

**DORCAS INTERNATIONAL
INSTITUTE OF RHODE
ISLAND, INC. AND THE
INTERNATIONAL
CHARTER SCHOOL
CORPORATION**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
JUNE 30, 2020 AND 2019**

DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC. AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION

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Independent Auditors' Report

To the Board of Directors
Dorcas International Institute of Rhode Island, Inc.
The International Charter School Corporation
Providence, Rhode Island

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Dorcas International Institute of Rhode Island, Inc. and The International Charter School Corporation (collectively referred to as the Organization), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As discussed in Note 2, during the year ended June 30, 2020, the Organization adopted Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position, activities, cash flows and functional expenses as of and for the years ended June 30, 2020 and 2019 are presented for the purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 23, 2020 on our consideration of Dorcas International Institute of Rhode Island, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Dorcas International Institute of Rhode Island, 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 Dorcas International Institute of Rhode Island, Inc.'s internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

Cranston, Rhode Island
October 23, 2020

**DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC.
AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3,393,754	\$ 1,604,845
Investments	1,966,765	2,073,618
Grants receivable	835,851	1,140,190
Accounts receivable, net	445,504	448,333
Prepaid expenses and other current assets	<u>122,550</u>	<u>146,387</u>
Total current assets	6,764,424	5,413,373
Property and Equipment, Net	<u>3,244,268</u>	<u>2,952,446</u>
Total Assets	<u>\$ 10,008,692</u>	<u>\$ 8,365,819</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 316,163	\$ 409,041
Accrued expenses	899,664	687,936
Deferred revenue	539,074	45,225
Current portion of long-term debt	<u>354,442</u>	<u>85,000</u>
Total current liabilities	2,109,343	1,227,202
Long-Term Liabilities		
Long-term debt	<u>1,531,865</u>	<u>1,277,692</u>
Total liabilities	<u>3,641,208</u>	<u>2,504,894</u>
Net Assets		
Net assets without donor restrictions	5,460,241	5,039,977
Net assets with donor restrictions	<u>907,243</u>	<u>820,948</u>
Total net assets	<u>6,367,484</u>	<u>5,860,925</u>
Total Liabilities and Net Assets	<u>\$ 10,008,692</u>	<u>\$ 8,365,819</u>

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

**DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC.
AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION**

**CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Support, Revenues and Investment Return Without Donor Restrictions		
Support and revenue:		
United Way	\$ 109,972	\$ 226,856
Public grants and contracts	3,936,972	3,979,376
Private grants and contracts	286,542	356,076
Contributions	426,345	276,548
Tuition, fees and services	7,034,784	7,189,764
Medicaid services	16,475	8,598
Food services	258,843	330,398
After school programs	60,033	87,554
Donated goods and services	27,586	-
Other income	31,985	72,747
Total support and revenue without donor restrictions	<u>12,189,537</u>	<u>12,527,917</u>
Investment return:		
Interest and dividends	26,498	47,069
Management fees	(19,546)	(15,753)
Net realized gains on sales of investments	79,361	16,533
Net unrealized (depreciation) appreciation of investments	(57,112)	49,614
Net investment return without donor restrictions	<u>29,201</u>	<u>97,463</u>
Net assets released from donor restrictions:		
Contributions satisfied by use of funds for donor-restricted purpose	<u>1,143,462</u>	<u>280,876</u>
Total support, revenues and other without donor restrictions	<u>13,362,200</u>	<u>12,906,256</u>
Expenses:		
Program services:		
Social	2,813,699	2,601,306
Educational	7,140,283	7,056,653
Pinpoint translations	1,090,381	1,301,012
Total program services	<u>11,044,363</u>	<u>10,958,971</u>
Supporting services:		
General overhead and administration	1,761,768	1,631,310
Fundraising	135,805	180,260
Total supporting services	<u>1,897,573</u>	<u>1,811,570</u>
Total expenses	<u>12,941,936</u>	<u>12,770,541</u>
Changes in net assets without donor restrictions	<u>420,264</u>	<u>135,715</u>
Changes in Net Assets With Donor Restrictions		
Contributions and grants	1,197,363	424,776
Satisfaction of program restrictions	(1,143,462)	(280,876)
Interest and dividends	13,927	14,465
Net realized gains on sales of investments	51,550	16,269
Net unrealized (depreciation) appreciation of investments	(33,083)	17,208
Changes in net assets with donor restrictions	<u>86,295</u>	<u>191,842</u>
Increase in Net Assets	506,559	327,557
Net Assets - Beginning of Year	<u>5,860,925</u>	<u>5,533,368</u>
Net Assets - End of Year	<u>\$ 6,367,484</u>	<u>\$ 5,860,925</u>

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

**DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC.
AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION**

**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Net Assets Without Donor Restrictions		
Balance - beginning of year	\$ 5,039,977	\$ 4,904,262
Increase in net assets without donor restrictions	<u>420,264</u>	<u>135,715</u>
Balance - end of year	<u>5,460,241</u>	<u>5,039,977</u>
Net Assets With Donor Restrictions		
Balance - beginning of year	820,948	629,106
Increase in net assets with donor restrictions	<u>86,295</u>	<u>191,842</u>
Balance - end of year	<u>907,243</u>	<u>820,948</u>
Net Assets - End of Year	<u>\$ 6,367,484</u>	<u>\$ 5,860,925</u>

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

**DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC.
AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 506,559	\$ 327,557
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	318,370	308,096
Amortization of debt issuance costs to interest expense	7,974	7,974
Donated securities	(10,578)	(4,101)
Bad debt expense	11,967	13,509
Net realized gains on sales of investments	(130,911)	(32,802)
Net unrealized (appreciation) depreciation of investments	90,195	(66,822)
Investment income restricted for reinvestment	(65,477)	(30,734)
(Increase) decrease in operating assets:		
Grants receivable	304,340	(617,557)
Accounts receivable	(9,138)	76,574
Prepaid expenses	23,837	76,794
Increase (decrease) in operating liabilities:		
Accounts payable	(92,878)	103,609
Accrued expenses	211,728	(13,465)
Deferred revenue	493,849	22,230
Net cash provided by operating activities	<u>1,659,837</u>	<u>170,862</u>
Cash Flows from Investing Activities		
Acquisition of property and equipment	(610,192)	(210,294)
Purchase of investments	(832,899)	(232,806)
Proceeds from sales of investments	991,046	349,674
Net cash used in investing activities	<u>(452,045)</u>	<u>(93,426)</u>
Cash Flows from Financing Activities		
Proceeds from payroll protection program loan	600,640	-
Repayment of long-term debt	(85,000)	(85,000)
Investment income restricted for reinvestment	65,477	30,734
Net cash provided by (used in) financing activities	<u>581,117</u>	<u>(54,266)</u>
Net Increase in Cash and Cash Equivalents	1,788,909	23,170
Cash and Cash Equivalents - Beginning of Year	<u>1,604,845</u>	<u>1,581,675</u>
Cash and Cash Equivalents - End of Year	<u>\$ 3,393,754</u>	<u>\$ 1,604,845</u>

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

**DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC.
AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Services				Supporting Services		
	Education	Social	Pinpoint Translations	Total Program Services	Management	Fund-Raising	Total
Direct expenses:							
Grants and other assistance	\$ 19,650	\$ 303,020	\$ -	\$ 322,670	\$ -	\$ -	\$ 322,670
Salaries and wages	3,749,248	1,563,013	467,258	5,779,519	1,032,458	85,510	6,897,487
Employee benefits	1,045,736	222,269	91,238	1,359,243	141,626	12,553	1,513,422
Payroll taxes	282,374	125,030	38,110	445,514	81,050	6,694	533,258
Professional services	127,582	4,030	443	132,055	115,404	17,308	264,767
Contract services	165,914	93,351	396,384	655,649	21,226	145	677,020
Advertising	2,390	20	19,178	21,588	5,501	19	27,108
Office expenses	152,974	70,536	22,907	246,417	34,406	4,880	285,703
Information technology	19,101	48,704	9,179	76,984	109,108	-	186,092
Building related expenses	383,706	92,712	8,659	485,077	63,991	4,173	553,241
Travel and vehicle expense	21,571	9,208	11,684	42,463	2,542	30	45,035
Conferences and meetings	7,742	989	342	9,073	19,303	1,242	29,618
Subrecipient payments	336,771	143,082	-	479,853	-	-	479,853
Student costs	569,140	-	-	569,140	-	-	569,140
Insurance	31,165	23,353	3,640	58,158	7,376	156	65,690
Equipment, licenses and fees	1,553	2,315	216	4,084	6,102	23	10,209
Special events	-	343	-	343	1,409	79	1,831
Miscellaneous	37,462	13,184	12,207	62,853	96,560	2,009	161,422
Total direct expenses	<u>6,954,079</u>	<u>2,715,159</u>	<u>1,081,445</u>	<u>10,750,683</u>	<u>1,738,062</u>	<u>134,821</u>	<u>12,623,566</u>
Depreciation	<u>186,204</u>	<u>98,540</u>	<u>8,936</u>	<u>293,680</u>	<u>23,706</u>	<u>984</u>	<u>318,370</u>
Total Expenses	<u>\$ 7,140,283</u>	<u>\$ 2,813,699</u>	<u>\$ 1,090,381</u>	<u>\$ 11,044,363</u>	<u>\$ 1,761,768</u>	<u>\$ 135,805</u>	<u>\$ 12,941,936</u>

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

**DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC.
AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

	Program Services			Total Program Services	Supporting Services		Total
	Education	Social	Pinpoint Translations		Management	Fund- Raising	
Direct expenses:							
Grants and other assistance	\$ 31,265	\$ 238,701	\$ -	\$ 269,966	\$ -	\$ -	\$ 269,966
Salaries and wages	3,612,853	1,438,443	478,166	5,529,462	878,227	85,605	6,493,294
Employee benefits	979,777	251,623	106,670	1,338,070	131,151	11,398	1,480,619
Payroll taxes	295,784	115,644	40,583	452,011	69,318	6,667	527,996
Professional services	164,763	16,193	1,120	182,076	126,677	9,795	318,548
Contract services	107,284	117,815	562,550	787,649	33,443	17,323	838,415
Advertising	1,350	1,776	21,895	25,021	3,658	2	28,681
Office expenses	161,405	68,621	29,045	259,071	58,738	14,828	332,637
Information technology	700	55,625	11,058	67,383	76,524	5,543	149,450
Building related expenses	395,724	95,133	10,847	501,704	79,692	10,262	591,658
Travel and vehicle expense	25,169	11,266	11,345	47,780	2,233	24	50,037
Conferences and meetings	5,811	13,811	3,442	23,064	53,232	1,643	77,939
Subrecipient payments	304,567	74,846	1,168	380,581	1,116	-	381,697
Student costs	715,274	-	-	715,274	-	-	715,274
Insurance	30,313	19,722	3,550	53,585	6,358	268	60,211
Equipment, licenses and fees	30,831	240	-	31,071	1,099	-	32,170
Special events	910	926	2,129	3,965	2,275	8,099	14,339
Miscellaneous	156	1,200	8,147	9,503	82,988	7,023	99,514
Total direct expenses	6,863,936	2,521,585	1,291,715	10,677,236	1,606,729	178,480	12,462,445
Depreciation	192,717	79,721	9,297	281,735	24,581	1,780	308,096
Total Expenses	\$ 7,056,653	\$ 2,601,306	\$ 1,301,012	\$ 10,958,971	\$ 1,631,310	\$ 180,260	\$ 12,770,541

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

DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC. AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION

The International Institute of Rhode Island, Inc., was organized in 1941 as a nonprofit corporation for the purpose of providing immigrants and refugees in Southeastern New England with educational and social services to enable them to become self-reliant and productive members of society, and to enable them to participate fully in the social, educational, economic and cultural opportunities available to all Americans. Effective January 1, 2013, the International Institute of Rhode Island, Inc., acquired Dorcas Place Adult and Family Learning Center, Inc. (Dorcas) and changed its name to the Dorcas International Institute of Rhode Island, Inc. (the Institute).

The Institute's mission is to empower individuals and families, especially the underserved, immigrants and refugees, to become self-sufficient and fully participating members of the community through innovative programs and advocacy that promote education, training and cultural understanding. The Institute offers a comprehensive range of programs and services to assist adults and families realize their full potential.

In furtherance of its mission, the Institute's principal activities are:

- Classroom education, including adult basic education, English language learning, family literacy, career-focused training, computer training and GED preparation.
- Immigration and citizenship counseling and informational workshops.
- Interpreting and translating services in over 60 languages.
- Refugee resettlement, including initial resettlement and a variety of employment and support services.
- Welcoming Rhode Island initiative and cross-cultural adjustment.
- Other related services to meet the needs of area community members.

The International Charter School Corporation (the School) is a multilingual, multicultural elementary school. It was organized in 2001 as a nonprofit corporation and began operations in Pawtucket, Rhode Island, in the fall of 2001. The goals of the School include:

- Providing a culturally sensitive and inclusive public school option.
- Teaching children of all cultural backgrounds to appreciate diversity and participate in a global society.
- Balancing high standards of literacy and numeracy with respect for diverse languages.

The Dorcas International Institute of Rhode Island, Inc. is the sole corporate member of The International Charter School Corporation. In accordance with the School's by-laws, the Institute has a controlling interest over the activity and corporate governance of the School. In addition, the Institute has an economic interest in the School. Accordingly, the financial statements of the Institute and the School are presented on a consolidated basis (collectively referred to as the Organization).

DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC. AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which replaces numerous requirements in accordance with accounting principles generally accepted in the United States of America, including industry-specific requirements, and provides organizations with a single revenue recognition model for recognizing revenue from contracts with customers. The core principle of the new standard is that an organization should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented and the cumulative effect of applying the standard would be recognized at the earliest period shown, or the modified retrospective method, in which case the cumulative effect of applying the standard would be recognized at the date of initial application. The new standard is effective for annual reporting periods beginning after December 15, 2019. Management has early adopted ASU 2014-09 for the year ended June 30, 2020. The amendments have been applied using the modified retrospective method.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The amendment clarifies guidance on how an entity determines whether a transfer of assets is a contribution or exchange transaction. The amendment also clarifies the determination of conditional contributions based on evaluating whether there is a right of return and a barrier to overcome. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented and the cumulative effect of applying the standard would be recognized at the earliest period shown, or the modified prospective method, in which case the effect of applying the standard would be recognized for any agreements not completed and any new agreements entered into at the date of initial application. The new standard is effective for annual reporting periods beginning after December 15, 2018. Management has adopted ASU 2018-08 for the year ended June 30, 2020. The amendments have been applied using the modified prospective method.

There was no cumulative effect of applying ASU 2014-09 or ASU 2018-08.

Principles of Consolidation

The consolidated financial statements include the accounts of the Institute and the School. All significant intercompany transactions and balances have been eliminated.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accounts of the Organization are reported in the following net asset categories:

Net Assets Without Donor Restrictions

Net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Directors.

DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC. AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Net Assets With Donor Restrictions

Net assets with donor restrictions represent contributions that are restricted by the donor as to purpose or time of expenditure and the accumulated investment income and gains on donor-restricted endowment assets that have not been appropriated for expenditure. Net assets with donor restrictions also represent resources that have donor-imposed restrictions that require the principal be maintained in perpetuity but permit the Organization to expend the income earned thereon.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues, support and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturities of three months or less to be cash equivalents.

Accounts Receivable

The Organization carries its accounts receivable at cost less an allowance for doubtful accounts of \$9,030 at June 30, 2020 and 2019. On a periodic basis, the Organization evaluates its accounts receivable and adjusts the allowance for doubtful accounts, if necessary, based on current credit conditions. Accounts are written off based on management's evaluation of the collectability of each account resulting from collection efforts.

Grants Revenues and Receivable

Grants and contracts are restricted by the grantors for particular operating purposes. These funds are deemed to be earned and reported as revenues when the Organization has incurred expenses in compliance with the specific restrictions. Such amounts received but not yet earned, are reported as deferred revenue. Such amounts earned but not yet received are reported as grants receivable.

Investments

Investments in marketable securities with readily determinable fair values are measured at fair value in the statements of financial position. Investment returns, including dividends, interest and appreciation or depreciation are included in net assets without restriction unless their use is restricted by explicit donor stipulations or law. Purchases and sales of investments are recorded on the trade date basis.

Property and Equipment

All acquisitions of property and equipment of \$1,000 or more are capitalized. Property and equipment are recorded at cost. Depreciation is calculated on the straight-line method over the expected useful lives of the assets.

DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC. AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as net assets without restriction unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net asset with restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the asset is placed in service, at which time the Organization reclassifies net assets with restrictions as net assets without restrictions.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Deferred Financing Costs

Costs incurred to issue bonds are amortized over the term of the bonds using the straight-line method. The bond issue costs are presented as a direct deduction of the carrying amount of the debt. Amortization of the bond issue costs is included in interest expense, which is included in program service and general overhead and administration expenses in the consolidated statements of activities.

Paycheck Protection Program

The School has elected to account for the loan received under the Paycheck Protection Program (PPP) as a debt instrument in accordance with ASU 470, *Debt: Simplifying the Classification of Debt*. Under ASU 470, debt is recognized upon receiving the PPP loan proceeds (see Note 9).

The Institute has elected to account for the loan received under the PPP as a government grant in accordance with Accounting Standards Codification 985-605, *Not-For-Profit Entities - Revenue Recognition* (see Note 7).

Revenue Recognition

The Organization recognizes revenue at an amount that reflects the consideration to which the Organization expects to be entitled in exchange for transferring goods or services to its customers using the following five-step process:

1. Identify the contract(s) with the customer
2. Identify the performance obligation(s) in the contract
3. Determine the transaction price
4. Allocate the transaction price to performance obligations in the contract
5. Recognize revenue when (or as) the Organization satisfies a performance obligation

See Note 13 for details on how the above five-step process is applied to the Organization's contracts with customers.

DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC. AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Contributions, Including Government Grants and Contracts

In accordance with ASU 2018-08, certain governmental grants and contracts received by a not-for-profit, including certain awards to fund capital expenditures, are generally considered to be contributions rather than exchange transactions since there was not commensurate value transferred between the resource provider and the Organization. Promises to give that are subject to donor-imposed conditions (i.e., a donor stipulation that includes a barrier that must be overcome and a right of return of assets) are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Unconditional contributions are recognized when promised or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor.

The Organization reports contributions of cash and other assets as donor-restricted support if they are received with donor stipulations that limit their use. When a donor 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 accompanying consolidated statements of activities and changes in net assets as net assets released from restrictions. Contributions received whose restrictions are met in the same period are presented as net assets without donor restrictions. Transfers of assets from a resource provider received before the barriers are overcome are reported as deferred revenue on the accompanying statement of financial position.

Donated Goods and Services

Contributions of goods and services which 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, are recorded at their fair values in the period received. Donated goods and services recorded in the consolidated statement of activities were \$27,586 and \$-0- for the years ended June 30, 2020 and 2019, respectively.

The Organization receives a substantial amount of services donated by volunteers interested in the Organization's programs. Volunteers help in many ways, such as tutoring students in English, assisting teachers, translating documents, assisting refugees, performing clerical work and helping to organize social and fundraising events. The consolidated financial statements do not include the value of these donated services because they do not meet the criteria for recognition.

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques. Such allocations are determined by management on an equitable basis. In addition, management has determined that any allocation for interest is not significant to the Organization and is included in management and general expenses.

DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC. AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Grants and other assistance	Time and effort
Salaries and wages	Time and effort
Employee benefits	Time and effort
Payroll taxes	Time and effort
Professional services	Time and effort
Contract services	Time and effort
Advertising	Time and effort
Office expenses	Usage
Information technology	Square footage
Building related expenses	Square footage
Travel and vehicle expense	Usage
Conferences and meetings	Time and effort
Subrecipient payments	Time and effort
Student costs	Usage
Insurance	Square footage
Equipment, licenses and fees	Usage
Special events	Time and effort
Depreciation	Square footage

Income Taxes

No provision for federal and state income taxes has been reflected in the accompanying consolidated financial statements since the Institute and the School qualify as tax-exempt organizations as provided under the Internal Revenue Code, Section 501(c)(3). The Internal Revenue Service has classified the Institute and the School as organizations which are public charities.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization reports tax-related interest and penalties, if any, as a component of general overhead and administration expense.

Advertising Costs

The Organization expenses advertising costs when incurred. For the years ended June 30, 2020 and 2019, advertising expense totaled \$27,108 and \$28,681, respectively.

Subsequent Events

Subsequent events have been evaluated through October 23, 2020, which is the date the consolidated financial statements were available for issuance.

DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC. AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - CONCENTRATION OF CREDIT RISK

Financial instruments that subject the Organization to credit risk consist of cash and cash equivalents, investments and grants receivable.

Cash, Cash Equivalents and Investments

The Organization maintains the majority of its cash, cash equivalents and investment balances with domestic financial institutions that the Organization believes are of high credit standing. The Organization's credit risk with respect to such balances is all amounts on deposit in excess of federally insured limits.

Revenue and Grants Receivable

At June 30, 2020, grants receivable included amounts due from four grantors representing approximately 70% of the outstanding balance. At June 30, 2019, there were four grantors representing approximately 76% of the outstanding balance.

The Organization receives a substantial portion of its revenue from federal and state sources.

NOTE 4 - INVESTMENTS

Investments are stated at fair value and consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Common stocks	\$ 1,086,163	\$ 1,328,224
Mutual funds	297,329	237,910
Corporate and government bonds	564,033	482,575
REIT's	<u>19,240</u>	<u>24,909</u>
Investments	<u>\$ 1,966,765</u>	<u>\$ 2,073,618</u>

The following is the composition of investment return for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 40,425	\$ 61,534
Unrealized gain (loss) on investments, net	(90,195)	66,822
Realized gains, net	<u>130,911</u>	<u>32,802</u>
Total Investment Return	<u>\$ 81,141</u>	<u>\$ 161,158</u>

DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC. AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - FAIR VALUE INFORMATION

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 three levels of the fair value hierarchy are described below:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. Level 1 assets include mutual funds that are valued at the quoted price of shares held by the Organization at year end. Level 1 assets also include U.S. government securities, corporate bonds, common stocks and REIT's which are valued at quoted closing prices.

Level 2

Observable prices, other than quoted prices within Level 1, including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurements.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC. AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The fair value of assets measured on a recurring basis at June 30, 2020 is as follows:

	<u>Level 1</u>	<u>Total</u>
Common stocks:		
Consumer discretionary	\$ 99,255	\$ 99,255
Consumer staples	57,284	57,284
Energy	66,193	66,193
Financials	233,913	233,913
Healthcare	85,011	85,011
Industrials	80,180	80,180
Information technology	247,032	247,032
Materials	15,080	15,080
Telecommunication services	18,779	18,779
Utilities	9,063	9,063
Other equities	174,373	174,373
Total common stocks	<u>1,086,163</u>	<u>1,086,163</u>
Mutual funds:		
Financials	90,394	90,394
AAA Bonds	56,313	56,313
Other equities	150,622	150,622
Total mutual funds	<u>297,329</u>	<u>297,329</u>
Corporate and government bonds:		
AAA	342,216	342,216
A	26,937	26,937
BBB	121,730	121,730
BB	25,750	25,750
B	47,400	47,400
Total corporate and government bonds	<u>564,033</u>	<u>564,033</u>
REIT	<u>19,240</u>	<u>19,240</u>
Total Investments	<u>\$ 1,966,765</u>	<u>\$ 1,966,765</u>

DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC. AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The fair value of assets measured on a recurring basis at June 30, 2019 is as follows:

	Level 1	Total
Common stocks:		
Consumer discretionary	\$ 115,612	\$ 115,612
Consumer staples	66,580	66,580
Energy	60,310	60,310
Financials	331,983	331,983
Healthcare	95,548	95,548
Industrials	110,941	110,941
Information technology	331,891	331,891
Materials	16,025	16,025
Telecommunication services	19,941	19,941
Utilities	11,898	11,898
Other equities	167,495	167,495
Total common stocks	1,328,224	1,328,224
Mutual funds:		
Financials	49,080	49,080
Information technology	22,376	22,376
AAA Bonds	54,270	54,270
A Bonds	13,214	13,214
BBB Bonds	59,737	59,737
B Bonds	39,233	39,233
Total mutual funds	237,910	237,910
Corporate and government bonds:		
AAA	237,327	237,327
A	50,452	50,452
BBB	147,108	147,108
BB	25,938	25,938
B	21,750	21,750
Total corporate and government bonds	482,575	482,575
REIT	24,909	24,909
Total Investments	\$ 2,073,618	\$ 2,073,618

DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC. AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ 343,055	\$ 343,055
Buildings and improvements	3,887,114	3,468,225
Leasehold improvements	2,261,480	2,261,480
Playground	147,073	147,073
Furniture and equipment	1,366,211	1,341,481
	<u>8,004,933</u>	<u>7,561,314</u>
Less accumulated depreciation	4,760,665	4,608,868
Net Property and Equipment	<u>\$ 3,244,268</u>	<u>\$ 2,952,446</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$318,370 and \$308,096, respectively.

NOTE 7 - DEFERRED REVENUE

Deferred revenue related to the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Immigration and refugee resettlement	\$ 3,614	\$ 14,054
Fall registrations	-	6,845
WeR1 Fund	74,439	-
Payroll Protection Program Loan - The Institute	403,223	-
Rhode Island Foundation Behavioral Health	44,000	-
Other	13,798	24,326
Total Deferred Revenue	<u>\$ 539,074</u>	<u>\$ 45,225</u>

On April 13, 2020, the Institute received a Paycheck Protection Program (PPP) loan of \$961,300 granted by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which the Institute considers to be a conditional contribution under the governmental grant model. The contribution has a right of return in the form of an obligation to be repaid if barriers to entitlement are not met. These barriers include incurring qualifying expenses and maintaining certain levels of employee headcount and salary ranges during a measurement period. Management considers reviews of the application for forgiveness by the lender and the SBA as well as potential audits to be administrative in nature rather than barriers to entitlement. During the year ended June 30, 2020, the Institute recognized \$558,077 as contribution revenue based on the amount of qualifying expenditures incurred and employee headcount and salary levels maintained through June 30, 2020. The remaining balance of \$403,223 of the PPP loan is classified as a deferred revenue on the accompanying consolidated statement of financial position. At the time of issuance of the consolidated financial statements, the Institute has not applied for forgiveness of the loan. Any portion of the loan that must be repaid will bear interest at a rate of 1% per annum and will be due in monthly installments of principal and interest beginning October 13, 2020.

DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC. AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - LINE OF CREDIT

The Institute has a commercial line of credit bearing interest at the prime rate, 3.25% as of June 30, 2020, and is due on demand. There was no balance owed on the line of credit at June 30, 2020 and 2019. The line is secured by the commercial real estate located at 220 Elmwood Avenue, Providence, Rhode Island. The total funds available to be drawn upon were \$500,000 as of June 30, 2020.

NOTE 9 - LONG-TERM DEBT

The Institute entered into an agreement with the Rhode Island Health & Educational Building Corporation (RIHEBC) for the issuance of \$2,600,000 of variable interest rate bonds to finance the acquisition, construction, improvement and equipping of the School facility. Interest on these bonds is payable on August 1 and February 1 of each year and the bonds mature on August 1, 2033. The variable interest rate at issuance was 0.8% and the bonds are secured by a letter of credit and a pledge of gross receipts. The variable rate was 3.1% and 0.17% as of June 30, 2020. Annual principal payments on the bonds are adjusted gradually each year through 2034 and range between \$55,000 and \$135,000.

On May 19, 2020, the School received a Paycheck Protection Program (PPP) loan of \$600,640 granted by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). A portion of this loan may be forgivable based on the amount of qualifying expenses incurred and levels of employee headcount and salaries maintained during a measurement period. The School considers the PPP loan to be debt and, accordingly, will record the amount of forgiveness, if any, when legally released by the lender. The School has elected the 24-week loan forgiveness period. At the time of issuance of the consolidated financial statements, the School has not applied for forgiveness of the loan. Any portion of the loan that must be repaid will bear interest at a rate of 1% per annum and will be due in monthly installments of principal and interest beginning November 19, 2020, to be paid in full May 2022. As of June 30, 2020, the current and long-term portions of the loan are \$264,442 and \$336,198, respectively.

Long-term debt at June 30, 2020 and 2019 is as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Principal</u>	<u>Unamortized Bond Issuance Costs</u>	<u>Principal</u>	<u>Unamortized Bond Issuance Costs</u>
2003 Series Bonds Payable	\$ 1,390,000	\$ <u>104,333</u>	\$ 1,475,000	\$ <u>112,308</u>
Payroll Protection Program	<u>600,640</u>			
	1,990,640			
Less current portion	<u>354,442</u>		<u>85,000</u>	
Long-term portion	1,636,198		1,390,000	
Less unamortized bond issuance costs	<u>104,333</u>		<u>112,308</u>	
Long-Term Debt, Net	\$ <u>1,531,865</u>		\$ <u>1,277,692</u>	

DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC. AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Annual maturities on long-term debt are as follows:

Year Ending June 30

2021	\$	354,442
2022		426,198
2023		95,000
2024		100,000
2025		100,000
Thereafter		<u>915,000</u>
Total long-term debt		1,990,640
Less current portion of long-term debt		<u>354,442</u>
Net Long-Term Debt	\$	<u><u>1,636,198</u></u>

In connection with the bonds payable and letter of credit, the Organization is subject to various covenants as to the minimum amount of cash on hand, the maintenance of a maximum leverage ratio, and the maintenance of certain debt coverage ratios. As of June 30, 2020, management is not aware of any violations of the covenants.

The Organization incurred and paid interest costs of \$19,209 and \$23,884 (also \$7,974 for each year of amortization of deferred finance fees) for the years ended June 30, 2020 and 2019, respectively.

NOTE 10 - OPERATING LEASES

On November 1, 2017, the International Charter School entered into a long-term lease (two years) agreement to rent space for the School's operations. The lease for this space provides for monthly installments of \$10,000, adjusted for the tenant's pro-rata share of insurance, taxes and relevant expenses, through October 31, 2019.

On November 1, 2019, the International Charter School entered into a short-term lease (eight months) agreement to rent space for the School's operations. The lease for this space provides for monthly installments of \$10,400, adjusted for the tenant's pro-rata share of insurance, taxes and relevant expenses, through June 30, 2020.

Rental expense totaled \$123,200 and \$120,000 for the years ended June 30, 2020 and 2019, respectively.

The Organization had entered into several other lease agreements for office equipment with varying terms that expired in 2020. Lease expense for the above noted leases totaled \$19,690 and \$22,065 for the years ended June 30, 2020 and 2019, respectively.

DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC. AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the consolidated statements of financial position date for general expenditure are as follows at June 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 3,393,754	\$ 1,604,845
Investments	1,966,765	2,073,618
Grants receivable	835,851	1,140,190
Accounts receivable, net	<u>445,504</u>	<u>448,333</u>
Total Financial Assets Available Within One Year	<u>\$ 6,641,874</u>	<u>\$ 5,266,986</u>

Liquidity Management

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Organization invests cash in excess of weekly requirements in short-term investments. The Organization also has a line of credit it could draw upon in the event of an unanticipated liquidity need.

NOTE 12 - NET ASSETS

Net Assets with Donor Restrictions

The following is the composition of the Organization's net assets with donor restrictions at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Restricted in perpetuity:		
Investments restricted in perpetuity	\$ <u>633,289</u>	\$ <u>600,895</u>
Other net assets with donor restrictions:		
Building renovations	446	79,500
Social services - outreach	89,411	100,731
COVID relief	92,801	-
Refugee services	85,550	34,076
Organizational costs	<u>5,746</u>	<u>5,746</u>
Total other net assets with donor restrictions	<u>273,954</u>	<u>220,053</u>
Total Net Assets with Donor Restrictions	<u>\$ 907,243</u>	<u>\$ 820,948</u>

DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC. AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Net assets with donor restrictions were released from restrictions by incurring expenses satisfying the following purpose or time restrictions:

	<u>2020</u>	<u>2019</u>
Institute:		
Building renovations	\$ 302,401	\$ 146,215
Education	-	15,000
Social services - outreach	173,820	39,125
Refugee services	42,526	57,282
Paycheck Protection Program Loan	558,077	-
COVID relief	66,638	-
Organizational costs	-	23,254
	<u> </u>	<u> </u>
Total Institute Net Assets Released	\$ <u>1,143,462</u>	\$ <u>280,876</u>

Endowment

The Institute's endowment represents the Friedman Fund, which was established in 1985 by the family of Samuel Friedman in his honor. Net investment income and realized and unrealized gains (losses) have been added to (subtracted from) the principal in accordance with donor restrictions and intentions. This restriction is to continue to add the investment earnings to the Fund until the Friedman Fund equals or exceeds \$500,000, at which time the income may be used to support the educational programs of the Institute. At June 30, 2020 and 2019, the fair value of the Friedman Fund was \$633,289 and \$600,895, respectively.

Interpretation of Relevant Law

The Board of Directors of the Institute has interpreted the State of Rhode Island's Uniform Prudent Management of Institutional Funds Act (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 Institute has classified as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 that is not classified as permanent endowment is classified as net assets with 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:

1. The duration and preservation of the fund;
2. The purposes of the Institute and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Institute;
7. The investment policies of the Institute.

**DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Endowment Net Asset Composition as of June 30, 2020

	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ <u>633,289</u>	\$ <u>633,289</u>

Endowment Net Asset Composition as of June 30, 2019

	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ <u>600,895</u>	\$ <u>600,895</u>

Changes in Endowment Net Asset Composition for the Fiscal Year Ended June 30, 2020

	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets - beginning of year	\$ <u>600,895</u>	\$ <u>600,895</u>
Investment return:		
Investment income	65,477	65,477
Net depreciation (unrealized)	<u>(33,083)</u>	<u>(33,083)</u>
Total investment return	<u>32,394</u>	<u>32,394</u>
Endowment Net Assets - End of Year	\$ <u>633,289</u>	\$ <u>633,289</u>

Changes in Endowment Net Asset Composition for the Fiscal Year Ended June 30, 2019

	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets - beginning of year	\$ <u>552,953</u>	\$ <u>552,953</u>
Investment return:		
Investment income	30,734	30,734
Net depreciation (unrealized)	<u>17,208</u>	<u>17,208</u>
Total investment return	<u>47,942</u>	<u>47,942</u>
Endowment Net Assets - End of Year	\$ <u>600,895</u>	\$ <u>600,895</u>

DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC. AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Return Objectives and Risk Parameters

The Institute has adopted investment policies for endowment assets that attempt to generate funds to serve the mission and goals of the Institute. The basic investment objective of the fund is to achieve an appropriate level of growth and income while enhancing the inflation adjusted value of the principal over time. The funds should be invested to produce maximum total return consistent with prudent risk limits. In addition, the fund should avoid investments that are contrary to the mission of the Institute.

Decisions as to individual security selection, security size and quality, number of industries and holdings, current income levels, and turnover are left to the complete discretion of the investment manager. Such decisions are subject to the guidelines set forth in this policy statement and to the usual standards of fiduciary prudence. All objectives and policies are reviewed, at least annually, for their continued appropriateness. Regular communication concerning investment strategy and outlook is expected.

Strategies Employed for Achieving Objectives

For the purposes of planning, the time horizon for investments is to be in excess of ten years. Capital values do fluctuate over shorter periods of time and the possibility of capital loss does exist. However, historical asset class return data suggests that the risk of principal loss over a holding period of at least three to five years can be minimized with the long-term investment mix employed under this Investment Policy Statement (IPS). Academic research suggests that the decision about how to allocate total assets among various asset classes will far outweigh security selection and market timing in terms of long-term portfolio performance. After reviewing the performance and risk characteristics of various asset classes and balancing the risks and rewards of market behavior, the following asset mix was selected to achieve the objectives. The portfolio will be managed in a manner that seeks to minimize principal fluctuations over the established time horizon and is consistent with stated objectives. Using historical risk and return measurements, the target asset mix would be expected to provide an average annual total return of 8.5%, and 95% of the time fall within an annual total return range of -2% to +37%. It is recognized that the 8.5% total return objective may be difficult to attain in some five-year periods and may be easily attained in others; however, over longer periods this benchmark return is reasonable and achievable.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Institute has a policy that the Investment Management Committee will advise the investment manager annually of a maximum percentage that will be needed during the ensuing year for operating expenses. However, no income will be taken out of the Friedman Fund until the principal of that fund reaches \$500,000, as requested by the donors. The accounts should maintain liquidity reserve in excess of 2% for investment opportunities, distributions and fees.

NOTE 13 - REVENUE FROM CONTRACTS WITH CUSTOMERS

Tuition, Fees and Services, Food Services, and After School Programs Revenues

The Organization enters into contracts to provide translation services, public education, meals for students, as well as after school programs. At contract inception, the Organization assesses the goods and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer to the customer a good or service (or bundle of goods or services). To identify the performance obligations, the Organization considers all of the goods of services promised in the contract regardless of whether they are explicitly stated or implied by customary business practices.

DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC. AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Organization satisfies its performance obligations for programs at the point in time when the program is held. Translating contracts are made with businesses and individuals based on a per hour rate. Revenue is recognized when service is performed and billed. Public education contracts are made with individual towns and cities and based on per student rates by each town or city and billed quarterly. Meal contracts are made with individual students and are based on published per meal rates and billed and recorded as revenue as the meals are served and billed. After school contracts are with the Rhode Island Department of Education and are charged based on student participation at the published rate. After school revenue is recognized when services are performed and billed to Rhode Island Department of Education for reimbursement. There are no financing components.

NOTE 14 - RELATED PARTY TRANSACTIONS

Contributions from board members of approximately \$74,181 and \$49,500 are included in contribution income for the years ended June 30, 2020 and 2019, respectively.

NOTE 15 - RETIREMENT PLAN

The Institute has a defined contribution retirement plan under which all employees become eligible to participate upon completing one year of service (minimum of 1,000 hours) and meeting certain age requirements (minimum age of 18). Employees are 100% vested in employer contributions after two years. Under this plan, the Institute is required to annually define its contribution. For the years ended June 30, 2020 and 2019, the contributions were 3% of eligible participant compensation. Retirement expense for the fiscal years ended June 30, 2020 and 2019 was \$88,764 and \$78,600, respectively. There were no forfeitures applied for the years ended June 30, 2020 and 2019.

Certified teaching personnel of the School participate in the Rhode Island State Employees Retirement program (a hybrid defined benefit and defined contribution plan), requiring a contribution of 8.75% from each employee. The School is also required to make a contribution to this defined benefit plan on behalf of the teachers. For the years ended June 30, 2020 and 2019, the School's contribution rate was 14.12% and 13.45%, respectively. The teachers charged to federal grant programs required a School contribution of 24.61% and 23.51% for fiscal 2020 and 2019, respectively. In addition to the defined benefit plan contributions noted above, the School was also required to contribute .6% to a defined contribution plan on behalf of the employees. For the years ended June 30, 2020 and 2019, the total pension contributions paid by the School were \$325,042 and \$303,911, respectively. In addition, the State of Rhode Island also contributes to the retirement plan on behalf of the public and Charter School employees. For the years ended June 30, 2020 and 2019, these contributions totaled approximately \$233,000 and \$221,000, respectively.

The School has a 403(b) pension plan under which all employees are eligible to participate upon their hire date. Employees are 100% vested in employer contributions after four years. Under this plan, the School may contribute a discretionary contribution, which is determined annually. However, employees covered under the State retirement plan are not eligible for the discretionary contribution. For the years ended June 30, 2020 and 2019, the School contributed 3% of eligible participant compensation. Retirement expense pertaining to the 403(b) plan for the fiscal years ended June 30, 2020 and 2019 was \$17,937 and \$16,517, respectively.

DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC. AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 - CONTINGENCIES

The Organization receives grants from various federal, state and other grantor agencies. These grants are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected and recognized as revenue, may constitute a liability to the Organization. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although management expects such amount, if any, to be immaterial.

NOTE 17 - UNCERTAINTY

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities may occur in the near term and that such change could materially affect the fair values of the Organization's investment securities in the near term.

NOTE 18 - CORONAVIRUS AND PAYCHECK PROTECTION PROGRAM

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. This resulted in canceled and reduced attendance in some programs, as well as significant volatility in the investment markets; however, the Organization subsidized the loss in programs by obtaining other funding such as the Paycheck Protection Program (see Notes 7 and 9). The situation is ongoing and dynamic. The Organization is unable to determine the full impact the coronavirus will have on the Organization's operations for the year ended June 30, 2020.



Supplementary Information

**DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC.
AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION**

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2020**

	Dorcas International Institute of Rhode Island	International Charter School	Combined Total	Eliminations	Consolidated Total
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 1,274,514	\$ 2,119,240	\$ 3,393,754	\$ -	\$ 3,393,754
Investments	1,144,208	822,557	1,966,765	-	1,966,765
Grants receivable	772,429	63,422	835,851	-	835,851
Accounts receivable, net	311,969	133,535	445,504	-	445,504
Prepaid expenses and other current assets	86,771	35,779	122,550	-	122,550
Total current assets	<u>3,589,891</u>	<u>3,174,533</u>	<u>6,764,424</u>	-	<u>6,764,424</u>
Property and Equipment, Net	<u>2,239,984</u>	<u>1,004,284</u>	<u>3,244,268</u>	-	<u>3,244,268</u>
Total Assets	<u>\$ 5,829,875</u>	<u>\$ 4,178,817</u>	<u>\$ 10,008,692</u>	<u>\$ -</u>	<u>\$ 10,008,692</u>

**DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC.
AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION**

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2020**

	Dorcas International Institute of Rhode Island	International Charter School	Combined Total	Eliminations	Consolidated Total
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable	\$ 192,207	\$ 123,956	\$ 316,163	\$ -	\$ 316,163
Accrued expenses	364,164	535,500	899,664	-	899,664
Deferred revenue	539,074	-	539,074	-	539,074
Current portion of long-term debt	-	354,442	354,442	-	354,442
Total current liabilities	<u>1,095,445</u>	<u>1,013,898</u>	<u>2,109,343</u>	<u>-</u>	<u>2,109,343</u>
Long-Term Liabilities					
Long-term debt	-	1,531,865	1,531,865	-	1,531,865
Total liabilities	<u>1,095,445</u>	<u>2,545,763</u>	<u>3,641,208</u>	<u>-</u>	<u>3,641,208</u>
Net Assets					
Net assets without donor restrictions	3,827,187	1,633,054	5,460,241	-	5,460,241
Net assets with donor restrictions	907,243	-	907,243	-	907,243
Total net assets	<u>4,734,430</u>	<u>1,633,054</u>	<u>6,367,484</u>	<u>-</u>	<u>6,367,484</u>
Total Liabilities and Net Assets	<u>\$ 5,829,875</u>	<u>4,178,817</u>	<u>\$ 10,008,692</u>	<u>\$ -</u>	<u>\$ 10,008,692</u>

**DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC.
AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION**

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2019**

	Dorcas International Institute of Rhode Island	International Charter School	Combined Total	Eliminations	Consolidated Total
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 253,395	\$ 1,351,450	\$ 1,604,845	\$ -	\$ 1,604,845
Investments	1,267,050	806,568	2,073,618	-	2,073,618
Grants receivable	1,008,352	131,838	1,140,190	-	1,140,190
Accounts receivable, net	275,798	172,535	448,333	-	448,333
Prepaid expenses and other current assets	107,309	39,078	146,387	-	146,387
Total current assets	<u>2,911,904</u>	<u>2,501,469</u>	<u>5,413,373</u>	-	<u>5,413,373</u>
Property and Equipment, Net	<u>2,052,339</u>	<u>900,107</u>	<u>2,952,446</u>	-	<u>2,952,446</u>
Total Assets	<u>\$ 4,964,243</u>	<u>\$ 3,401,576</u>	<u>\$ 8,365,819</u>	<u>\$ -</u>	<u>\$ 8,365,819</u>

**DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC.
AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION**

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)

JUNE 30, 2019

	Dorcas International Institute of Rhode Island	International Charter School	Combined Total	Eliminations	Consolidated Total
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable	\$ 269,534	\$ 139,507	\$ 409,041	\$ -	\$ 409,041
Accrued expenses	303,038	384,898	687,936	-	687,936
Deferred revenue	45,225	-	45,225	-	45,225
Current portion of long-term debt	-	85,000	85,000	-	85,000
Total current liabilities	<u>617,797</u>	<u>609,405</u>	<u>1,227,202</u>	<u>-</u>	<u>1,227,202</u>
Long-Term Liabilities					
Long-term debt	-	1,277,692	1,277,692	-	1,277,692
Total liabilities	<u>617,797</u>	<u>1,887,097</u>	<u>2,504,894</u>	<u>-</u>	<u>2,504,894</u>
Net Assets					
Net assets without donor restrictions	3,525,498	1,514,479	5,039,977	-	5,039,977
Net assets with donor restrictions	820,948	-	820,948	-	820,948
Total net assets	<u>4,346,446</u>	<u>1,514,479</u>	<u>5,860,925</u>	<u>-</u>	<u>5,860,925</u>
Total Liabilities and Net Assets	<u>\$ 4,964,243</u>	<u>3,401,576</u>	<u>\$ 8,365,819</u>	<u>\$ -</u>	<u>\$ 8,365,819</u>

**DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC.
AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION**

**CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	Dorcas International Institute of Rhode Island	International Charter School	Combined Total	Eliminations	Consolidated Total
Support, Revenues and Investment Return Without Donor Restrictions					
Support and revenue:					
United Way	\$ 109,972	\$ -	\$ 109,972	\$ -	\$ 109,972
Public grants and contracts	3,678,928	258,044	3,936,972	-	3,936,972
Private grants and contracts	254,979	31,563	286,542	-	286,542
Contributions	426,345	-	426,345	-	426,345
Tuition, fees and services	1,821,797	5,212,987	7,034,784	-	7,034,784
Medicaid services	-	16,475	16,475	-	16,475
Food services	-	258,843	258,843	-	258,843
After school programs	-	60,033	60,033	-	60,033
Donated goods and services	27,586	-	27,586	-	27,586
Other income	29,459	2,526	31,985	-	31,985
Total support and revenue without donor restrictions	<u>6,349,066</u>	<u>5,840,471</u>	<u>12,189,537</u>	<u>-</u>	<u>12,189,537</u>
Investment return:					
Interest and dividends	18,125	8,373	26,498	-	26,498
Management fees	(10,961)	(8,585)	(19,546)	-	(19,546)
Net realized gains on sales of investments	66,132	13,229	79,361	-	79,361
Net unrealized depreciation of investments	(42,441)	(14,671)	(57,112)	-	(57,112)
Net investment return without donor restrictions	<u>30,855</u>	<u>(1,654)</u>	<u>29,201</u>	<u>-</u>	<u>29,201</u>
Net assets released from donor restrictions:					
Contributions satisfied by use of funds for donor-restricted purpose	<u>1,143,462</u>	<u>-</u>	<u>1,143,462</u>	<u>-</u>	<u>1,143,462</u>
Total support, revenues and other without donor restrictions	<u>7,523,383</u>	<u>5,838,817</u>	<u>13,362,200</u>	<u>-</u>	<u>13,362,200</u>
Expenses:					
Program services:					
Social	2,813,699	-	2,813,699	-	2,813,699
Educational	1,855,144	5,285,139	7,140,283	-	7,140,283
Pinpoint translations	1,090,381	-	1,090,381	-	1,090,381
Total program services	<u>5,759,224</u>	<u>5,285,139</u>	<u>11,044,363</u>	<u>-</u>	<u>11,044,363</u>
Supporting services:					
General overhead and administration	1,343,973	417,795	1,761,768	-	1,761,768
Fundraising	118,497	17,308	135,805	-	135,805
Total supporting services	<u>1,462,470</u>	<u>435,103</u>	<u>1,897,573</u>	<u>-</u>	<u>1,897,573</u>
Total expenses	<u>7,221,694</u>	<u>5,720,242</u>	<u>12,941,936</u>	<u>-</u>	<u>12,941,936</u>
Changes in net assets without donor restrictions	<u>301,689</u>	<u>118,575</u>	<u>420,264</u>	<u>-</u>	<u>420,264</u>
Net Assets With Donor Restrictions					
Contributions and grants	1,197,363	-	1,197,363	-	1,197,363
Satisfaction of program restrictions	(1,143,462)	-	(1,143,462)	-	(1,143,462)
Interest and dividends	13,927	-	13,927	-	13,927
Net realized gains on sales of investments	51,550	-	51,550	-	51,550
Net unrealized depreciation of investments	(33,083)	-	(33,083)	-	(33,083)
Changes in net assets with donor restrictions	<u>86,295</u>	<u>-</u>	<u>86,295</u>	<u>-</u>	<u>86,295</u>
Increase in Net Assets	<u>387,984</u>	<u>118,575</u>	<u>506,559</u>	<u>-</u>	<u>506,559</u>
Net Assets - Beginning of Year	<u>4,346,446</u>	<u>1,514,479</u>	<u>5,860,925</u>	<u>-</u>	<u>5,860,925</u>
Net Assets - End of Year	<u>\$ 4,734,430</u>	<u>\$ 1,633,054</u>	<u>\$ 6,367,484</u>	<u>\$ -</u>	<u>\$ 6,367,484</u>

**DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC.
AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION**

**CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	Dorcas International Institute of Rhode Island	International Charter School	Combined Total	Eliminations	Consolidated Total
Support, Revenues and Investment Return Without Donor Restrictions					
Support and revenue:					
United Way	\$ 226,856	\$ -	\$ 226,856	\$ -	\$ 226,856
Public grants and contracts	3,644,300	335,076	3,979,376	-	3,979,376
Private grants and contracts	315,499	40,577	356,076	-	356,076
Contributions	276,548	-	276,548	-	276,548
Tuition, fees and services	2,078,093	5,111,671	7,189,764	-	7,189,764
Medicaid services	-	8,598	8,598	-	8,598
Food services	-	330,398	330,398	-	330,398
After school programs	-	87,554	87,554	-	87,554
Other income	72,747	-	72,747	-	72,747
Total support and revenue without donor restrictions	<u>6,614,043</u>	<u>5,913,874</u>	<u>12,527,917</u>	<u>-</u>	<u>12,527,917</u>
Investment return:					
Interest and dividends	20,996	26,073	47,069	-	47,069
Management fees	(10,835)	(4,918)	(15,753)	-	(15,753)
Net realized gains on sales of investments	23,543	(7,010)	16,533	-	16,533
Net unrealized appreciation of investments	24,900	24,714	49,614	-	49,614
Net investment return without donor restrictions	<u>58,604</u>	<u>38,859</u>	<u>97,463</u>	<u>-</u>	<u>97,463</u>
Net assets released from donor restrictions:					
Contributions satisfied by use of funds for donor-restricted purpose	280,876	-	280,876	-	280,876
Total support, revenues and other without donor restrictions	<u>6,953,523</u>	<u>5,952,733</u>	<u>12,906,256</u>	<u>-</u>	<u>12,906,256</u>
Expenses:					
Program services:					
Social	2,601,306	-	2,601,306	-	2,601,306
Educational	1,724,859	5,331,794	7,056,653	-	7,056,653
Pinpoint translations	1,301,012	-	1,301,012	-	1,301,012
Total program services	<u>5,627,177</u>	<u>5,331,794</u>	<u>10,958,971</u>	<u>-</u>	<u>10,958,971</u>
Supporting services:					
General overhead and administration	1,240,578	390,732	1,631,310	-	1,631,310
Fundraising	170,465	9,795	180,260	-	180,260
Total supporting services	<u>1,411,043</u>	<u>400,527</u>	<u>1,811,570</u>	<u>-</u>	<u>1,811,570</u>
Total expenses	<u>7,038,220</u>	<u>5,732,321</u>	<u>12,770,541</u>	<u>-</u>	<u>12,770,541</u>
Changes in net assets without donor restrictions	<u>(84,697)</u>	<u>220,412</u>	<u>135,715</u>	<u>-</u>	<u>135,715</u>
Net Assets With Donor Restrictions					
Contributions and grants	424,776	-	424,776	-	424,776
Satisfaction of program restrictions	(280,876)	-	(280,876)	-	(280,876)
Interest and dividends	14,465	-	14,465	-	14,465
Net realized gains on sales of investments	16,269	-	16,269	-	16,269
Net unrealized appreciation of investments	17,208	-	17,208	-	17,208
Changes in net assets with donor restrictions	<u>191,842</u>	<u>-</u>	<u>191,842</u>	<u>-</u>	<u>191,842</u>
Increase in Net Assets	<u>107,145</u>	<u>220,412</u>	<u>327,557</u>	<u>-</u>	<u>327,557</u>
Net Assets - Beginning of Year	<u>4,239,301</u>	<u>1,294,067</u>	<u>5,533,368</u>	<u>-</u>	<u>5,533,368</u>
Net Assets - End of Year	<u>\$ 4,346,446</u>	<u>\$ 1,514,479</u>	<u>\$ 5,860,925</u>	<u>\$ -</u>	<u>\$ 5,860,925</u>

**DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC.
AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION**

**CONSOLIDATING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

	Dorcas International Institute of Rhode Island	International Charter School	Combined Total	Eliminations	Consolidated Total
Cash Flows from Operating Activities					
Change in net assets	\$ 387,984	\$ 118,575	\$ 506,559	\$ -	\$ 506,559
Adjustments to reconcile change in net asset to net cash provided by operating activities:					
Depreciation	194,945	123,425	318,370	-	318,370
Amortization of debt issuance costs to interest expense	-	7,974	7,974	-	7,974
Donated securities	(10,578)	-	(10,578)	-	(10,578)
Bad debt expense	11,967	-	11,967	-	11,967
Net realized gains on sales of investments	(117,682)	(13,229)	(130,911)	-	(130,911)
Net unrealized depreciation of investments	75,524	14,671	90,195	-	90,195
Investment income restricted for reinvestment	(65,477)	-	(65,477)	-	(65,477)
(Increase) decrease in operating assets:					
Grants receivable	235,923	68,417	304,340	-	304,340
Accounts receivable	(48,138)	39,000	(9,138)	-	(9,138)
Prepaid expenses	20,538	3,299	23,837	-	23,837
Increase (decrease) in operating liabilities:					
Accounts payable	(77,327)	(15,551)	(92,878)	-	(92,878)
Accrued expenses	61,126	150,602	211,728	-	211,728
Deferred revenue	493,849	-	493,849	-	493,849
Net cash provided by operating activities	<u>1,162,654</u>	<u>497,183</u>	<u>1,659,837</u>	<u>-</u>	<u>1,659,837</u>
Cash Flows from Investing Activities					
Acquisition of property and equipment	(382,590)	(227,602)	(610,192)	-	(610,192)
Purchase of investments	(155,288)	(677,611)	(832,899)	-	(832,899)
Proceeds from sales of investments	330,866	660,180	991,046	-	991,046
Net cash used in investing activities	<u>(207,012)</u>	<u>(245,033)</u>	<u>(452,045)</u>	<u>-</u>	<u>(452,045)</u>
Cash Flows from Financing Activities					
Proceeds from payroll protection program loan	-	600,640	600,640	-	600,640
Repayment of long-term debt	-	(85,000)	(85,000)	-	(85,000)
Investment income restricted for reinvestment	65,477	-	65,477	-	65,477
Net cash provided by financing activities	<u>65,477</u>	<u>515,640</u>	<u>581,117</u>	<u>-</u>	<u>581,117</u>
Net Increase in Cash and Cash Equivalents	1,021,119	767,790	1,788,909	-	1,788,909
Cash and Cash Equivalents - Beginning of Year	<u>253,395</u>	<u>1,351,450</u>	<u>1,604,845</u>	<u>-</u>	<u>1,604,845</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,274,514</u>	<u>\$ 2,119,240</u>	<u>\$ 3,393,754</u>	<u>\$ -</u>	<u>\$ 3,393,754</u>

**DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC.
AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION**

**CONSOLIDATING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

	Dorcas International Institute of Rhode Island	International Charter School	Combined Total	Eliminations	Consolidated Total
Cash Flows from Operating Activities					
Change in net assets	\$ 107,145	\$ 220,412	\$ 327,557	\$ -	\$ 327,557
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:					
Depreciation	183,196	124,900	308,096	-	308,096
Amortization of debt issuance costs	-	7,974	7,974	-	7,974
Donated securities	(4,101)	-	(4,101)	-	(4,101)
Bad debt expense	13,509	-	13,509	-	13,509
Net realized (gains) losses on sales of investments	(39,812)	7,010	(32,802)	-	(32,802)
Net unrealized appreciation of investments	(42,108)	(24,714)	(66,822)	-	(66,822)
Investment income restricted for reinvestment	(30,734)	-	(30,734)	-	(30,734)
(Increase) decrease in operating assets					
Grants receivable	(568,579)	(48,978)	(617,557)	-	(617,557)
Accounts receivable	(3,437)	80,011	76,574	-	76,574
Prepaid expenses and other current assets	(4,760)	81,554	76,794	-	76,794
Increase (decrease) in operating liabilities					
Accounts payable	129,420	(25,811)	103,609	-	103,609
Accrued expenses	16,086	(29,551)	(13,465)	-	(13,465)
Deferred revenue	22,230	-	22,230	-	22,230
Net cash provided by (used in) operating activities	<u>(221,945)</u>	<u>392,807</u>	<u>170,862</u>	<u>-</u>	<u>170,862</u>
Cash Flows from Investing Activities					
Acquisition of property and equipment	(153,834)	(56,460)	(210,294)	-	(210,294)
Purchase of investments	(173,976)	(58,830)	(232,806)	-	(232,806)
Proceeds from sales of investments	305,812	43,862	349,674	-	349,674
Net cash used in investing activities	<u>(21,998)</u>	<u>(71,428)</u>	<u>(93,426)</u>	<u>-</u>	<u>(93,426)</u>
Cash Flows from Financing Activities					
Repayment of long-term debt	-	(85,000)	(85,000)	-	(85,000)
Investment income restricted for reinvestment	30,734	-	30,734	-	30,734
Net cash provided by (used in) financing activities	<u>30,734</u>	<u>(85,000)</u>	<u>(54,266)</u>	<u>-</u>	<u>(54,266)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(213,209)	236,379	23,170	-	23,170
Cash and Cash Equivalents - Beginning of Year	<u>466,604</u>	<u>1,115,071</u>	<u>1,581,675</u>	<u>-</u>	<u>1,581,675</u>
Cash and Cash Equivalents - End of Year	<u>\$ 253,395</u>	<u>\$ 1,351,450</u>	<u>\$ 1,604,845</u>	<u>\$ -</u>	<u>\$ 1,604,845</u>

**DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC.
AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION**

**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

	Dorcas International Institute of Rhode Island, Inc.						
	Program Services				Supporting Services		
	Education	Social	Pinpoint Translations	Total Program Services	Management	Fund- Raising	Total
Direct expenses:							
Grants and other assistance	\$ 19,650	\$ 303,020	\$ -	\$ 322,670	\$ -	\$ -	\$ 322,670
Salaries and wages	938,469	1,563,013	467,258	2,968,740	833,153	85,510	3,887,403
Employee benefits	122,671	222,269	91,238	436,178	107,060	12,553	555,791
Payroll taxes	74,880	125,030	38,110	238,020	66,024	6,694	310,738
Professional services	-	4,030	443	4,473	102,088	-	106,561
Contract services	106,957	93,351	396,384	596,692	15,258	145	612,095
Advertising	2,000	20	19,178	21,198	5,501	19	26,718
Office expenses	81,155	70,536	22,907	174,598	32,107	4,880	211,585
Information technology	19,101	48,704	9,179	76,984	109,108	-	186,092
Building related expenses	62,226	92,712	8,659	163,597	18,788	4,173	186,558
Travel and vehicle expense	2,710	9,208	11,684	23,602	2,512	30	26,144
Conferences and meetings	5,886	989	342	7,217	4,555	1,242	13,014
Subrecipient payments	336,771	143,082	-	479,853	-	-	479,853
Insurance	10,443	23,353	3,640	37,436	6,735	156	44,327
Equipment, licenses and fees	1,553	2,315	216	4,084	530	23	4,637
Special events	-	343	-	343	1,409	79	1,831
Miscellaneous	4,237	13,184	12,207	29,628	19,095	2,009	50,732
Total direct expenses	<u>1,788,709</u>	<u>2,715,159</u>	<u>1,081,445</u>	<u>5,585,313</u>	<u>1,323,923</u>	<u>117,513</u>	<u>7,026,749</u>
Depreciation	<u>66,435</u>	<u>98,540</u>	<u>8,936</u>	<u>173,911</u>	<u>20,050</u>	<u>984</u>	<u>194,945</u>
Total Expenses	<u>\$ 1,855,144</u>	<u>\$ 2,813,699</u>	<u>\$ 1,090,381</u>	<u>\$ 5,759,224</u>	<u>\$ 1,343,973</u>	<u>\$ 118,497</u>	<u>\$ 7,221,694</u>

**DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC.
AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION**

**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	International Charter School Corporation				
	Program Services		Supporting Services		
	Education	Total Program Services	Management	Fund-Raising	Total
Direct expenses:					
Salaries and wages	\$ 2,810,779	\$ 2,810,779	\$ 199,305	\$ -	\$ 3,010,084
Employee benefits	923,065	923,065	34,566	-	957,631
Payroll taxes	207,494	207,494	15,026	-	222,520
Professional services	127,582	127,582	13,316	17,308	158,206
Contract services	58,957	58,957	5,968	-	64,925
Advertising	390	390	-	-	390
Office expenses	71,819	71,819	2,299	-	74,118
Building related expenses	321,480	321,480	45,203	-	366,683
Travel and vehicle expense	18,861	18,861	30	-	18,891
Conferences and meetings	1,856	1,856	14,748	-	16,604
Student costs	569,140	569,140	-	-	569,140
Insurance	20,722	20,722	641	-	21,363
Equipment, licenses and fees	-	-	5,572	-	5,572
Miscellaneous	33,225	33,225	77,465	-	110,690
Total direct expenses	5,165,370	5,165,370	414,139	17,308	5,596,817
Depreciation	119,769	119,769	3,656	-	123,425
Total Expenses	\$ 5,285,139	\$ 5,285,139	\$ 417,795	\$ 17,308	\$ 5,720,242

**DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC.
AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION**

**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

	Dorcas International Institute of Rhode Island, Inc.						
	Program Services				Supporting Services		
	Education	Social	Pinpoint Translations	Total Program Services	Management	Fund- Raising	Total
Direct expenses:							
Grants and other assistance	\$ 31,265	\$ 238,701	\$ -	\$ 269,966	\$ -	\$ -	\$ 269,966
Salaries and wages	876,493	1,438,443	478,166	2,793,102	686,204	85,605	3,564,911
Employee benefits	141,290	251,623	106,670	499,583	101,369	11,398	612,350
Payroll taxes	70,441	115,644	40,583	226,668	54,979	6,667	288,314
Professional services	1,868	16,193	1,120	19,181	108,016	-	127,197
Contract services	50,560	117,815	562,550	730,925	31,193	17,323	779,441
Advertising	580	1,776	21,895	24,251	3,658	2	27,911
Office expenses	75,493	68,621	29,045	173,159	57,844	14,828	245,831
Information technology	700	55,625	11,058	67,383	76,524	5,543	149,450
Building related expenses	83,717	95,133	10,847	189,697	37,701	10,262	237,660
Travel and vehicle expense	1,277	11,266	11,345	23,888	1,808	24	25,720
Conferences and meetings	3,210	13,811	3,442	20,463	38,873	1,643	60,979
Subrecipient payments	304,567	74,846	1,168	380,581	1,116	-	381,697
Insurance	10,823	19,722	3,550	34,095	5,755	268	40,118
Equipment, licenses and fees	-	240	-	240	1,099	-	1,339
Special events	910	926	2,129	3,965	2,275	8,099	14,339
Miscellaneous	156	1,200	8,147	9,503	11,275	7,023	27,801
Total direct expenses	<u>1,653,350</u>	<u>2,521,585</u>	<u>1,291,715</u>	<u>5,466,650</u>	<u>1,219,689</u>	<u>168,685</u>	<u>6,855,024</u>
Depreciation	<u>71,509</u>	<u>79,721</u>	<u>9,297</u>	<u>160,527</u>	<u>20,889</u>	<u>1,780</u>	<u>183,196</u>
Total Expenses	<u>\$ 1,724,859</u>	<u>\$ 2,601,306</u>	<u>\$ 1,301,012</u>	<u>\$ 5,627,177</u>	<u>\$ 1,240,578</u>	<u>\$ 170,465</u>	<u>\$ 7,038,220</u>

**DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC.
AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION**

**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	International Charter School Corporation				
	Program Services		Supporting Services		
	Education	Total Program Services	Management	Fund-Raising	Total
Direct expenses:					
Salaries and wages	\$ 2,736,360	\$ 2,736,360	\$ 192,023	\$ -	\$ 2,928,383
Employee benefits	838,487	838,487	29,782	-	868,269
Payroll taxes	225,343	225,343	14,339	-	239,682
Professional services	162,895	162,895	18,661	9,795	191,351
Contract services	56,724	56,724	2,250	-	58,974
Advertising	770	770	-	-	770
Office expenses	85,912	85,912	894	-	86,806
Building related expenses	312,007	312,007	41,991	-	353,998
Travel and vehicle expense	23,892	23,892	425	-	24,317
Conferences and meetings	2,601	2,601	14,359	-	16,960
Student costs	715,274	715,274	-	-	715,274
Insurance	19,490	19,490	603	-	20,093
Equipment, licenses and fees	30,831	30,831	-	-	30,831
Miscellaneous	-	-	71,713	-	71,713
Total direct expenses	5,210,586	5,210,586	387,040	9,795	5,607,421
Depreciation	121,208	121,208	3,692	-	124,900
Total Expenses	\$ 5,331,794	\$ 5,331,794	\$ 390,732	\$ 9,795	\$ 5,732,321