



Found in Translation, Inc.

FINANCIAL STATEMENTS

August 31, 2021 and 2020

With Independent Auditor's Report





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, 2021 and 2020, 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, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
May 5, 2022

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FOUND IN TRANSLATION, INC.

Statements of Financial Position

August 31, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Current assets		
Cash	\$ 179,876	\$ 246,346
Accounts receivable	15,939	9,810
Grants receivable, current portion	<u>130,858</u>	<u>-</u>
Total current assets	<u>326,673</u>	<u>256,156</u>
Property and equipment		
Furniture, fixtures, and equipment	1,660	1,660
Less accumulated depreciation	<u>(1,660)</u>	<u>(1,580)</u>
Net property and equipment	<u>-</u>	<u>80</u>
Grants receivable, net of current portion and present value discount	339,499	-
Security deposit	<u>3,330</u>	<u>3,330</u>
Total assets	<u>\$ 669,502</u>	<u>\$ 259,566</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued expenses	\$ 1,353	\$ 450
Accrued payroll and related liabilities	21,277	12,082
Refundable advance - Paycheck Protection Program (PPP)	<u>-</u>	<u>87,500</u>
Total current and total liabilities	22,630	100,032
Net assets		
Without donor restrictions	120,859	66,796
With donor restrictions	<u>526,013</u>	<u>92,738</u>
Net assets	<u>646,872</u>	<u>159,534</u>
Total liabilities and net assets	<u>\$ 669,502</u>	<u>\$ 259,566</u>

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

FOUND IN TRANSLATION, INC.

Statements of Activities

Years Ended August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues and support without donor restrictions		
Gifts, grants, and contributions	\$ 615,752	\$ 573,852
Program revenue	39,664	34,512
Forgiveness of PPP loan	87,500	-
Other revenue	9,845	7,185
Net assets released from restriction	<u>198,488</u>	<u>93,762</u>
Total revenues and support without donor restrictions	<u>951,249</u>	<u>709,311</u>
Expenses		
Program services	585,434	461,722
Administrative	139,518	109,249
Fundraising	<u>172,234</u>	<u>104,448</u>
Total expenses	<u>897,186</u>	<u>675,419</u>
Change in net assets without donor restrictions	54,063	33,892
Net assets with donor restrictions		
Gifts and donations	631,763	36,500
Net assets released from restriction	<u>(198,488)</u>	<u>(93,762)</u>
Change in net assets with donor restrictions	<u>433,275</u>	<u>(57,262)</u>
Change in net assets	487,338	(23,370)
Net assets, beginning of year	<u>159,534</u>	<u>182,904</u>
Net assets, end of year	<u>\$ 646,872</u>	<u>\$ 159,534</u>

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

FOUND IN TRANSLATION, INC.

Statement of Functional Expenses

Year Ended August 31, 2021

	<u>Program Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 347,369	\$ 61,300	\$ 102,167	\$ 510,836
Payroll taxes	29,835	5,265	8,775	43,875
Employee benefits	32,752	5,780	9,633	48,165
Program contractors	17,211	-	-	17,211
Program - non-personnel	34,880	-	-	34,880
Supportive job placement	76,323	-	-	76,323
Professional fees	-	36,330	-	36,330
Fundraising and development	-	-	45,538	45,538
Staff development and training	26,252	-	-	26,252
Occupancy	20,812	3,673	6,121	30,606
Advertising and promotion	-	893	-	893
Dues and subscriptions	-	4,961	-	4,961
Insurance	-	7,506	-	7,506
Supplies and other	-	12,578	-	12,578
Depreciation	-	80	-	80
Interest	-	1,152	-	1,152
	<u>-</u>	<u>1,152</u>	<u>-</u>	<u>1,152</u>
Total expenses	\$ <u>585,434</u>	\$ <u>139,518</u>	\$ <u>172,234</u>	\$ <u>897,186</u>

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

FOUND IN TRANSLATION, INC.

Statement of Functional Expenses

Year Ended August 31, 2020

	<u>Program Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
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 contractors	28,064	-	-	28,064
Program - non-personnel	25,617	-	-	25,617
Supportive job placement	54,251	-	-	54,251
Professional fees	-	29,060	-	29,060
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	<u>-</u>	<u>332</u>	<u>-</u>	<u>332</u>
Total expenses	\$ <u>461,722</u>	\$ <u>109,249</u>	\$ <u>104,448</u>	\$ <u>675,419</u>

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

FOUND IN TRANSLATION, INC.

Statements of Cash Flows

Years Ended August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 487,338	\$ (23,370)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Depreciation	80	332
Decrease (increase) in		
Accounts receivable	(6,129)	140,190
Grants receivable	(470,357)	-
Increase (decrease) in		
Accounts payable and accrued expenses	903	(11,789)
Accrued payroll and related liabilities	9,195	5,133
Refundable advance - PPP	<u>(87,500)</u>	<u>87,500</u>
Net cash (used) provided by operating activities and net (decrease) increase in cash	<u>(66,470)</u>	<u>197,996</u>
Cash, beginning of year	<u>246,346</u>	<u>48,350</u>
Cash, end of year	<u>\$ 179,876</u>	<u>\$ 246,346</u>

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

FOUND IN TRANSLATION, INC.

Notes to Financial Statements

August 31, 2021 and 2020

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.

FOUND IN TRANSLATION, INC.

Notes to Financial Statements

August 31, 2021 and 2020

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 property 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.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Amounts due are from organizations for interpreter services provided. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuations allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of August 31, 2021 and 2020, no allowance for doubtful accounts has been established for accounts receivable.

Grants Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. Receivables that are expected to be collected beyond one year are recorded at the present value of estimated future cash flows. The present value of estimated future cash flows has been measured using a rate of return commensurate with the risk involved in the collection of outstanding grants receivable. Amortization of the discount is included in the grant revenue. The Organization provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after the Organization has used reasonable efforts are written off through a charge to the valuation allowance and a credit to grants receivable. As of August 31, 2021 and 2020, no allowance for doubtful accounts has been established for grants receivable.

FOUND IN TRANSLATION, INC.

Notes to Financial Statements

August 31, 2021 and 2020

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)(1) 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

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.

Uncertainty

Local, U.S., and world governments encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating the temporary shut-down 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 impacts related to delayed government reimbursement, volatility in investment returns, and reduced philanthropic support. There is continued uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them.

FOUND IN TRANSLATION, INC.

Notes to Financial Statements

August 31, 2021 and 2020

The COVID-19 pandemic remains an evolving situation. The extent of the impact of COVID-19 on business and financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which the Organizations operate. Therefore, while management expects this matter to impact operating results, the related financial impact and duration cannot be reasonably estimated.

Subsequent Events

For purposes of the preparation of these financial statements in conformity with GAAP, the Organization has considered transactions or events occurring through May 5, 2022, which was the date the financial statements were available to be issued.

2. Revenue Concentration

For the year ended August 31, 2021, amounts received from two funders accounted for 47% of total revenue and support. For the year ended August 31, 2020, amounts received from one funder accounted for 29% of total revenue and support.

3. Grants Receivable

Grants receivable are discounted to a present value as required using a risk-free rate of return, and are expected to be collected in the years outlined below as of August 31, 2021:

Less than one year	130,858
One to five years	240,000
More than five years	<u>120,000</u>
	490,858
Less discount to present value at 0.54%	<u>(20,501)</u>
Net grants receivable	<u>\$ 470,357</u>

4. Refundable Advance

As a response to the COVID-19 outbreak, the U.S. government responded with 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.

FOUND IN TRANSLATION, INC.

Notes to Financial Statements

August 31, 2021 and 2020

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 provided 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 incurred the expenses pursuant to the requirements of the PPP throughout 2020 and 2021, and was granted forgiveness under the provisions of the CARES Act during fiscal year 2021. As such, the Organization recognized loan forgiveness revenue in the amount of \$87,500 during 2021, which is included in the statement of activities.

5. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following at August 31:

	<u>2021</u>	<u>2020</u>
Purpose restriction	\$ 106,514	\$ 92,738
Subject to passage of time - grants receivable	<u>419,499</u>	<u>-</u>
	<u>\$ 526,013</u>	<u>\$ 92,738</u>

Net assets released from donor restrictions were as follows for the years ended August 31:

	<u>2021</u>	<u>2020</u>
Purpose restrictions:		
Supplies and training	27,750	6,500
Staff development	3,500	-
Bookkeeping and other	12,238	12,262
Time restrictions - grants receivable	<u>155,000</u>	<u>75,000</u>
	<u>\$ 198,488</u>	<u>\$ 93,762</u>

6. 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.

FOUND IN TRANSLATION, INC.

Notes to Financial Statements

August 31, 2021 and 2020

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

	<u>2021</u>	<u>2020</u>
Cash	\$ 179,876	\$ 246,346
Accounts receivable	15,939	9,810
Grants receivable to be received over the next 12 months	<u>130,858</u>	<u>-</u>
	326,673	256,156
Less: restricted grants receivable	(128,928)	-
Less: restricted cash	<u>(82,050)</u>	<u>-</u>
	<u>\$ 115,695</u>	<u>\$ 256,156</u>

7. 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, 2021 or 2020.

8. Operating Lease

The Organization leases office space under a noncancelable operating lease that was set to expire October 2022. The Organization renewed the lease for five years, expiring October 2027.

Future minimum lease payments are as follows:

2022	\$ 19,980
2023	19,980
2024	21,663
2025	22,000
2026	22,000
Thereafter	<u>25,667</u>
	<u>\$ 131,290</u>

Lease expense for the years August 31, 2021 and 2020 amounted to \$25,593 and \$18,962, respectively.