

International Institute of the Bay Area

**Independent Auditor's Report
and
Financial Statements**

For the Fiscal Year Ended June 30, 2014



Certified Public Accountant

International Institute of the Bay Area

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Independent Auditor's Report

Board of Directors
International Institute of the Bay Area
San Francisco, California

We have audited the accompanying financial statements of the International Institute of the Bay Area (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013 and the related statements of activities, functional expenses, and cash flows for the fiscal 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 opinions on these financial statements based on our audit. We conducted our audit 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 opinions.

Opinion

In our 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, 2014 and 2013, and the changes in net assets, and its cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

JRB Accountancy

Hayward, California
October 16, 2014

INTERNATIONAL INSTITUTE OF THE BAY AREA
STATEMENTS OF FINANCIAL POSITION
June 30, 2014

	2014	2013
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 504,027	\$ 215,511
Accounts Receivable, net	212,507	316,568
Prepaid expenses	25,020	13,305
Total Current Assets	741,554	545,384
Property and Equipment, net of accumulated depreciation	-	5,363
Deposits	4,200	1,200
Investments	733,361	654,550
Total Assets	\$ 1,479,115	\$ 1,206,497
Liabilities and Net Assets		
Liabilities		
Accounts Payable	\$ 18,483	34,754
Accrued Payroll	16,624	14,737
Accrued Vacation	75,031	65,115
Deferred Revenue	31,912	-
Fiscal Sponsorships	25,249	14,644
Total Liabilities	167,299	129,250
Net Assets:		
Unrestricted	1,168,346	986,822
Temporarily Restricted	143,470	90,425
Total Net Assets	1,311,816	1,077,247
Total Liabilities and Net Assets	\$ 1,479,115	1,206,497

See accompanying notes to the financial statements

INTERNATIONAL INSTITUTE OF THE BAY AREA
STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2014	Total 2013
<u>Revenues, Gains and Other Support:</u>					
Government Grants and Contracts	\$ 639,801	\$ -	\$ -	\$ 639,801	\$ 646,704
Foundation Grants	594,853	143,470		738,323	520,562
Contributions	55,819			55,819	51,014
DACA Collaborative	153,547			153,547	161,812
Fees for Services	655,361			655,361	631,462
Unrealized Gain/Losses	78,505			78,505	51,601
In-kind Contributions	367,740			367,740	-
Other Income	337			337	68
Net Assets Released from Restrictions	90,425	(90,425)		-	-
Other Income				0	
Total Revenue	2,636,388	53,045.00	-	2,689,433	2,063,223
<u>Expenses:</u>					
Program Expenses	2,341,944			2,341,944	1,723,709
Administration	110,349			110,349	115,858
Fundraising	2,570			2,570	1,295
Total Expenses	2,454,863	-	-	2,454,863	1,840,862
Change in net assets	181,525	53,045	-	234,570	222,361
Net assets at beginning of year	986,821	90,425		1,077,246	802,732
Prior period adjustments (Note 8)				-	52,153
Net assets at end of year	\$ 1,168,346	\$ 143,470	\$ -	\$ 1,311,816	\$ 1,077,246

See accompanying notes to the financial statements

INTERNATIONAL INSTITUTE OF THE BAY AREA
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2014	2013
Cash flows from operating activities:		
Change in net assets	\$ 234,570	\$ 222,362
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Prior period adjustment	-	77,645
Depreciation	5,056	5,734
Unrealized gain on investments	(78,505)	(51,601)
Accounts receivable	104,061	(185,255)
Prepaid expenses and deposits	(14,715)	11,204
Accounts payable	(16,271)	10,915
Accrued expenses	11,803	25,339
Deferred revenue	31,912	-
Fiscal sponsorships	10,605	(13,235)
Net cash provided by operating activities	<u>288,516</u>	<u>103,108</u>
Cash flows from investing activities:		
Transfer (from) to Investments to Cash	-	(24,622)
Net cash used by investing activities	<u>0</u>	<u>(24,622)</u>
Net increase in cash and cash equivalents	288,516	78,486
Cash and cash equivalents at beginning of year	<u>215,511</u>	<u>137,025</u>
Cash and cash equivalents at end of year	<u><u>\$504,027</u></u>	<u><u>\$ 215,511</u></u>

See accompanying notes to the financial statements

**INTERNATIONAL INSTITUTE OF THE BAY AREA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2013)**

	San Francisco Immigration Program	San Mateo Immigration Program	Oakland Immigration Program	Antioch Immigration Program	Napa Immigration Program	DACA Collaborative Revenue	Total Program Services	Admin	Fundraising	Total	
										2014	2013
EXPENSES											
Salaries and wages	\$ 353,962	\$ 497,629	\$ 561,534	\$ 124,699	\$ 105,449	\$ 103,738	\$ 1,747,011	\$ 23,880	\$ 1,257	\$ 1,772,148	\$ 1,228,046
Payroll taxes	26,031	32,465	24,256	8,473	7,617	8,338	107,180	1,675	88	108,943	97,216
Benefits	53,382	68,470	42,623	15,223	15,444	13,731	208,873	4,612		213,485	201,178
Total personnel expenses	433,375	598,564	628,413	148,395	128,510	125,807	2,063,064	30,167	1,345	2,094,576	1,526,440
OPERATING EXPENSES											
Professional Fees	1,151	3,808	9,374	799	1,253	143	16,528	21,807		38,335	36,822
Occupancy Costs	32,994	29,769	39,548	14,437	7,700		124,448	17,170		141,618	96,574
Operating Expenses	16,875	43,170	24,321	9,307	11,171	586	105,430	25,122		130,552	107,930
Client Services					2,209		2,209			2,209	480
Staff / Board Development	4,637	11,879	3,578	2,670	4,527	107	27,398	14,513		41,911	35,839
Other Expenses	73	2,543	177		74		2,867	1,570	1,225	5,662	36,776
TOTAL EXPENSES	\$ 489,105	\$ 689,733	\$ 705,411	\$ 175,608	\$ 155,444	\$ 126,643	\$ 2,341,944	\$ 110,349	\$ 2,570	\$ 2,454,863	\$ 1,840,861

International Institute of the Bay Area
Notes to Financial Statements
June 30, 2014

Note 1 Summary of Significant Accounting Policies

Organization and Nature of Operations

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 law 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.

Basis of Accounting

The accompanying financial statements of IIBA have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Receipts from clients and government agencies are recognized in the period received. Reimbursable earnings not yet received from grantors and clients are recorded as receivables. Funds received in excess of actual earnings are recorded as deferred revenue. Contributions and other donations are recorded as received. Expenditures for goods and services are recorded at the time goods are received or services are rendered.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the *Financial Accounting Standards Board* in its *Accounting Standards Codification (ASC) No. 958*. Under ASC 958, IIBA is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Property and Equipment

Property and equipment acquired by IIBA are considered owned by IIBA except for those acquired with funds received from funding sources. Such property shall not be disposed of without written approval from the grantor.

International Institute of the Bay Area
Notes to Financial Statements
June 30, 2014

Depreciation is computed on all depreciable property and equipment using the straight-line method based on estimated useful lives ranging from five (5) to thirty (30) years. Depreciation expense for the fiscal year ended June 30, 2014 is \$5,056.

Income Taxes

IIBA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Section 23701d of the California Revenue and Tax Code. This exemption is subject to periodic review by the federal and state taxing authorities and management is confident that the organization continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status.

Concentration of Support and Revenues

IIBA receives the majority of its financial support from government and foundation grants. The total comprised of 54% of total revenue and support for the fiscal year ended June 30, 2014, of which 28% were from government grants and 26% from foundation grants. An additional 29% of revenues were received from fees for services and 7% from a sub-grantee, DACA Collaborative.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, IIBA considers all highly liquid investments with a remaining maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are carried at market value. Unrealized gains and losses are reflected in the statement of activities.

International Institute of the Bay Area
Notes to Financial Statements
June 30, 2014

In-Kind Donations

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 2014, 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 \$367,740 is recorded in the accompanying statement of activities, of which \$19,181 includes donated rental of space occupancy and \$7,380 of donated non-professional services.

Note 2 Cash/Concentrations of Credit Risk

IIBA maintains its cash balances in financial institutions insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2014, IIBA’s uninsured cash balances total \$221,804.

Note 3 Accounts Receivable

The components of accounts receivable at June 30, 2014 are as follows:

Office of Aging - Naturalization	\$ 15,117
Calworks Violence Against Women	10,265
Calworks Collaborative	8,640
Bay Area Legal Aid	3,500
Self Help for the Elderly	8,333
City of Hayward	8,300
Department of Public Health	47,537
San Francisco Foundation	6,000
DACA Collaborative	86,517
Family Justice Center	9,099
Miscellaneous	<u>9,199</u>
Total	<u>\$212,507</u>

International Institute of the Bay Area
Notes to Financial Statements
June 30, 2014

Note 4 Property and Equipment

Property and equipment at June 30, 2014, consists of the following:

Furniture and equipment	\$ 118,414
Less: Accumulated Depreciation	<u>(118,414)</u>
Total	\$ <u> -</u>

Note 5 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, 2014, liability balance was at \$75,031.

Note 6 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.

Note 7 Lease Commitments

IIBA entered into various leases agreements of office buildings for operational purposes in its respective locations. Below are the future lease commitments as of June 30:

2015	\$ 92,054
2016	<u>41,177</u>
Total	<u>\$133,231</u>

Note 8 Prior Period Adjustments

It was determined during fiscal year 2013 that certain transactions needed to be recognized for various programs pertaining to prior periods. As such, these have been recorded as prior period adjustments increasing net assets by a total net amount of \$52,153.

Note 9 Subsequent Events

Events subsequent to June 30, 2014 have been evaluated through September 30, 2014, the date at which IIBA's financial statements were made available to be issued. No events requiring disclosures have occurred through this date.