

**Immigration Institute of the Bay Area**  
*(A Nonprofit Corporation)*

***FINANCIAL REPORT***

**June 30, 2023**  
**(With Comparative Totals for 2022)**

## **C O N T E N T S**

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# B O W M A N

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
**Immigration Institute of the Bay Area**  
San Francisco, California

### Opinion

We have audited the accompanying financial statements of **Immigration Institute of the Bay Area** (A Nonprofit Organization) which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Immigration Institute of the Bay Area as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Emphasis of Matter

As discussed in Note 1 to the financial statements, Financial Accounting Standards Board (FASB), issued Topic Accounting Standards Codification (ASC) 842 *Leases* to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. Our opinion is not modified with respect to this matter.

### Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditors' Responsibility for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Immigration Institute of the Bay Area's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Immigration Institute of the Bay Area's ability to continue as a going concern for a reasonable period of time.

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

## **Prior Period Financial Statements**

The financial statements of Immigration Institute of the Bay Area as of June 30, 2022, were audited by other auditors, whose report dated March 6, 2023, expressed an unmodified opinion on those statements.

## **Report on Summarized Comparative Information**

The previously audited Immigration Institute of the Bay Area's June 30, 2022, financial statements, report dated March 6, 2023, expressed an unmodified opinion on the audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Bowman & Company, LLP*

Stockton, California  
March 20, 2024

**IMMIGRATION INSTITUTE OF THE BAY AREA  
(A Nonprofit Corporation)**

**STATEMENT OF FINANCIAL POSITION**

June 30, 2023

(With Comparative Totals for 2022)

	2023	2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 523,821	\$ 795,554
Cash and cash equivalents, board designated reserve	87,822	92,794
Restricted cash - agency funds	479,419	971,524
Government grants receivable	994,362	982,868
Foundation grants receivable	343,790	506,750
Accounts receivable	175,298	84,093
Investments, board designated reserve	4,351,407	4,025,850
Prepaid expenses	182,485	223,092
Total current assets	7,138,404	7,682,525
<b>PROPERTY AND EQUIPMENT, net</b>	26,123	31,163
<b>OTHER ASSETS</b>		
Deposits	78,562	77,405
Right-of-use assets - operating, net	1,926,201	--
Right-of-use assets - finance, net	29,939	--
Total other assets	2,034,702	77,405
Total assets	\$ 9,199,229	\$ 7,791,093

**IMMIGRATION INSTITUTE OF THE BAY AREA  
(A Nonprofit Corporation)**

**STATEMENT OF FINANCIAL POSITION (Cont.)**

June 30, 2023

(With Comparative Totals for 2022)

	2023	2022
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 84,009	\$ 159,402
Fiscal sponsorship payable	479,419	971,524
Accrued payroll	93,535	68,125
Deferred revenue	18,802	42,241
Accrued vacation	233,724	210,506
Lease liabilities - operating, current portion	426,337	--
Lease liabilities - finance, current portion	7,079	--
	1,342,905	1,451,798
<b>LONG-TERM LIABILITIES</b>		
Deferred rent	--	49,803
Lease liabilities - operating, less current portion	1,537,821	--
Lease liabilities - finance, less current portion	23,240	--
	2,903,966	1,501,601
<b>NET ASSETS</b>		
Without donor restrictions	1,078,856	976,926
Without donor restrictions - board designated reserve	4,351,407	4,025,850
With donor restrictions	865,000	1,286,716
	6,295,263	6,289,492
Total liabilities and net assets	\$ 9,199,229	\$ 7,791,093

**IMMIGRATION INSTITUTE OF THE BAY AREA**  
**(A Nonprofit Corporation)**

**STATEMENT OF ACTIVITIES**

Year Ended June 30, 2023  
(With Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
<b>SUPPORT AND REVENUE</b>				
Foundation/corporate grants	\$ 1,035,617	\$ 527,500	\$ 1,563,117	\$ 1,693,243
Government grants	3,085,042	--	3,085,042	3,400,635
Contributions	440,175	--	440,175	426,522
In-kind contributions	123,261	--	123,261	122,746
Fees for services	456,921	--	456,921	351,599
Contract management fees	276,588	--	276,588	273,940
Fundraising event contributions	264,251	--	264,251	--
Interest & dividends	96,361	--	96,361	70,663
Realized/unrealized gain (loss) on investments	191,838	--	191,838	(571,959)
Investment management fees	(20,214)	--	(20,214)	(22,613)
Other income	12,039	--	12,039	1,826
Net assets released from restrictions	949,216	(949,216)	--	--
	6,911,095	(421,716)	6,489,379	5,746,602
<b>EXPENSES</b>				
Program services	4,989,476	--	4,989,476	4,781,639
Management and general	1,094,426	--	1,094,426	980,494
Fundraising	399,706	--	399,706	347,611
	6,483,608	--	6,483,608	6,109,744
<b>CHANGE IN NET ASSETS</b>	427,487	(421,716)	5,771	(363,142)
<b>NET ASSETS, BEGINNING OF YEAR</b>	5,002,776	1,286,716	6,289,492	6,652,634
<b>NET ASSETS, END OF YEAR</b>	\$ 5,430,263	\$ 865,000	\$ 6,295,263	\$ 6,289,492

**IMMIGRATION INSTITUTE OF THE BAY AREA  
(A Nonprofit Corporation)**

**STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2023  
(With Comparative Totals for 2022)**

	Program Services							Support Services			2023 Totals	2022 Totals	
	San Francisco Immigration Program	Oakland Immigration Program	San Mateo Immigration Program	Brentwood Immigration Program	Napa Immigration Program	Sonoma Immigration Program	Fremont Immigration Program	Total Program Services	General and Administrative	Fundraising			Total Support Services
Personnel costs													
Staff salaries	\$ 335,359	\$ 552,335	\$ 763,055	\$ 339,954	\$ 691,573	\$ 329,892	\$ 276,854	\$ 3,289,022	\$ 883,410	\$ 290,958	\$ 1,174,368	\$ 4,463,390	\$ 4,064,627
Employee benefits	48,358	66,372	110,692	53,430	120,109	43,825	41,147	483,933	113,475	13,967	127,442	611,375	542,139
Payroll taxes	25,018	41,366	55,910	26,015	50,860	24,447	19,692	243,308	52,899	19,389	72,288	315,596	294,110
Total personnel costs	<u>408,735</u>	<u>660,073</u>	<u>929,657</u>	<u>419,399</u>	<u>862,542</u>	<u>398,164</u>	<u>337,693</u>	<u>4,016,263</u>	<u>1,049,784</u>	<u>324,314</u>	<u>1,374,098</u>	<u>5,390,361</u>	<u>4,900,876</u>
Non-personnel costs													
Professional fees	--	11,626	83,151	11,336	1,453	27,035	6,395	140,996	2,025	188	2,213	143,209	270,074
Depreciation	3,780	--	--	--	--	--	--	3,780	756	504	1,260	5,040	4,200
Marketing	--	--	--	--	--	--	--	--	2,385	--	2,385	2,385	4,521
Insurance	2,687	4,128	5,981	3,343	5,715	2,451	2,516	26,821	6,465	1,983	8,448	35,269	31,964
Postage & delivery	5,256	7,974	4,828	2,453	7,503	3,360	127	31,501	5,022	311	5,333	36,834	36,079
Office expense	4,053	3,500	13,611	3,255	11,259	9,263	2,799	47,740	9,498	474	9,972	57,712	80,207
Occupancy	67,303	92,617	152,245	38,654	61,859	26,804	42,129	481,611	23,233	12,074	35,307	516,918	389,666
Bank fees and interest	659	5,706	1,140	428	969	254	2,147	11,303	921	47	968	12,271	8,208
Accounting fees	130	165	263	122	242	84	104	1,110	25,287	22	25,309	26,419	25,303
Government form filing fees	495	465	--	--	3,210	1,225	--	5,395	--	--	--	5,395	56,040
Communications	7,414	12,321	7,477	4,949	6,706	1,483	4,429	44,779	10,117	2,057	12,174	56,953	57,289
Travel	2,081	588	1,288	710	1,502	1,165	--	7,334	6,120	946	7,066	14,400	12,079
Staff/board development	1,971	2,735	1,091	402	1,710	629	471	9,009	23,558	309	23,867	32,876	44,233
Printing & duplication	453	381	295	285	514	26	263	2,217	100	766	866	3,083	53,378
Information technology	2,837	4,280	15,321	3,560	5,676	2,365	2,204	36,243	20,928	1,342	22,270	58,513	57,678
Amortization	573	972	972	972	972	281	795	5,537	432	136	568	6,105	--
Dues and subscriptions	2,520	2,018	1,563	--	486	439	222	7,248	9,807	--	9,807	17,055	7,748
Other expenses	648	1,407	2,844	--	3,286	16	300	8,501	5,160	469	5,629	14,130	61,635
Fundraising expenses	--	--	--	--	--	--	--	--	--	48,680	48,680	48,680	8,566
Allocation of shared costs	9,564	15,972	24,805	10,967	22,117	9,761	8,902	102,088	(107,172)	5,084	(102,088)	--	--
Total non-personnel costs	<u>112,424</u>	<u>166,855</u>	<u>316,875</u>	<u>81,436</u>	<u>135,179</u>	<u>86,641</u>	<u>73,803</u>	<u>973,213</u>	<u>44,642</u>	<u>75,392</u>	<u>120,034</u>	<u>1,093,247</u>	<u>1,208,868</u>
Total functional expenses	\$ <u>521,159</u>	\$ <u>826,928</u>	\$ <u>1,246,532</u>	\$ <u>500,835</u>	\$ <u>997,721</u>	\$ <u>484,805</u>	\$ <u>411,496</u>	\$ <u>4,989,476</u>	\$ <u>1,094,426</u>	\$ <u>399,706</u>	\$ <u>1,494,132</u>	\$ <u>6,483,608</u>	\$ <u>6,109,744</u>



**IMMIGRATION INSTITUTE OF THE BAY AREA**  
**(A Nonprofit Corporation)**

**STATEMENT OF CASH FLOWS**

Year Ended June 30, 2023

(With Comparative Totals for 2022)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 5,771	\$ (363,142)
Adjustments to reconcile change in net assets to net cash provided (used in) operating activities:		
Depreciation	5,040	4,200
Amortization of right-of-use assets - finance	6,105	--
Amortization of right-of-use assets - operating	415,475	--
Realized and unrealized (gains) losses on investments	(191,838)	571,959
Donation of stock	(51,121)	--
Changes in assets and liabilities:		
(Increase) decrease in:		
Restricted cash - agency funds	492,105	(803,878)
Government grants receivable	(11,494)	344,070
Foundation grants receivable	162,960	506,377
Accounts receivable	(91,205)	(84,093)
Prepaid expenses	40,607	(63,431)
Deposits	(1,157)	(25,274)
(Decrease) increase in:		
Accounts payable	(75,393)	(188,934)
Fiscal sponsorship payable	(492,105)	803,878
Accrued payroll	25,410	20,811
Deferred revenue	(23,439)	(14,751)
Accrued vacation	23,218	(10,720)
Lease liabilities - operating	(377,518)	--
Deferred rent	(49,803)	17,727
Net cash provided by (used in) operating activities	(188,382)	714,799
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	--	(35,363)
Purchase of investments	(82,598)	(348,246)
Net cash used in investing activities	(82,598)	(383,609)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Right-of-use assets - finance principal payments	(5,725)	--
Net cash used in financing activities	(5,725)	--
Increase (decrease) in cash and cash equivalents	(276,705)	331,190
Cash and cash equivalents, beginning of year	888,348	557,158
Cash and cash equivalents, end of year	\$ 611,643	\$ 888,348

See Notes to Financial Statements

**IMMIGRATION INSTITUTE OF THE BAY AREA  
(A Nonprofit Corporation)**

**STATEMENT OF CASH FLOWS (Cont.)**

Year Ended June 30, 2023

(With Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
<b>CASH AND CASH EQUIVALENTS SUMMARY</b>		
Cash and cash equivalents	\$ 523,821	\$ 795,554
Cash and cash equivalents, board designated reserve	<u>87,822</u>	<u>92,794</u>
	<u>\$ 611,643</u>	<u>\$ 888,348</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Operating cash flows from operating leases	<u>\$ 420,692</u>	<u>\$ --</u>
Financing cash flows from finance leases	<u>\$ 6,749</u>	<u>\$ --</u>
Operating lease assets obtained in exchange for lease obligations	<u>\$ 1,115,062</u>	<u>\$ --</u>
Finance lease assets obtained in exchange for lease obligations	<u>\$ 33,640</u>	<u>\$ --</u>

**IMMIGRATION INSTITUTE OF THE BAY AREA**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Nature of Activities and Summary of Significant Accounting Policies**

Nature of Activities:

The Immigration Institute of the Bay Area (IIBA) is a non-profit corporation that was founded in 1918. The mission of the IIBA is to welcome, educate, and serve immigrants, refugees, and their families as they join and contribute to the community. Services are provided in San Francisco, San Mateo, Alameda, Napa, Sonoma, and Contra Costa Counties. IIBA is the largest non-profit provider of immigration legal services 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.

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows:

Basis of Accounting:

The financial statements of IIBA have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

New Accounting Pronouncement:

During the year ended June 30, 2023, IIBA implemented new guidance issued by the Financial Accounting Standards Board (FASB), Topic Accounting Standards Codification (ASC) 842 *Leases*. ASC 842 supersedes the accounting for leases requirements in FASB ASC 840 *Leases*. The guidance requires the recognition of lease assets, called right-of-use assets, and lease liabilities for operating and financing leases in the statement of financial position. IIBA adopted the guidance effective July 1, 2022, on a prospective basis. Results for periods beginning prior to July 1, 2022, continue to be reported on IIBA's historical accounting treatment.

Basis of Presentation:

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

*Net assets without donor restrictions:*

Net assets without donor restrictions are those net assets presently available for use by IIBA. Such net assets are available for any purpose consistent with IIBA's mission.

*Net assets with donor restrictions:*

Net assets subject to specific, donor-imposed restrictions that must be met by actions of IIBA and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as releases from restriction. Donor restricted contributions received in the same year in which the restrictions are met are recorded as an increase to net assets without donor restrictions.

**IMMIGRATION INSTITUTE OF THE BAY AREA**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Nature of Activities and Summary of Significant Accounting Policies (Cont.)**

Cash, Cash Equivalents, and Restricted Cash:

For the purposes of the statements of cash flow, IIBA considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. IIBA does not consider agency cash to be cash and cash equivalents. IIBA maintains cash balances in excess of the Federal Deposit Insurance Corporation insured amount.

Agency cash consists of fiscal sponsorship funds. IIBA provides fiscal management of contributions designated for other nonprofit organizations.

Grants and Accounts Receivable:

Grants receivable from foundations are recorded based on formal, written promises received. Amounts due within one year are presented as current and stated at face value. Amounts due beyond one year are discounted to present value only when such discounts would be material to the financial statements as a whole. Since all amounts are deemed fully collectible within one year of the statement of financial position date, there is no allowance for doubtful accounts or present value discount reflected in the financial statements.

Government grants receivable pertain to conditional contributions (i.e., cost reimbursement contracts) and are reported at the amount management expects to collect from municipal agencies on balances outstanding at year-end. All amounts are deemed fully collectible within one year of the statement of financial position date.

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. IIBA provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of accounts receivable balances to be fully collected. Receivables are considered impaired if full payments are not received in accordance with the contractual terms.

Investments:

Investments are composed of mutual funds investing in bonds and equity securities and are carried at fair value. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Property and Equipment:

Property and equipment is shown at either the cost at the date of purchase or the estimated market values at the date of gift. The costs of maintenance and repairs are expensed as incurred while significant renewals and betterment that extend the useful lives of the property and equipment are capitalized if the cost exceeds \$3,000. Property and equipment consists of leasehold improvements. Depreciation is determined using the straight-line method over the estimated useful life of 7 years.

**IMMIGRATION INSTITUTE OF THE BAY AREA**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Nature of Activities and Summary of Significant Accounting Policies (Cont.)**

Property and Equipment (Cont.):

IIBA reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the property may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying value amount exceeds their fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There were no impairment loss recognized for the year ended June 30, 2023.

Right-of-Use Assets and Lease Liabilities:

IIBA recognizes a right-of-use asset at cost, which comprises the initial amount of the lease liability plus any initial payments and initial direct costs. The right-of-use asset is amortized using the straight-line method over the earlier of the useful life of the right-of-use asset or the end of the lease term. The right-of-use asset is evaluated periodically for impairment losses.

IIBA recognizes a lease liability measured at the present value of the scheduled lease payments at the commencement date and reduced using a risk-free discount rate comparable with that of the lease term.

IIBA has elected not to recognize right-of-use assets and lease liabilities for short-term leases with a lease term of 12 months or less and leases of low-value assets. These lease payments are recognized as an expense over the lease term.

Fiscal Sponsorship Payable:

IIBA acts as a custodian of contributions raised and designated for other nonprofit organizations. Because IIBA does not have variance power over the use of the contributions, they are considered agency transactions and not reflected on IIBA's statement of activities. Amounts received under this arrangement are reflected as a liability until the point when they are transferred to recipients.

Compensated Absences:

Eligible employees may accrue vacation and sick leave based on length of service. Vacation leave for eligible employees may be carried over from one year to the next. However, the total accrual can never exceed 192 hours. Upon separation of service, any unused vacation accrued will be paid to the employee at their current rate of pay. Sick leave can also be carried over from one year to the next. However, the total accrual can never exceed 480 hours. No payment is made for sick leave upon termination.

**IMMIGRATION INSTITUTE OF THE BAY AREA**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Nature of Activities and Summary of Significant Accounting Policies (Cont.)**

Deferred Rent:

IIBA's office leases contain staggered rent schedules whereby rent gradually increases over the course of the lease term. In accordance with accounting principles generally accepted in the United States of America, rent expense has been straight-lined so that it is spread evenly over the term of the lease. Prior to the adoption of ASC 842, the difference between the straight-lined expense and the rental payments to date was recorded as a deferred rent liability that would have been fully amortized by the end of the leases.

Fair Value of Financial Instruments:

The carrying amount of financial instruments including cash, grants and accounts receivable, accounts payable, accrued payroll and employee benefits, and accrued vacation approximate their value due to the short-term maturities of these instruments.

Revenue Recognition:

All support is considered available for unrestricted use unless specifically restricted by donor in accordance with ASC Topic 958-605. Support and unconditional contributions are recognized immediately and classified as either net assets with donor restrictions or net assets without donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfaction of restrictions on net assets with donor restrictions. Conditional contributions received are accounted for as a liability or are unrecognized initially, that is, until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with restrictions or net assets without restrictions.

Revenues from contracts with customers are presented under the fees for services and contract management fees captions of the statement of activities. These primarily include amounts received for immigration legal services. A contract's total consideration typically ranges from less than \$100 to approximately \$2,000. Revenue from these services is recognizable at the point in time when performance obligations are completed. Performance obligations relate to immigration legal services, including Form I-130 family/marriage visa petitions, DS-260 consular processing, I-129F fiancé petitions, and completion of other consular processing services. Contract obligations are typically satisfied within three months of a contract's inception.

Customers typically submit a down payment and/or arrange for a payment plan with any remaining contract balance due upon completion of the contracted services. Accounts receivable are recorded when collection from the customer is only conditioned upon the passage of time. Deferred revenue consists of amounts received from customers before the associated contract performance obligations have been satisfied. These amounts will be recognized as revenue when the performance obligations have been satisfied.

**IMMIGRATION INSTITUTE OF THE BAY AREA**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Nature of Activities and Summary of Significant Accounting Policies (Cont.)**

Revenue Recognition (Cont.):

All other revenue is recognized when earned based on an exchange of goods and/or services in accordance with ASC Topic 606. Amounts not earned during the reporting period are recognized as deferred revenue.

Donated Materials and Services:

Contributions of donated noncash assets are measured on a nonrecurring basis and are recorded at fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and are provided by individuals possessing those skills that would typically need to be purchased if not provided by donation are recorded at fair value in the period received.

Advertising Expense:

Advertising costs are expenses as incurred. For the year ended June 30, 2023, advertising expense was \$2,385.

Income Taxes:

IIBA is exempt from federal income taxes under IRC Sec. 501(c)(3) and state income tax under Section 23701(d) of the California Revenue and Taxation Code. IIBA is classified by the Internal Revenue Service (IRS) as an other-than-private foundation. Accordingly, no provision for federal or state income taxes is made in the accompanying financial statements. IIBA's federal and state information returns are subject to examination by the federal or state agencies, generally for three to four years after they are filed.

Allocation of Expenses:

IIBA allocates its expenses on a functional basis among its various program and support services. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated among the programs and support services benefited. The expenses that are allocated include primarily office expenses; as well as salaries and employee benefits, which are allocated on the basis of estimates of time and effort.

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 that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

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**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Nature of Activities and Summary of Significant Accounting Policies (Cont.)**

Comparative Financial 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the IIBA's financial statements for the year ended June 30, 2022, from which the summarized information was derived. Certain amounts in the 2022 financial statements have been reclassified to conform to the 2023 financial statement presentation.

Subsequent Events:

Management has evaluated subsequent events through March 20, 2024, the date on which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these consolidated financial statements.

**Note 2. Availability and Liquidity**

IIBA's goal is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. IIBA does not anticipate the general expenditures to exceed the cash on hand. In addition, IIBA may borrow up to 25% of investments, board designated reserves, to meet cash flow requirements.

The following represents IIBA's financial assets at June 30, 2023:

Financial assets at year end:

Cash and cash equivalents	\$ 523,821
Cash and cash equivalents, board designated reserve	87,822
Grants receivable	1,338,152
Accounts receivable	175,298
Investments, board designated reserve	<u>4,351,407</u>
Total financial assets	6,476,500

Less those unavailable for general expenditures within one year due to:

Net assets with donor restrictions	(151,667) *
Board designated cash and investments	<u>(4,439,229)</u>
Total restrictions	<u>(4,590,896)</u>

Financial assets available to meet cash needs for general expenditures within one year

\$ 1,885,604

\* The total presented for financial assets available to meet cash needs for general expenditures within one year is not reduced by time-restricted contributions totaling \$713,333. Such amounts are deemed to be available for IIBA's ongoing and major activities.



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**NOTES TO FINANCIAL STATEMENTS**

**Note 3. Investments and Fair Value Measurements**

The Board of Directors designates funds to be set aside in a long-term investments portfolio. The intent is to conservatively manage the portfolio over a number of years, reinvesting its income and gains, pending the Board's identification of appropriate uses for these funds.

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The hierarchy is broken down into three levels based on the observability of inputs as follows:

*Level 1* – quoted prices in active markets for identical investments.

*Level 2* – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).

*Level 3* – significant unobservable inputs (including assumptions in determining fair value investments).

The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The following tables summarizes IIBA's investments by the fair value hierarchy levels at June 30, 2023:

	<u>(Level 1) Fair Market Value</u>	<u>Total</u>
Equities	\$ 2,276,579	\$ 2,276,579
Bond funds		
Blended US corporate and government bond funds	1,290,185	1,290,185
Mortgage-backed securities fund	268,976	268,976
US corporate bond funds	376,492	376,492
US treasury bond funds	<u>139,175</u>	<u>139,175</u>
	<u>\$ 4,351,407</u>	<u>\$ 4,351,407</u>

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**NOTES TO FINANCIAL STATEMENTS**

**Note 4. Property and Equipment**

Property and equipment consisted of the following for the year ended June 30, 2023:

Leasehold improvements	\$	35,363
Less: accumulated depreciation		<u>(9,240)</u>
Property and equipment, net	\$	<u><u>26,123</u></u>

**Note 5. In-Kind Contributions**

Donated special event supplies and program space are provided to IIBA to help defray the costs of those goods and services that would otherwise have been purchased. Donated services require specialized skills and include English as a Second Language (ESL) teachers, paralegals, and attorneys. IIBA did not monetize any contributed nonfinancial assets and unless otherwise noted, contributed nonfinancial assets did not have donor restrictions.

In-kind contributions revenue is recorded at fair market value as both revenue and expense, in accordance with accounting principles generally accepted in the United States of America, and are valued as follows:

Services: Based on fair value of services provided.

Materials: Based on FMV of items donated.

In-kind expenditures are included in occupancy, other expenses, and fundraising expenses in the statement of functional expenses. Total in-kind contribution revenues and expenditures for the year ended June 30, 2023, were as follows:

Attorneys	\$	107,839
Credentialed teachers		7,907
Special event supplies		4,205
Classroom space for programs		2,500
Office rent		<u>810</u>
Total	\$	<u><u>123,261</u></u>

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**NOTES TO FINANCIAL STATEMENTS**

**Note 6. Right-of-Use Assets and Lease Liabilities**

IIBA has operating leases for offices and finance leases for copiers under non-cancellable leases. Two office leases include an option to renew that can extend the lease term 5 years. At June 30, 2023, the components of these leases were as follows:

	<u>Operating</u>	<u>Finance</u>
Right-of-use assets	\$ 2,341,676	\$ 36,044
Amortization of right-of-use assets	<u>(415,475)</u>	<u>(6,105)</u>
Right-of-use assets, net	<u>\$ 1,926,201</u>	<u>\$ 29,939</u>

The following summarized the weighted average remaining lease term and discount rate as of June 30, 2023:

	<u>Operating</u>	<u>Finance</u>
Weighted average remaining lease term (years)	4.91	4.34
Weighted average discount rate	2.25%	4.16%

The approximate remaining annual minimum lease payments under the non-cancelable operating leases and undiscounted finance leases are as follows for the years ending June 30:

	<u>Operating</u>	<u>Finance</u>
2024	464,967	8,179
2025	434,731	7,128
2026	338,619	7,128
2027	324,769	7,128
2028	289,280	3,564
Thereafter	<u>228,237</u>	<u>- -</u>
	2,080,603	33,127
Less present value discount	<u>(116,445)</u>	<u>(2,808)</u>
	<u>\$ 1,964,158</u>	<u>\$ 30,319</u>

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**NOTES TO FINANCIAL STATEMENTS**

**Note 6. Right-of-Use Assets and Lease Liabilities (Cont.)**

The following summarizes the line items in the statement of functional expenses which include the components of lease expense for the year ended June 30, 2023:

Operating lease expense included in occupancy expense	\$	<u>458,649</u>
Finance lease costs:		
Amortization of lease assets included in amortization expense	\$	6,105
Interest on lease liabilities included in bank fees and interest expense		<u>1,023</u>
	\$	<u>7,128</u>

As of June 30, 2023, IIBA has an additional office lease commencing January 1, 2024 for 63 months for approximately \$164,000. There is an option to renew that can extend the lease term 3 years.

**Note 7. Net Assets with Donor Restrictions**

Net assets with donor restrictions were as follows for the year ended June 30, 2023:

General support for future periods	\$	713,333
Deportation Prevention		62,500
Sonoma County programs		45,000
Oakland County programs		16,667
Other		15,000
Redwood City programs		7,500
Napa County programs		<u>5,000</u>
	\$	<u>865,000</u>

Net assets released from net assets with donor restrictions are as follows:

General support for future periods	\$	(639,924)
Napa County programs		(114,583)
San Mateo County programs		(77,917)
Deportation Prevention		(62,500)
Other		<u>(54,292)</u>
	\$	<u>(949,216)</u>

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**NOTES TO FINANCIAL STATEMENTS**

**Note 8. Retirement Plan**

IIBA sponsors a 403(b) retirement plan for all eligible employees who elect to participate. IIBA matches up to 5% of participating employee's compensation. Total retirement plan expense for the year ended June 30, 2023 was \$137,450.

**Note 9. Concentrations and Contingencies**

IIBA's grants and contract activities are subject to inspection and audit by the appropriate funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowances of previously funded program costs. The ultimate liability, if any, which may result from these regulatory audits cannot be reasonably estimated and, accordingly, IIBA has no provision for the possible disallowance of program costs. It is management's opinion that all donor conditions have been met for grants and contributions that have either been recorded as unrestricted or for which donor restrictions have been released.

For the year ended June 30, 2023, approximately 33% of IIBA's total revenue, 73% of grants receivable, and 81% of accounts receivable came from the California Department of Social Services (CDSS). Changes in funding from CDSS could affect IIBA's ability to fund and operate its programs.