

INTERNATIONAL INSTITUTE OF THE BAY AREA

Financial Statements
June 30, 2016
(With Comparative Totals for June 30, 2015)

INTERNATIONAL INSTITUTE OF THE BAY AREA

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors /Trustees
International Institute of the Bay Area
San Francisco, California**

Report on the Financial Statements

I have audited the accompanying financial statements of International Institute of the Bay Area (IIBA), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, cash flows and functional expenses for the year 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

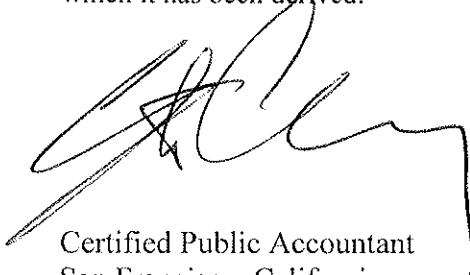
INDEPENDENT AUDITOR'S REPORT (Continued)

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Institute of the Bay Area as of June 30, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountant
San Francisco, California
September 10, 2016

INTERNATIONAL INSTITUTE OF THE BAY AREA
STATEMENTS OF FINANCIAL POSITION
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016	2015
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 495,137	\$ 521,464
Government and Grant Receivable, net (Note 7)	363,051	454,290
Prepaid Expenses	40,096	35,366
Total Current Assets	898,284	1,011,120
Deposits	23,521	35,159
Investments (Note 10)	1,159,034	895,829
TOTAL ASSETS	\$ 2,080,839	\$ 1,942,108
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	\$ 4,949	\$ 23,424
Accrued Expenses	124,655	81,899
Deferred Revenue	81,434	31,250
Fiscal Sponsorships	22,736	23,122
Other Current Liabilities	104,307	78,826
Total Current Liability	338,081	238,521
TOTAL LIABILITIES	338,081	238,521
Net Assets:		
Unrestricted	1,412,808	1,249,904
Temporarily Restricted (Note 4)	329,950	453,683
Total Net Assets	1,742,758	1,703,587
TOTAL LIABILITIES AND NET ASSETS	\$ 2,080,839	\$ 1,942,108

The accompanying notes are an integral part of the financial statements.

INTERNATIONAL INSTITUTE OF THE BAY AREA
 STATEMENTS OF ACTIVITIES
 For the Year Ended June 30, 2016
 (With Comparative Totals for the Year Ended June 30, 2015)

	Unrestricted	Temporarily Restricted	2016	2015
REVENUE, GAINS AND OTHER SUPPORT:				
Government Grants and Contracts	\$ 1,018,351	\$ -	\$ 1,018,351	\$ 718,884
Foundation Grants	299,736	541,066	840,802	1,212,210
Contributions	66,770	-	66,770	60,149
DACA Collaborative	-	-	-	302,517
Fees for Services	734,919	-	734,919	731,409
Unrealized Gain/Losses	44,132	-	44,132	(18,240)
Donated Facilities and Services	214,368	-	214,368	495,020
Other Income	34,885	-	34,885	25,100
Realized Gain/Losses	(47,691)	-	(47,691)	-
Net Assets Released from Restrictions	664,799	(664,799)	-	-
Total Revenue	<u>3,030,269</u>	<u>(123,733)</u>	<u>2,906,536</u>	<u>3,527,049</u>
EXPENSES				
Program Expenses	2,653,542	-	2,653,542	2,871,139
Administration	191,994	-	191,994	42,299
Fundraising	21,829	-	21,829	12,732
Total Expenses	<u>2,867,365</u>	<u>-</u>	<u>2,867,365</u>	<u>2,926,170</u>
CHANGE IN NET ASSETS	162,904	(123,733)	39,171	600,879
NET ASSETS, beginning of year	<u>1,249,904</u>	<u>453,683</u>	<u>1,703,587</u>	<u>1,311,816</u>
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>(209,108)</u>
NET ASSETS, beginning bal. after adjustment	<u>1,249,904</u>	<u>453,683</u>	<u>1,703,587</u>	<u>1,102,708</u>
NET ASSETS, end of year	<u>\$ 1,412,808</u>	<u>\$ 329,950</u>	<u>\$ 1,742,758</u>	<u>\$ 1,703,587</u>

The accompanying notes are an integral part of the financial statements.

INTERNATIONAL INSTITUTE OF THE BAY AREA
 STATEMENTS OF FUNCTIONAL EXPENSES
 For the Year Ended June 30, 2016
 (With Comparative Totals for the Year Ended June 30, 2015)

	San Francisco Immigration Program	San Mateo Immigration Program	Oakland Immigration Program	Antioch Immigration Program	Napa Immigration Program	Total Program Services	Administration	Fundraising	2016 Total	2015 Total
Salaries and Wages	\$ 350,037	\$ 528,927	\$ 384,732	\$ 142,641	\$ 196,017	\$ 1,602,354	\$ 157,390	-	\$ 1,759,744	\$ 1,680,410
Payroll Taxes	25,658	39,229	28,660	10,179	14,519	118,245	11,116	-	129,361	128,098
Benefits	65,399	73,454	46,512	15,083	24,460	224,908	12,640	-	237,548	201,647
Professional Fees	1,450	1,907	1,731	502	2,801	8,391	17,759	-	26,150	60,586
Occupancy Costs	33,527	7,256	51,099	13,517	17,116	122,515	16,831	-	139,346	132,424
Operating Expenses	109,300	133,586	43,238	13,612	29,574	329,310	(41,487)	-	287,823	134,300
Client Services	-	-	-	-	-	-	-	-	-	28,750
Staff/Board Development	3,574	14,747	5,476	3,229	6,369	33,395	17,730	-	51,125	43,402
Other Expenses	-	-	36	-	20	56	15	-	71	8,801
Fundraising	-	-	-	-	-	-	-	21,829	21,829	12,732
In-Kind Expense	-	28,179	186,189	-	-	214,368	-	-	214,368	495,020
TOTAL	\$ 588,945	\$ 827,285	\$ 747,673	\$ 198,763	\$ 290,876	\$ 2,653,542	\$ 191,994	\$ 21,829	\$ 2,867,365	\$ 2,926,170

INTERNATIONAL INSTITUTE OF THE BAY AREA
STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016	2015
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 39,171	\$ 600,879
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Prior Period Adjustment	-	(209,108)
Depreciation	-	18,240
Unrealized Gain on Investments	44,132	-
Account Receivable	91,239	(241,783)
Prepaid Expenses and Deposits	6,908	(41,305)
Account Payable	(18,475)	4,941
Accrued Expenses	42,756	(9,756)
Deferred Revenue	50,184	(662)
Fiscal Sponsorships	(386)	(2,127)
Other Current Liabilities	25,481	78,826
Net Cash Provided (Used) by Operating Activities	281,010	198,145
Cash Flows from Investing Activities:		
Increase of Investments	(263,205)	(162,468)
Unrealized Loss on Investments	(44,132)	(18,240)
Net Cash (Used) by Investing Activities	(307,337)	(180,708)
Net (Decrease) and Increase in Cash and Cash Equivalents	(26,327)	17,437
Cash and Cash Equivalents at Beginning of Year	521,464	504,027
Cash and Cash Equivalents at End of Year	\$ 495,137	\$ 521,464

The accompanying notes are an integral part of the financial statements.

INTERNATIONAL INSTITUTE OF THE BAY AREA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

NOTE 1 – ORGANIZATION

The International Institute of the Bay Area (IIBA) is a non-profit corporation that was founded in 1918. With a diverse Board of Directors, and an annual budget averaging \$2.2 million, the mission of the IIBA is to welcome, educate and serve immigrants, refugees and their families as they join and contribute to the community. The website for the organization is www.iibayarea.org. Services are provided in San Francisco, San Mateo, Alameda, Napa, and Contra Costa Counties in Northern California. Support for IIBA's projects and programs comes from government, private foundations, corporations, service fees for immigration legal assistance, and individual donations.

The primary focus of the IIBA's service is to promote immigrant integration through expert legal and accredited immigration law assistance, citizenship preparation, English classes, and workshops that describe the rights and responsibilities of citizenship, civic engagement, community-building, and education. Additional services include medical interpretation for refugees and asylees, and training for employees of other social service organizations on immigration laws.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accrual Basis - The financial statements of International Institute of the Bay Area have been prepared on the accrual basis of accounting.

Estimates - Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounts Receivable - Accounts receivable consist of receivables from participating employers for employee benefits. Based on prior write-off history, overall economic conditions, and the current aging status of its participating employers, IIBA has established an allowance for doubtful accounts at a level considered adequate to cover anticipated losses on outstanding accounts receivable. No allowance was recorded at June 30, 2016 or 2015 as the amount was not deemed to be material.

Benefits - IIBA provides dental, vision, disability, accidental death and dismemberment, and life insurance through policies with insurance companies covering eligible employees of member employers who elect to participate, and to the eligible dependents or designated beneficiaries of such employees.

Furniture, Fixtures, and Equipment - Furniture, fixtures, and equipment are recorded at cost and are depreciated using the straight line method over estimated useful lives. Depreciation expenses were \$0 and \$0 for the years ended June 30, 2016 and 2015, respectively.

INTERNATIONAL INSTITUTE OF THE BAY AREA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes - The Internal Revenue Service and the California Franchise Tax Board have determined that IIBA is exempt from federal and state income taxes under Internal Revenue Code Section (501)(c)(3) and the California Revenue and Taxation Code Section 23701 (d). IIBA has evaluated its current tax positions as of June 30, 2016 and is not aware of any significant uncertain tax positions for which a reserve would be necessary.

Cash Equivalents - For purpose of the statement of cash flows, IIBA considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

The Organization maintains its cash balances at several financial institutions located in the San Francisco Bay Area. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. All funds in a noninterest-bearing transaction account are insured in full by the FDIC through December 31, 2016.

Concentration of Support and Revenues - IIBA receives the majority of its financial support from government and foundation grants. The total comprised of 43.77% of total revenue and support for the fiscal year ended June 30, 2016, of which 33.82% were from government grants and 9.95% from foundation grants. An additional 24.41% of revenues were received from fees for services.

Donated Facilities and Services – IIBA receives substantial support from volunteers who donate their time to accomplish its purpose. These volunteers contribute legal services, which meets one of the conditions for the Organization to recognize revenue or expenses in their financial statements. Pursuant to ASC 958, one of the two conditions states “The services require specialized skills, are provided by someone who actually possesses those skills, and would have to be purchased if not donated.”

During fiscal year 2016, IIBA chose to record these contributions as the values were readily determinable and specified by the donors. In-kind revenue and in-kind expense in the amount of approximately \$214,368 and \$495,020 for 2016 and 2015 respectively is recorded in the accompanying statement of activities.

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the agency. Volunteers also provided other immigration services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under SFAS No. 116 were not met.

Reclassification - Certain amounts in the prior-year financial statements have been reclassified to conform with the presentation in the current-year financial statements.

INTERNATIONAL INSTITUTE OF THE BAY AREA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prior Year Summarized information - The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with IIBA's financial statements for the year ended June 30, 2015 from which the summarized information was derived.

Subsequent Events - At the time of the audit, IIBA has evaluated all subsequent events through September 10, 2016, the date the financial statements were available to be issued, and determined that there is no material impact from the subsequent events.

NOTE 3 – RETIREMENT PLAN

The Organization sponsors an IRC section 403(b) retirement plan for all eligible employees who elect to participate. The Organization matches up to 2% of participating employee's compensation. Total retirement plan expense for the year ending June 30, 2016 and 2015 were \$10,291 and \$13,486, respectively.

NOTE 4 – RESTRICT NET ASSETS

Temporarily restricted net assets as of June 30, 2016 are as follows:

	<u>2016</u>	<u>2015</u>
Grove Foundation	\$ 50,417	\$ 55,000
Soda Foundation	52,500	50,000
Silicon Valley Community Foundation	-	40,000
The San Francisco Foundation	16,667	20,833
Napa Valley Community Foundation	160,300	241,100
Kaiser Foundation	-	22,000
Asian Pacific Islander Legal Outreach	13,500	13,500
ILRC	-	11,250
Zellerbach Family Foundation	17,500	-
Atkinson Foundation	3,750	-
Van Loben Sels/Remberock Foundation	5,000	-
Ready Bay Area	10,316	-
Total	<u>\$ 329,950</u>	<u>\$ 453,683</u>

INTERNATIONAL INSTITUTE OF THE BAY AREA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

NOTE 5 – LEASE COMMITMENTS

IIBA entered into various leases agreements of office buildings (San Francisco, Fremont, Napa and Oakland) for operational purposes in its respective locations. Below are the future lease commitments as of June 30:

	<u>2016</u>
2017	\$ 126,166
2018	82,243
2019	2,541
Total	<u><u>\$ 210,950</u></u>

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2016 and 2015, consists of the following:

	<u>2016</u>	<u>2015</u>
Furniture and Equipment	\$ 118,414	\$ 118,414
Less Accumulated Depreciation	(118,414)	(118,414)
Total	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

NOTE 7 – ACCOUNTS RECEIVABLE

The components of accounts receivable at June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Government Receivable		
Office of Aging - Naturalization	\$ 32,572	\$ 31,308
Calworks Violence Against Women	17,204	20,017
City of Hayward	1,776	211
City of Redwood	10,000	-
DOE	2,001	25,452
Office of Civic Engagement	3,750	3,750
UCSF	10,372	5,363
VAWA	-	17,500
Family Justice Center - Alameda County Family Project	2,594	7,782
Family Violence Center	10,782	-
Department of Public Health	38,185	45,658
Total Government Receivable	<u>129,236</u>	<u>157,041</u>

INTERNATIONAL INSTITUTE OF THE BAY AREA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

NOTE 7 – ACCOUNTS RECEIVABLE (Continued)

	2016	2015
Foundation Grants		
Napa Valley Community Foundation	\$ 160,300	\$ 93,500
Silicon Valley Community Foundation	-	40,000
DACA Collaborative	-	94,937
New American Campaign	4,232	1,250
Total Foundation Grants	164,532	229,687
Other Foundation/Agency Pass-through		
Self Help for the Elderly	\$ 4,167	\$ 8,326
Asian Pacific Islander Legal Outreach (APILO)	27,000	27,000
Immigrant Legal Resource Center (ILRC)	19,489	20,000
BALA	-	7,636
SIREN-Services Immigrant Rights & Ed	-	4,600
Total Other Foundation/Agency Pass-through	50,656	67,562
Other Receivable	\$ 18,627	\$ -
Total Receivable	18,627	-
 Total Account Receivable	 \$ 363,051	 \$ 454,290

NOTE 8 – ACCRUED COMPENSATED ABSENCES

IIBA employees are granted varying amounts of vacation and sick leave in accordance with the Organization's personnel policy. As such, IIBA accounts for compensated balances. A liability attributable to services already rendered and not contingent on a specific event that is outside the control of IIBA and employee is accrued as employees earn the rights to the benefits. As of June 30, 2016 and 2015, liability balance was at \$86,809 and \$67,389 respectively.

NOTE 9 – CONTINGENCIES

IIBA has received funds for programs that are subject to review and audit by the funding agencies. Although such audits could generate expenditure disallowances under terms of the contracts, it is believed that any required reimbursements will not be material.

INTERNATIONAL INSTITUTE OF THE BAY AREA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

NOTE 10 – FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability.

Fair values of assets measured on recurring basis were as follows as of June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Net Cash Equivalents	\$ 13,251	\$ -	\$ 13,251
Equities	462,933		462,933
Corporation/Government Bonds	378,117		378,117
Mutual Funds	304,733		304,733
Total Assets	<u>\$ 1,159,034</u>	<u>\$ -</u>	<u>\$ 1,159,034</u>

NOTE 11 – CONCENTRATIONS

Financial instruments that potentially subject the Organization to concentrations of credit risk are primarily cash, short term investments and accounts receivable. The Organization places its cash in financial institutions that are insured in limited amounts by the Securities Investor Protection Corporation and the Federal Deposit Insurance Corporation. Cash balances at December 31, 2016 and 2015 exceed the balances covered by such insurance by \$183,839 and \$200,442, respectively.

