BerryDunn

Found in Translation, Inc.

FINANCIAL STATEMENTS

August 31, 2020 and 2019

With Independent Auditor's Report

FOUND IN TRANSLATION, INC.

August 31, 2020 and 2019

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BerryDunn

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Found in Translation, Inc.

We have audited the accompanying financial statements of Found in Translation, Inc. (the Organization), which comprise the statements of financial position as of August 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Found in Translation, Inc. as of August 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Board of Directors
Found in Translation, Inc.

Change in Accounting Principles

As discussed in Note 1 to the financial statements, during the year ended August 31, 2020 Found in Translation, Inc. adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* and FASB ASU No. 2014-09, *Revenue from Contracts with Customers.* Our opinion is not modified with respect to these matters.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
July 14, 2021

FOUND IN TRANSLATION, INC.

Statements of Financial Position

August 31, 2020 and 2019

ASSETS

	2020	2019
Current assets		
Cash	$ 246,346	$ 48,350
Grant receivable, current portion	9,810	75,000
Total current assets	256,156	123,350
Property and equipment		
Furniture, fixtures, and equipment	1,660	1,660
Less accumulated depreciation	(1,580)	(1,248)
Net property and equipment	80	412
Grant receivable, net of current portion	-	75,000
Security deposit	3,330	3,330
Total assets	$ 259,566	$ 202,092

LIABILITIES AND NET ASSETS

	2020	2019
Current liabilities		
Accounts payable and accrued expenses	$ 450	$ 12,239
Accrued payroll and related liabilities	12,082	6,949
Refundable advance - Paycheck Protection Program (PPP)	87,500	-
Total current liabilities	100,032	19,188
Total liabilities	100,032	19,188
Net assets		
Without donor restrictions	66,796	32,904
With donor restrictions	92,738	150,000
Net assets	159,534	182,904
Total liabilities and net assets (deficit)	$ 259,566	$ 202,092

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

FOUND IN TRANSLATION, INC.

Statements of Activities

Years Ended August 31, 2020 and 2019

	2020	2019
Revenues and support without donor restrictions		
Gifts, grants and contributions	**$ 573,852**	$ 653,761
Program revenue	**34,512**	32,758
Other revenue	**7,185**	23,260
Net assets released from restriction	**93,762**	57,553
Total revenues and support without donor restrictions	**709,311**	767,332
Expenses		
Program services	**459,824**	434,912
Administrative	**111,147**	121,012
Fundraising	**104,448**	112,313
Total expenses	**675,419**	668,237
Change in net assets (deficit) without donor restrictions	**33,892**	99,095
Net assets with donor restrictions		
Gifts and donations	**36,500**	153,475
Net assets released from restriction	**(93,762)**	(57,553)
Change in net assets with donor restrictions	**(57,262)**	95,922
Change in net assets	**(23,370)**	195,017
Net assets (deficit), beginning of year	**182,904**	(12,113)
Net assets, end of year	**$ 159,534**	$ 182,904

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

FOUND IN TRANSLATION, INC.

Statement of Functional Expenses

Year Ended August 31, 2020

	Program Services	Administrative	Fundraising	Total
Salaries	$ 256,644	$ 45,290	$ 75,484	$ 377,418
Payroll taxes	28,461	5,023	8,371	41,855
Employee benefits	28,963	5,111	8,519	42,593
Program instructors	26,166	-	-	26,166
Program supplies	71,194	-	-	71,194
Supportive services	8,674	-	-	8,674
Professional fees	-	30,958	-	30,958
Fundraising and development	-	-	5,425	5,425
Staff development and training	19,774	-	-	19,774
Occupancy	19,948	6,649	6,649	33,246
Advertising and promotion	-	1,138	-	1,138
Dues and subscriptions	-	1,901	-	1,901
Insurance	-	7,874	-	7,874
Supplies and other	-	6,871	-	6,871
Depreciation	-	332	-	332
Total expenses	$ 459,824	$ 111,147	$ 104,448	$ 675,419

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

FOUND IN TRANSLATION, INC.

Statement of Functional Expenses

Year Ended August 31, 2019

	Program Services	Administrative	Fundraising	Total
Salaries	$ 238,363	$ 42,064	$ 70,107	$ 350,534
Payroll taxes	21,030	3,711	6,185	30,926
Employee benefits	21,778	3,843	6,405	32,026
Program instructors	30,900	-	-	30,900
Program supplies	69,974	-	-	69,974
Supportive services	16,797	-	-	16,797
Professional fees	-	53,572	-	53,572
Fundraising and development	-	-	21,353	21,353
Staff development and training	11,283	-	-	11,283
Occupancy	24,787	8,263	8,263	41,313
Advertising and promotion	-	1,068	-	1,068
Dues and subscriptions	-	1,384	-	1,384
Insurance	-	2,414	-	2,414
Supplies and other	-	4,361	-	4,361
Depreciation	-	332	-	332
Total expenses	$ 434,912	$ 121,012	$ 112,313	$ 668,237

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

FOUND IN TRANSLATION, INC.

Statements of Cash Flows

Years Ended August 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	**$ (23,370)**	$ 195,017
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	**332**	332
Decrease (increase) in		
Grant receivable	**140,190**	(150,000)
Increase (decrease) in		
Accounts payable and accrued expenses	**(11,789)**	(16,809)
Accrued payroll and related liabilities	**5,133**	1,613
Deferred revenue	**-**	-
Refundable advance - PPP	**87,500**	-
Net cash provided by operating activities	**197,996**	30,153
Cash flows from financing activities		
Repayments to related parties	**-**	(30,000)
Net cash used by financing activities	**-**	(30,000)
Net increase in cash	**197,996**	153
Cash, beginning of year	**48,350**	48,197
Cash, end of year	**$ 246,346**	$ 48,350

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

Nature of Operations

Found in Translation, Inc. (FIT or the Organization) was incorporated on December 22, 2011 under Massachusetts General Laws Chapter 180. The Organization provides medical interpreter certificate training, job placement and ongoing career development to low-income bilingual women through its Language Access Fellowship Program.

Well-paying job opportunities for our language-access fellows, along with revenue to support the Organization and future language-access fellows, are generated by providing interpreter services—affordable, high-quality language access services for people with limited English proficiency in medical, legal and community settings.

1. Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting.

The accompanying financial statements have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. The Organization's transactions are categorized as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions that may be expended for any purpose furthering the Organization's mission. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other donor-imposed stipulations are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) 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 and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

The Organization maintains cash in interest-bearing bank deposit accounts, which may at times exceed federally insured limits.

Gifts, Grants and Contributions

The Organization reports gifts of cash and other assets as revenues with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. As donor-stipulated time restrictions end or purpose restrictions are accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statements of activities as net assets released from restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date received.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues without donor restrictions.

The Organization reports gifts of land, buildings and equipment as support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit donor restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. The Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Functional Expenses

The Organization allocates its expenses on a functional basis among various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated using payroll and time usage formulas. Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis. Supporting services have been sub-classified as follows:

Administrative – includes all activities related to the Organization’s internal management and accounting for program services.

Fundraising – includes all activities related to maintaining contributor information, writing grant proposals, direct mail solicitation, costs of fundraising events, distribution of materials and other similar projects related to the procurement of funds.

Income Taxes

The Organization is a nonprofit corporation exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (Code) whereby only unrelated business income, as defined by Section 512(a)(l) of the Code, is subject to federal income tax.

The Organization currently evaluates all tax positions, and makes a determination regarding the likelihood of those positions being upheld under review. The primary tax positions made by the Organization are the nonexistence of Unrelated Business Income Tax and the Organization's status as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. For the years presented, the Organization has not recognized any tax benefits or loss contingencies for uncertain tax positions based on this evaluation.

Program Revenue and Deferred Revenue

Program revenue for performance obligations, such as translation services, which are satisfied at a point in time are generally recognized when the service is provided to customers and the Organization does not believe it is required to provide additional services related to that sale. Performance obligations for program revenues are separately identifiable based on the activity provided by the Organization. Revenue is recognized based upon the stated contract price for the agreed upon performance obligation at the time of service.

Newly Adopted Accounting Principle

During 2020, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.* The amendments in this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of FASB Accounting Standards Codification Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other accounting guidance, and (2) distinguishing between conditional contributions and unconditional contributions. Adoption of the ASU did not have a material impact on the Organization's financial reporting.

During 2020, the Organization also adopted FSAB ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), and related guidance, which supersedes accounting standards that currently exist under GAAP and provides a single revenue model to address revenue recognition to be applied by all companies. Under the new standard, companies recognize revenue when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods and services. Adoption of the ASU did not have a material impact on the Organization's financial reporting.

Subsequent Events

For purposes of the preparation of these financial statements in conformity with GAAP, the Organization has considered transactions or events occurring through July 14, 2021, which was the date the financial statements were available to be issued.

2. Revenue Concentration

For the year ended August 31, 2020, amounts received from one funder accounted for 29% of total revenue and support. For the year ended August 31, 2019, amounts received from three funders accounted for 61% of total revenue and support.

3. Refundable Advance

As a response to the COVID-19 outbreak, the U.S. government responded relief legislation. Legislation was enacted into law on March 27, 2020, called the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), a statute to address the economic impact of the COVID-19 outbreak. The CARES Act, among other things, 1) authorizes emergency loans to distressed businesses by establishing, and providing funding for, forgivable bridge loans; 2) provides additional funding for grants and technical assistance; 3) delays due dates for employer payroll taxes and estimated tax payments for organizations; and 4) revises provisions of the Internal Revenue Code, including those related to losses, charitable deductions, and business interest.

During 2020, the Organization qualified for and received a refundable advance pursuant to the PPP, a program implemented by the U.S. Small Business Administration (SBA) under the CARES Act, in the amount of $87,500. The PPP provides funds to pay up to 24 weeks of payroll and other specified costs, and forgiveness of the loan is dependent upon compliance with this and other terms and conditions of the CARES Act. The Organization has not yet received notification of forgiveness from the SBA and, as such, has recorded the refundable advance in its statement of financial position as of August 31, 2020.

4. Net Assets With Donor Restrictions

Net assets with donor restrictions are comprised of net assets subject to time restrictions as of August 31, 2020 and 2019. Net assets released from net assets with donor restriction for the years ended August 31, 2020 and 2019 were for the passage of time and staff development and for bookkeeping services expenditures, respectively.

5. Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to optimize the investment of its available funds.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing operating activities. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization hopes to operate a balanced budget and anticipates collecting sufficient revenue to cover expenditures not covered by donor-restricted resources or, where appropriate, borrowings.

Financial assets and liquid resources available within 12 months for general expenditures were as follows as of August 31:

	2020	2019
Cash	**$ 246,346**	$ 48,350
Grant receivable to be received over the next 12 months	**9,810**	75,000
	$ 256,156	$ 123,350

6. Employee Benefit Plan

The Organization sponsors a 401(k) defined contribution benefit plan which covers all eligible employees. Participants can elect to contribute to the plan up to the limits imposed by the Internal Revenue Service. The plan also includes an employer discretionary contribution provision. There were no employer contributions for the years ended August 31, 2020 or 2019.

7. Uncertainty

During 2020, in response to COVID-19 global pandemic, U.S. and world governments encouraged self-isolation to curtail the spread of COVID-19 by mandating the temporary shutdown of business in many sectors and imposing limitations on travel and the size and duration of group meetings. Most sectors are experiencing disruption to business operations and may feel further impact related to delayed government reimbursement, volatility in investment returns, and reduced philanthropic support.

There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Therefore, while management expects this matter to negatively impact the Organization's operating results, the related financial impact and duration cannot be reasonably estimated at this time.