 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.

New Accounting Pronouncement

As described in Note 1 to the financial statements, the Organization adopted new accounting guidance related to revenue from contracts with customers, and not-for-profit contributions. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2020, on our consideration of the Integrated Refugee & Immigrant Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Integrated Refugee & Immigrant Services, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Integrated Refugee & Immigrant Services, Inc.'s internal control over financial reporting and compliance.

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

New Haven, Connecticut
September 15, 2020

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

	December 31,	
	<u>2019</u>	<u>2018</u>
ASSETS		
Cash	\$ 1,314,133	\$ 1,201,784
Grants receivable	221,238	46,077
Contributions receivable	685,465	67,367
Prepaid expenses	50,710	24,808
Other receivables	7,600	8,780
Endowment investments	420,486	-
Property and equipment - net	43,712	27,182
Security deposit	<u>2,400</u>	<u>2,400</u>
TOTAL ASSETS	<u>\$ 2,745,744</u>	<u>\$ 1,378,398</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 138,670	\$ 104,121
Deferred revenue	<u>15,936</u>	<u>11,358</u>
Total Liabilities	<u>154,606</u>	<u>115,479</u>
Net Assets		
Without donor restrictions	1,083,202	802,475
With donor restrictions	<u>1,507,936</u>	<u>460,444</u>
Total Net Assets	<u>2,591,138</u>	<u>1,262,919</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,745,744</u>	<u>\$ 1,378,398</u>

See accompanying notes to the financial statements.

INTEGRATED REFUGEE &
IMMIGRANT SERVICES, INC.
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2019			Year Ended December 31, 2018		
	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Operating Revenue and Support						
Grant revenue and clinic fees						
Federal passthrough grants:						
State Department of Social Services	\$ 571,134	\$ -	\$ 571,134	\$ 499,541	\$ -	\$ 499,541
Episcopal Migration Ministries	594,249	-	594,249	298,639	-	298,639
Church World Service	-	-	-	24,780	-	24,780
City of New Haven	4,026	-	4,026	6,935	-	6,935
Department of Public Health	26,197	-	26,197	27,123	-	27,123
Preferred Communities	125,644	-	125,644	133,327	-	133,327
Other contributions and grants	917,352	1,694,480	2,611,832	955,285	643,993	1,599,278
Immigration and legal fee income	12,150	-	12,150	11,500	-	11,500
Special events income	95,662	117,958	213,620	83,721	85,880	169,601
Less: cost of direct benefits to donors	(67,032)	-	(67,032)	(62,570)	-	(62,570)
Net assets released from restrictions						
Restrictions satisfied by payments	719,709	(719,709)	-	368,209	(368,209)	-
Restrictions satisfied by passage of time	65,723	(65,723)	-	79,232	(79,232)	-
Total Revenue and Other Support	<u>3,064,814</u>	<u>1,027,006</u>	<u>4,091,820</u>	<u>2,425,722</u>	<u>282,432</u>	<u>2,708,154</u>
Operating Expenses						
Program	2,249,382	-	2,249,382	1,766,665	-	1,766,665
Management and general	317,209	-	317,209	338,427	-	338,427
Fundraising	230,398	-	230,398	168,711	-	168,711
Total Operating Expenses	<u>2,796,989</u>	<u>-</u>	<u>2,796,989</u>	<u>2,273,803</u>	<u>-</u>	<u>2,273,803</u>
Other Income (Expense)						
Investment income, net of investment fees	14,602	20,486	35,088	4,095	-	4,095
(Loss) gain on disposal of equipment	(1,700)	-	(1,700)	908	-	908
Total Other Income	<u>12,902</u>	<u>20,486</u>	<u>33,388</u>	<u>5,003</u>	<u>-</u>	<u>5,003</u>
Change in Net Assets	280,727	1,047,492	1,328,219	156,922	282,432	439,354
Net Assets, Beginning of Year	<u>802,475</u>	<u>460,444</u>	<u>1,262,919</u>	<u>645,553</u>	<u>178,012</u>	<u>823,565</u>
Net Assets, End 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>

See accompanying notes to the financial statements.

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

	Year Ended December 31, 2019				Year Ended December 31, 2018			
	<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	\$ 1,188,468	\$ 201,788	\$ 143,975	\$ 1,534,231	\$ 981,475	\$ 205,955	\$ 105,746	\$ 1,293,176
Direct client aid	440,316	-	-	440,316	303,453	-	-	303,453
Employee benefits and payroll taxes	232,234	39,431	28,134	299,799	205,046	40,321	21,469	266,836
Rent	75,966	12,898	9,202	98,066	74,414	15,616	8,018	98,048
Office expenses	52,903	16,967	6,420	76,290	53,639	10,942	5,392	69,973
Program consultants	79,016	5,571	4,987	89,574	58,851	3,264	1,676	63,791
Direct program expenses	115,149	-	-	115,149	47,973	-	-	47,973
Professional fees	-	33,275	-	33,275	-	56,377	-	56,377
Travel	7,011	358	255	7,624	5,420	1,138	585	7,143
Events	12,744	-	32,488	45,232	7,803	-	24,222	32,025
Equipment rental and maintenance	7,366	1,251	892	9,509	8,940	1,694	-	10,634
Insurance	22,396	3,803	2,713	28,912	8,862	1,861	956	11,679
Depreciation	11,000	1,867	1,332	14,199	5,996	1,259	647	7,902
Professional development	4,813	-	-	4,813	4,793	-	-	4,793
	<u>\$ 2,249,382</u>	<u>\$ 317,209</u>	<u>\$ 230,398</u>	<u>\$ 2,796,989</u>	<u>\$ 1,766,665</u>	<u>\$ 338,427</u>	<u>\$ 168,711</u>	<u>\$ 2,273,803</u>

See accompanying notes to the financial statements.

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

	Year Ended December 31,	
	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 1,328,219	\$ 439,354
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	14,199	7,902
Loss (gain) on disposal of equipment	1,700	(908)
Realized and unrealized gains on investments	(15,915)	-
Donated vehicle	(2,022)	-
Donated leasehold improvements	-	(11,006)
Changes in operating assets and liabilities:		
Grants receivable	(175,161)	188,317
Contributions receivable	(618,098)	26,519
Prepaid expenses	(25,902)	(13,185)
Other receivables	1,180	(4,083)
Security deposit	-	(400)
Accounts payable and accrued expenses	34,549	9,361
Deferred revenue	<u>4,578</u>	<u>3,455</u>
Net Cash Provided by Operating Activities	<u>547,327</u>	<u>645,326</u>
Cash Flows from Investing Activities		
Purchase of equipment	(30,857)	-
Proceeds from sale of vehicle	450	-
Purchases of investments	(441,300)	-
Sales of investments	<u>36,729</u>	<u>-</u>
Net Cash Used by Investing Activities	<u>(434,978)</u>	<u>-</u>
Change in Cash	112,349	645,326
Cash, Beginning of Year	<u>1,201,784</u>	<u>556,458</u>
Cash, End of Year	<u>\$ 1,314,133</u>	<u>\$ 1,201,784</u>

See accompanying notes to the financial statements.

INTEGRATED REFUGEE &
IMMIGRANT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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 2019 and 2018, its clients were primarily refugees from Africa and the Middle East and immigrants from Latin America. The Organization is supported primarily through government grants and contributions from individuals, community groups, and faith-based groups.

Until July 1, 2018, ESS was an official human service agency of the Episcopal Church in Connecticut. An independent non-profit organization named Integrated Refugee & Immigrant Services, Inc. (IRIS) was created effective March 10, 2015. Certain net assets of ESS were transferred to IRIS as of January 1, 2018. Effective July 1, 2018, ESS amended and restated its Certificate of Incorporation; IRIS merged with and into ESS, with ESS as the surviving corporation. ESS then changed its name to Integrated Refugee & Immigrant Services, Inc.

Guidance Adopted in 2019

In May 2014, the Financial Accounting Standards Board (FASB) issued FASB ASU 2014-09: *Revenue from Contracts with Customers*, which clarifies the principles for recognizing revenue. This guidance includes the required steps to achieve the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization adopted this guidance as of January 1, 2019. The adoption of this standard had an immaterial effect on the financial statements.

In June 2018, the FASB issued FASB ASU 2018-08: *Not-For-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions made*, which clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This standard did not have a material impact on the financial statements.

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.

INTEGRATED REFUGEE &
IMMIGRANT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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

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.

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.

INTEGRATED REFUGEE &
IMMIGRANT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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

Revenue from Contracts with Customers

Revenue from contracts with customers consist of the following:

	Year Ended December 31,	
	<u>2019</u>	<u>2018</u>
Immigration and legal fee income	\$ 12,150	\$ 11,500
Registration fees - special events	<u>76,249</u>	<u>70,969</u>
Total	<u>\$ 88,399</u>	<u>\$ 82,469</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).

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.

INTEGRATED REFUGEE &
IMMIGRANT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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

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 2020 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 2020 as in 2019.

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>2019</u>	<u>2018</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,314,133	\$ 1,201,784
Grants receivable	221,238	46,077
Contributions receivable	685,465	67,367
Other receivables	7,600	8,780
Endowment investments	<u>420,486</u>	<u>-</u>
	2,648,922	1,324,008
Less amounts not available to be used for general expenditures within one year:		
Net assets with donor restrictions	1,507,936	460,444
Less net assets with time restrictions to be met in less than a year	<u>(21,467)</u>	<u>(23,021)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 1,162,453</u>	<u>\$ 886,585</u>

INTEGRATED REFUGEE &
IMMIGRANT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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. The first and second installments were received in April and December of 2019. 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.

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.

INTEGRATED REFUGEE &
IMMIGRANT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 3 - ENDOWMENT – (CONTINUED)

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. 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 for the year ended December 31, 2019 are as follows:

Contributions receivable	\$ 584,261
Investments	<u>420,486</u>
Total	<u>\$ 1,004,747</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, 2019 AND 2018

NOTE 4 - DONATIONS IN KIND

Donations in kind consist of the following:

	Year Ended December 31,	
	<u>2019</u>	<u>2018</u>
Professional services	\$ 14,500	\$ 34,292
Special events	5,000	-
Vehicles	2,022	-
Leasehold improvements	<u>-</u>	<u>11,006</u>
	<u>\$ 21,522</u>	<u>\$ 45,298</u>

NOTE 5 - CONTRIBUTIONS RECEIVABLE

The Organization had contributions receivable of \$685,465 and \$67,367 for the years ended December 31, 2019 and 2018, 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 as of December 31, 2019 for a three-year term, as the Organization is scheduled to receive three additional annual payments on their long-term promise to give. 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>2019</u>	<u>2018</u>
Contributions due in less than one year	\$ 301,204	\$ 67,367
Contributions due within one to five years	<u>400,000</u>	<u>-</u>
	701,204	67,367
Less: discount to net present value	<u>(15,739)</u>	<u>-</u>
	<u>\$ 685,465</u>	<u>\$ 67,367</u>

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:

INTEGRATED REFUGEE &
IMMIGRANT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 6 - FAIR VALUE MEASUREMENTS – (CONTINUED)

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 for the year ended December 31, 2019 are classified as Level 1 in the fair value hierarchy table as follows:

ETF - U.S. Stocks	\$ 126,004
Mutual Funds	
Emerging markets	82,539
Developed Markets	81,060
Real estate	75,021
Other	18,653
Fixed Income	18,614
Treasury	<u>18,595</u>
Total mutual funds	<u>294,482</u>
Total investments at fair value	<u><u>\$ 420,486</u></u>

The fair value of contributions receivable measured at fair value on a non-recurring basis at December 31, 2019 was \$584,261. 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%. There were no contributions receivable measured at fair value on a non-recurring basis at December 31, 2018.

INTEGRATED REFUGEE &
IMMIGRANT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31,	
	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 12,158	\$ 14,273
Leasehold improvements	41,705	11,006
Vehicles	32,149	32,970
Less: accumulated depreciation	<u>(42,300)</u>	<u>(31,067)</u>
	<u>\$ 43,712</u>	<u>\$ 27,182</u>

NOTE 8 - OPERATING LEASES

The Organization leases its facility located in New Haven, Connecticut. Monthly rent expense under the lease is \$6,810. As part of the lease, the Organization also rents additional storage space for \$600 per month. In November 2018, the Organization renewed their office lease agreement. The lease period was for November 1, 2018 through April 30, 2019. Beginning in May 2019, the Organization began renting their office space on a month to month basis. Monthly rent expense and all other terms of the previous lease agreement 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 is September 2019 through June 2020 and monthly rent is \$1,300. The Organization also leases three copiers and a mail machine. The monthly lease expense for the copiers is \$462 and the quarterly lease expense for the mail machine is \$165.

The future minimum lease payments are as follows:

Year Ending <u>December 31,</u>	
2020	\$ 14,003
2021	3,381
2022	2,144
2023	<u>670</u>
	<u>\$ 20,198</u>

INTEGRATED REFUGEE &
IMMIGRANT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

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

	December 31,	
	<u>2019</u>	<u>2018</u>
Endowment	\$ 1,004,747	\$ -
Educational outreach	250,368	188,248
Immigration legal services	120,096	60,770
Run for Refugees sponsorships and donations for 2020 and 2019, respectively	26,467	23,021
Employment services and job creation	23,363	38,611
Music project	14,134	43,688
Co-sponsorship	11,665	7,328
New office space	11,395	11,462
Designated families	10,242	9,492
Community outreach	10,000	10,018
Mental health and wellness	9,965	13,643
Other restricted purposes	7,300	15,066
Direct client assistance	6,278	27,580
Operations - structural improvement	1,916	1,916
Community engagement	-	9,601
	<u>\$ 1,507,936</u>	<u>\$ 460,444</u>

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 \$92,966 and \$80,935 for the years ended December 31, 2019 and 2018, 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, 2019 and 2018, approximately 32% and 37% of all revenue and support was from government grants.

INTEGRATED REFUGEE &
IMMIGRANT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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, 2019, the Organization is a party to 43 leases which range from \$700 to \$2,150 per month. The leases expire at various dates, the latest being December 31, 2020.

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 - SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States and throughout the world has led to market volatility and economic uncertainty. The extent of the impact of COVID-19 on the Organization's financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on the Organization's funding and programs, all of which are uncertain and cannot be predicted.

The Organization's 2020 budget was based on a projection of 360 arrivals. To date in calendar year 2020, the Organization has received 92 arrivals. Due to the various travel restrictions imposed as a result of COVID-19, the Organization did not receive any new refugee arrivals in April, May, or August, and only one family in June and two in July, which were admitted as emergency cases. This results in an estimated reduction in their grant revenue of approximately \$596,000 in 2020. Of that amount, \$322,000 was funds for direct client aid which will no longer be needed due to the decrease in arrivals, but \$274,000 of the funding was to be used for salaries and operating expenses that the Organization will still need, which will now have to be funded through other sources.

To date, the Organization has received \$313,000 of donor restricted contributions from various donors who have responded to the impact that COVID-19 has had on the Organization. These funds are to be used for direct client aid for COVID-19 related needs (i.e.: rent, food, medical needs, case management services). The Organization has also received 2 supplemental grants related to COVID-19 related expenses, totaling up to \$138,000.

The Organization engaged in extensive outreach in March and April to clients to educate them about the virus. They have had some families impacted by the virus who have required additional assistance. The Organization is also seeing the number of people coming to their food pantry double. In addition, education programs are being done remotely and several community engagement in-person programs have been cancelled.

INTEGRATED REFUGEE &
IMMIGRANT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 13 - SUBSEQUENT EVENTS – (CONTINUED)

In May 2020, the Organization received loan proceeds in the amount of approximately \$350,000 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 twenty four 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 twenty four 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 did not have any additional subsequent events through September 15, 2020 which is the date the financial statements were available to be issued.

FEDERAL SINGLE AUDIT



Beers, Hamerman, Cohen & Burger, PC
Certified Public Accountants and Business Consultants

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Advisory
Assurance
Valuation
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Integrated Refugee & Immigrant Services, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 15, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

New Haven, Connecticut

September 15, 2020



Beers, Hamerman, Cohen & Burger, PC

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Assurance
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Litigation Support

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Integrated Refugee & Immigrant Services, Inc.'s (Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2019. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

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Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

New Haven, Connecticut
September 15, 2020

INTEGRATED REFUGEE &
IMMIGRANT SERVICES, INC.
SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019

Federal Grantor/ Passthrough Grantor/ Program	Federal CFDA Number	Pass-through Entity ID Number	Total Federal Expenditures
<u>Department of State</u>			
Reception and Placement Program	19.510		
Passthrough from Episcopal Migration Ministries		SPRMCO-19-CA-0028	\$ 594,249
<i>Total Department of State</i>			<u>594,249</u>
<u>Department of Health and Human Services</u>			
Office of Refugee Resttlement	93.576		
Passthrough from the State of Connecticut Department of Public Health - ORR		2018-0048	26,197
Passthrough from Episcopal Migration Ministries		90RP0115-02-00	<u>125,644</u>
<i>Total Discretionary Grants</i>			<u>151,841</u>
Refugee and Entrant Assistance - State Administered Programs	93.566		
Refugee cash and medical assistance and refugee social services			
Passthrough from the State of Connecticut Department of Social Services:			
RSS		16DSS4801JI/064-1JI-RAP01	430,415
RSIG		16DSS4801JI/064-1JI-RAP01	87,372
Youth Mentoring		16DSS4801JI/064-1JI-RAP01	<u>53,347</u>
<i>Total State Administered Programs</i>			<u>571,134</u>
<i>Total Department of Health and Human Services</i>			<u>722,975</u>
<u>Department of Housing and Urban Development</u>			
Passthrough from the City of New Haven, Connecticut			
Community Development Block Grants/Entitlement Grants	14.218	40180032-01-FY2019	<u>4,026</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$1,321,250</u>

See accompanying notes to the schedule of expenditure of federal awards

INTEGRATED REFUGEE &
IMMIGRANT SERVICES, INC.
NOTES TO SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Integrated Refugee & Immigrant Services, Inc. (Organization), under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 - SUB-RECIPIENTS

There were no awards passed through to sub-recipients for the year ending December 31, 2019.

INTEGRATED REFUGEE &
IMMIGRANT SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2019

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? ☐ Yes ☒ No

Significant deficiencies identified? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiencies identified? ☐ Yes ☒ None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Major federal programs:

Federal Grantor/ Pass-through Grantor/ Program	Federal CFDA Number	Expenditures
<u>Department of State</u>		
Reception and Replacement	19.510	
Pass through from Episcopal Migration Ministries		\$ 594,249

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes