BerryDunn

Found in Translation, Inc.

FINANCIAL STATEMENTS

August 31, 2022 and 2021

With Independent Auditor's Report

BerryDunn

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Found in Translation, Inc.

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Found in Translation, Inc. as of August 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards (U.S. GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Berry Dunn McNeil & Parker, LLC

Portland, Maine
March 2, 2023

FOUND IN TRANSLATION, INC.

Statements of Financial Position

August 31, 2022 and 2021

ASSETS

	2022	2021
Current assets		
Cash	$ 394,581	$ 179,876
Accounts receivable	3,305	15,939
Grants receivable, current portion	731,100	130,858
Total current assets	1,128,986	326,673
Property and equipment, net	2,495	-
Other assets		
Capitalized software costs	136,127	-
Grants receivable, net of current portion and present value discount	484,415	339,499
Security deposit	3,330	3,330
Total other assets	623,872	342,829
Total assets	$ 1,755,353	$ 669,502

LIABILITIES AND NET ASSETS

	2022	2021
Current liabilities		
Accounts payable and accrued expenses	$ 76,722	$ 1,353
Accrued payroll and related liabilities	48,172	21,277
Total current and total liabilities	124,894	22,630
Net assets		
Without donor restrictions	220,450	120,859
With donor restrictions	1,410,009	526,013
Net assets	1,630,459	646,872
Total liabilities and net assets	$ 1,755,353	$ 669,502

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

FOUND IN TRANSLATION, INC.

Statements of Activities

Years Ended August 31, 2022 and 2021

	2022	2021
Revenues and support without donor restrictions		
Gifts, grants, and contributions	**$ 547,375**	$ 615,752
Program revenue	**22,768**	39,664
Forgiveness of Paycheck Protection Program (PPP) loan	**-**	87,500
Other revenue	**7,550**	9,845
Net assets released from restriction	**588,020**	198,488
Total revenues and support without donor restrictions	**1,165,713**	951,249
Expenses		
Program services	**644,952**	585,434
Administrative	**230,805**	139,518
Fundraising	**190,365**	172,234
Total expenses	**1,066,122**	897,186
Change in net assets without donor restrictions	**99,591**	54,063
Net assets with donor restrictions		
Gifts and donations	**1,472,016**	631,763
Net assets released from restriction	**(588,020)**	(198,488)
Change in net assets with donor restrictions	**883,996**	433,275
Change in net assets	**983,587**	487,338
Net assets, beginning of year	**646,872**	159,534
Net assets, end of year	**$ 1,630,459**	$ 646,872

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

FOUND IN TRANSLATION, INC.

Statement of Functional Expenses

Year Ended August 31, 2022

	Program Services	Administrative	Fundraising	Total
Salaries	$ 415,837	$ 144,650	$ 92,687	$ 653,174
Payroll taxes	28,656	12,363	14,851	55,870
Employee benefits	39,234	10,021	17,188	66,443
Program contractors	5,750	-	-	5,750
Program - non-personnel	42,902	100	179	43,181
Supportive job placement	55,757	-	-	55,757
Professional fees	5,397	37,478	36,533	79,408
Fundraising and development	44	521	4,536	5,101
Staff development and training	13,136	7,467	12,325	32,928
Occupancy	22,712	5,292	9,342	37,346
Advertising and promotion	728	165	950	1,843
Dues and subscriptions	-	2,033	-	2,033
Insurance	562	6,141	231	6,934
Supplies and other	14,237	4,059	1,543	19,839
Depreciation	-	515	-	515
Total expenses	$ 644,952	$ 230,805	$ 190,365	$ 1,066,122

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

FOUND IN TRANSLATION, INC.

Statement of Functional Expenses

Year Ended August 31, 2021

	Program Services	Administrative	Fundraising	Total
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
Interest	-	1,152	-	1,152
Depreciation	-	80	-	80
Total expenses	$ 585,434	$ 139,518	$ 172,234	$ 897,186

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

FOUND IN TRANSLATION, INC.

Statements of Cash Flows

Years Ended August 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	**$ 983,587**	$ 487,338
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	**515**	80
Change in discount on grants receivable	**40,084**	20,501
Gifts and donations restricted for long-term purposes	**(1,472,016)**	(631,763)
Decrease (increase) in		
Accounts receivable	**12,634**	(6,129)
Grants receivable	**686,775**	140,905
Increase (decrease) in		
Accounts payable and accrued expenses	**75,369**	903
Accrued payroll and related liabilities	**26,895**	9,195
Refundable advance - PPP	**-**	(87,500)
Net cash provided (used) by operating activities	**353,843**	(66,470)
Cash flows from investing activities		
Purchases of capitalized software	**(136,127)**	-
Purchases of equipment	**(3,011)**	-
Net cash used by investing activities	**(139,138)**	-
Net increase (decrease) in cash	**214,705**	(66,470)
Cash, beginning of year	**179,876**	246,346
Cash, end of year	**$ 394,581**	$ 179,876

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.

Through its Interpreting and Translation Services, Found in Translation provides well-paying job opportunities for program graduates, while generating revenue to support the Organization and providing 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 (U.S. 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. The Organization has not experienced any losses on such accounts.

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, 2022 and 2021, 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, 2022 and 2021, no allowance for doubtful accounts has been established for grants receivable.

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 further 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 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)(I) of the Code, is subject to 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.

Subsequent Events

For purposes of the preparation of these financial statements in conformity with U.S. GAAP, the Organization has considered transactions or events occurring through March 2, 2023, which was the date the financial statements were available to be issued.

2. Revenue Concentration

For the year ended August 31, 2022, amounts received from three funders accounted for 40% of total revenues and support. For the year ended August 31, 2021, amounts received from two funders accounted for 47% of total revenues 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:

	2022	2021
Less than one year	**$ 731,100**	130,858
One to five years	**425,000**	240,000
More than five years	**120,000**	120,000
	1,276,100	490,858
Less discount to present value (rates between 1.14% and 3.45%%	**(60,585)**	(20,501)
Net grants receivable	**$ 1,215,515**	$ 470,357

4. COVID-19 Relief Funding

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.

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:

	2022	2021
Purpose restriction	**$ 207,630**	$ 55,656
Subject to passage of time - grants receivable	**1,215,515**	470,357
	$ 1,423,145	$ 526,013

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

	2022	2021
Purpose restrictions:		
Supplies and training	**$ 132,667**	$ 27,750
Staff development	**-**	3,500
Bookkeeping and other	**-**	12,238
Infrastructure investment	**147,853**	-
Time restrictions - grants receivable	**307,500**	155,000
	$ 588,020	$ 198,488

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.

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

	2022	2021
Cash	**$ 394,581**	$ 179,876
Accounts receivable	**3,305**	15,939
Grants receivable to be received over the next 12 months	**731,100**	130,858
	1,128,986	326,673
Less: restricted grants receivable	**(731,100)**	(128,928)
Less: restricted cash	**(208,730)**	(55,656)
	$ 189,156	$ 142,089

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, 2022 or 2021.

8. Operating Lease

The Organization leases office space under a noncancelable operating lease that expires in October 2027.

Future minimum lease payments are as follows:

2023	$ 19,980
2024	21,663
2025	22,000
2026	22,000
2027	22,000
Thereafter	3,667
	$ 111,310

Lease expense for the years August 31, 2022 and 2021 amounted to $27,717 and $25,593, respectively.