

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

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

JUNE 30, 2021 AND 2020



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

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

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INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated 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 statement of financial position as of June 30, 2021, and the related consolidated statements of activities, changes in net assets, cash flows, and functional expenses for the year 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 audit. We conducted our audit 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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was 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 year ended June 30, 2021 are presented for the purpose 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 audit 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 4, 2021 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.

Other Matter

The consolidated financial statements as of June 30, 2020 were audited by Blum, Shapiro & Company, P.C., whose partners and professional staff joined CliftonLarsonAllen LLP as of January 1, 2021 and has subsequently ceased operations. Blum, Shapiro & Company, P.C.'s report dated October 23, 2020 expressed an unmodified opinion on those consolidated statements.



CliftonLarsonAllen LLP

West Hartford, Connecticut
October 4, 2021

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020**

| | <u>2021</u> | <u>2020</u> |
|---|----------------------|----------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 1,510,677 | \$ 3,393,754 |
| Investments | 2,448,607 | 1,966,765 |
| Grants receivable | 1,558,700 | 835,851 |
| Accounts receivable, net | 777,111 | 445,504 |
| Prepaid expenses and other current assets | 139,589 | 122,550 |
| Total current assets | <u>6,434,684</u> | <u>6,764,424</u> |
| Property and Equipment, Net | <u>4,166,455</u> | <u>3,244,268</u> |
| Total Assets | <u>\$ 10,601,139</u> | <u>\$ 10,008,692</u> |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts payable | \$ 274,975 | \$ 316,163 |
| Accrued expenses | 1,002,546 | 899,664 |
| Deferred revenue | 86,813 | 539,074 |
| Current portion of long-term debt | 90,000 | 354,442 |
| Total current liabilities | <u>1,454,334</u> | <u>2,109,343</u> |
| Long-Term Liabilities | | |
| Long-term debt | <u>1,113,641</u> | <u>1,531,865</u> |
| Total liabilities | <u>2,567,975</u> | <u>3,641,208</u> |
| Net Assets | | |
| Net assets without donor restrictions | 7,758,969 | 5,460,241 |
| Net assets with donor restrictions | 274,195 | 907,243 |
| Total net assets | <u>8,033,164</u> | <u>6,367,484</u> |
| Total Liabilities and Net Assets | <u>\$ 10,601,139</u> | <u>\$ 10,008,692</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, 2021 AND 2020**

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| Support, Revenues and Investment Return Without Donor Restrictions | | |
| Support and revenue: | | |
| United Way | \$ 25,236 | \$ 109,972 |
| Public grants and contracts | 5,075,103 | 3,936,972 |
| Private grants and contracts | 554,822 | 286,542 |
| Contributions | 498,260 | 426,345 |
| Tuition, fees and services | 7,441,117 | 7,034,784 |
| Medicaid services | 13,136 | 16,475 |
| Food services | 106,981 | 258,843 |
| After school programs | - | 60,033 |
| Donated goods and services | - | 27,586 |
| Other income | 13,436 | 31,985 |
| Total support and revenue without donor restrictions | <u>13,728,091</u> | <u>12,189,537</u> |
| Investment return: | | |
| Interest and dividends | 46,912 | 26,498 |
| Management fees | (19,835) | (19,546) |
| Net realized gains on sales of investments | 26,968 | 79,361 |
| Net unrealized (depreciation) appreciation of investments | 452,335 | (57,112) |
| Net investment return without donor restrictions | <u>506,380</u> | <u>29,201</u> |
| Net assets released from donor restrictions: | | |
| Contributions satisfied by use of funds for donor-restricted purpose | <u>4,834,046</u> | <u>1,143,462</u> |
| Total support, revenues and other without donor restrictions | <u>19,068,517</u> | <u>13,362,200</u> |
| Expenses: | | |
| Program services: | | |
| Social | 6,131,936 | 2,813,699 |
| Educational | 7,334,134 | 7,140,283 |
| Pinpoint translations | 1,231,346 | 1,090,381 |
| Total program services | <u>14,697,416</u> | <u>11,044,363</u> |
| Supporting services: | | |
| General overhead and administration | 1,876,578 | 1,761,768 |
| Fundraising | 195,795 | 135,805 |
| Total supporting services | <u>2,072,373</u> | <u>1,897,573</u> |
| Total expenses | <u>16,769,789</u> | <u>12,941,936</u> |
| Changes in net assets without donor restrictions | <u>2,298,728</u> | <u>420,264</u> |
| Changes in Net Assets With Donor Restrictions | | |
| Contributions and grants | 4,700,998 | 1,197,363 |
| Satisfaction of program restrictions | (4,834,046) | (1,143,462) |
| Transfer of endowment to Rhode Island Foundation | (500,000) | - |
| Interest and dividends | - | 13,927 |
| Net realized gains on sales of investments | - | 51,550 |
| Net unrealized depreciation of investments | - | (33,083) |
| Changes in net assets with donor restrictions | <u>(633,048)</u> | <u>86,295</u> |
| Increase in Net Assets | 1,665,680 | 506,559 |
| Net Assets - Beginning of Year | <u>6,367,484</u> | <u>5,860,925</u> |
| Net Assets - End of Year | <u>\$ 8,033,164</u> | <u>\$ 6,367,484</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, 2021 AND 2020**

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| Net Assets Without Donor Restrictions | | |
| Balance - beginning of year | \$ 5,460,241 | \$ 5,039,977 |
| Increase in net assets without donor restrictions | <u>2,298,728</u> | <u>420,264</u> |
| Balance - end of year | <u>7,758,969</u> | <u>5,460,241</u> |
| Net Assets With Donor Restrictions | | |
| Balance - beginning of year | 907,243 | 820,948 |
| Increase (decrease) in net assets with donor restrictions | <u>(633,048)</u> | <u>86,295</u> |
| Balance - end of year | <u>274,195</u> | <u>907,243</u> |
| Net Assets - End of Year | <u>\$ 8,033,164</u> | <u>\$ 6,367,484</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, 2021 AND 2020**

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 1,665,680 | \$ 506,559 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 340,165 | 318,370 |
| Amortization of debt issuance costs to interest expense | 7,974 | 7,974 |
| Donated securities | (7,336) | (10,578) |
| Bad debt expense | 28,880 | 11,967 |
| Net realized gains on sales of investments | (26,968) | (130,911) |
| Net unrealized (appreciation) depreciation of investments | (452,335) | 90,195 |
| Investment income restricted for reinvestment | - | (65,477) |
| Forgiveness of payroll protection program loan | (600,640) | - |
| (Increase) decrease in operating assets: | | |
| Grants receivable | (722,848) | 304,340 |
| Accounts receivable | (360,487) | (9,138) |
| Prepaid expenses | (17,039) | 23,837 |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | (41,189) | (92,878) |
| Accrued expenses | 102,882 | 211,728 |
| Deferred revenue | (452,261) | 493,849 |
| Net cash provided by operating activities | <u>(535,522)</u> | <u>1,659,837</u> |
| Cash Flows from Investing Activities | | |
| Acquisition of property and equipment | (1,262,352) | (610,192) |
| Purchase of investments | (449,294) | (832,899) |
| Proceeds from sales of investments | 454,091 | 991,046 |
| Net cash used in investing activities | <u>(1,257,555)</u> | <u>(452,045)</u> |
| Cash Flows from Financing Activities | | |
| Proceeds from payroll protection program loan | - | 600,640 |
| Repayment of long-term debt | (90,000) | (85,000) |
| Investment income restricted for reinvestment | - | 65,477 |
| Net cash provided by (used in) financing activities | <u>(90,000)</u> | <u>581,117</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (1,883,077) | 1,788,909 |
| Cash and Cash Equivalents - Beginning of Year | <u>3,393,754</u> | <u>1,604,845</u> |
| Cash and Cash Equivalents - End of Year | <u>\$ 1,510,677</u> | <u>\$ 3,393,754</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, 2021**

| | Program Services | | | Total Program Services | Supporting Services | | Total |
|------------------------------|---------------------|---------------------|--------------------------|------------------------------|---------------------|-------------------|----------------------|
| | Education | Social | Pinpoint Translations | | Management | Fund- Raising | |
| Direct expenses: | | | | | | | |
| Grants and other assistance | \$ 65,862 | \$ 3,061,240 | \$ - | \$ 3,127,102 | \$ - | \$ 13,945 | \$ 3,141,047 |
| Salaries and wages | 3,759,523 | 1,563,321 | 278,733 | 5,601,577 | 1,028,362 | 124,470 | 6,754,409 |
| Employee benefits | 1,078,123 | 275,629 | 50,792 | 1,404,544 | 160,472 | 15,240 | 1,580,256 |
| Payroll taxes | 284,585 | 122,333 | 22,563 | 429,481 | 81,255 | 9,904 | 520,640 |
| Professional services | 129,451 | 4,653 | 450 | 134,554 | 158,216 | 12,300 | 305,070 |
| Contract services | 111,343 | 81,236 | 779,493 | 972,072 | 13,192 | 123 | 985,387 |
| Advertising | 5,214 | - | - | 5,214 | 8,384 | 35 | 13,633 |
| Supplies | 167,204 | - | - | 167,204 | 699 | - | 167,903 |
| Office expenses | 156,874 | 91,642 | 31,121 | 279,637 | 39,533 | 11,506 | 330,676 |
| Information technology | 56,437 | 83,930 | 24,362 | 164,729 | 148,987 | 3,717 | 317,433 |
| Building related expenses | 437,436 | 132,282 | 20,930 | 590,648 | 31,401 | 2,193 | 624,242 |
| Travel and vehicle expense | 1,472 | 6,351 | 2,363 | 10,186 | 269 | 25 | 10,480 |
| Conferences and meetings | 1,496 | 179 | 14 | 1,689 | 15,414 | - | 17,103 |
| Subrecipient payments | 160,697 | 537,447 | - | 698,144 | - | - | 698,144 |
| Student costs | 628,511 | - | - | 628,511 | 424 | - | 628,935 |
| Insurance | 36,453 | 25,245 | 4,557 | 66,255 | 9,350 | 292 | 75,897 |
| Equipment, licenses and fees | 11,587 | 2,470 | 285 | 14,342 | 492 | 39 | 14,873 |
| Special events | - | - | - | - | 5,750 | - | 5,750 |
| Miscellaneous | 44,766 | 37,129 | 2,723 | 84,618 | 152,330 | 798 | 237,746 |
| Total direct expenses | 7,137,034 | 6,025,087 | 1,218,386 | 14,380,507 | 1,854,530 | 194,587 | 16,429,624 |
| Depreciation | 197,100 | 106,849 | 12,960 | 316,909 | 22,048 | 1,208 | 340,165 |
| Total Expenses | \$ 7,334,134 | \$ 6,131,936 | \$ 1,231,346 | \$ 14,697,416 | \$ 1,876,578 | \$ 195,795 | \$ 16,769,789 |

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 | 6,954,079 | 2,715,159 | 1,081,445 | 10,750,683 | 1,738,062 | 134,821 | 12,623,566 |
| Depreciation | 186,204 | 98,540 | 8,936 | 293,680 | 23,706 | 984 | 318,370 |
| Total Expenses | \$ 7,140,283 | \$ 2,813,699 | \$ 1,090,381 | \$ 11,044,363 | \$ 1,761,768 | \$ 135,805 | \$ 12,941,936 |

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 1921 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

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.

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 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, 2021 and 2020. 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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

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 Organization 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).

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

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 \$0 and \$27,586 for the years ended June 30, 2021 and 2020, respectively.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Donated Goods and Services (continued)

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.

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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Income Taxes (continued)

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, 2021 and 2020, advertising expense totaled \$13,633 and \$27,108, respectively.

Subsequent Events

Subsequent events have been evaluated through October 4, 2021, which is the date the consolidated financial statements were available for issuance.

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, 2021, grants receivable included amounts due from four grantors representing approximately 75% of the outstanding balance. At June 30, 2020, there were four grantors representing approximately 70% of the outstanding balance.

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - INVESTMENTS

Investments are stated at fair value and consist of the following at June 30, 2021 and 2020:

| | <u>2021</u> | <u>2020</u> |
|--------------------------------|---------------------|---------------------|
| Common stocks | \$ 1,578,980 | \$ 1,086,163 |
| Mutual funds | 471,734 | 297,329 |
| Corporate and government bonds | 372,954 | 564,033 |
| REIT's | <u>24,939</u> | <u>19,240</u> |
| Investments | <u>\$ 2,448,607</u> | <u>\$ 1,966,765</u> |

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The fair value of assets measured on a recurring basis at June 30, 2021 is as follows:

| | Level 1 | Total |
|--------------------------------------|----------------|--------------|
| Common stocks: | | |
| Consumer discretionary | \$ 127,615 | \$ 127,615 |
| Consumer staples | 71,639 | 71,639 |
| Energy | 92,318 | 92,318 |
| Financials | 417,630 | 417,630 |
| Healthcare | 78,894 | 78,894 |
| Industrials | 118,684 | 118,684 |
| Information technology | 325,029 | 325,029 |
| Materials | 22,599 | 22,599 |
| Telecommunication services | 18,658 | 18,658 |
| Utilities | 9,553 | 9,553 |
| Other equities | 296,361 | 296,361 |
| Total common stocks | 1,578,980 | 1,578,980 |
| Mutual funds: | | |
| Financials | 120,365 | 120,365 |
| Other equities | 340,936 | 340,936 |
| AAA Bonds | 10,433 | 10,433 |
| Total mutual funds | 471,734 | 471,734 |
| Corporate and government bonds: | | |
| AAA | 192,105 | 192,105 |
| A | 26,500 | 26,500 |
| BBB | 105,923 | 105,923 |
| B | 48,426 | 48,426 |
| Total corporate and government bonds | 372,954 | 372,954 |
| REIT | 24,939 | 24,939 |
| Total Investments | \$ 2,448,607 | \$ 2,448,607 |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

| | Level 1 | Total |
|--------------------------------------|----------------|--------------|
| 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 | 1,086,163 | 1,086,163 |
| Mutual funds: | | |
| Financials | 90,394 | 90,394 |
| AAA Bonds | 56,313 | 56,313 |
| A Bonds | 150,622 | 150,622 |
| Total mutual funds | 297,329 | 297,329 |
| 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 | 564,033 | 564,033 |
| REIT | 19,240 | 19,240 |
| Total Investments | \$ 1,966,765 | \$ 1,966,765 |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at June 30, 2021 and 2020:

| | <u>2021</u> | <u>2020</u> |
|-------------------------------|---------------------|---------------------|
| Land and improvements | \$ 799,488 | \$ 343,055 |
| Buildings and improvements | 4,435,707 | 3,887,114 |
| Leasehold improvements | 2,508,980 | 2,261,480 |
| Playground | 138,878 | 147,073 |
| Furniture and equipment | 1,098,448 | 1,366,211 |
| | <u>8,981,501</u> | <u>8,004,933</u> |
| Less accumulated depreciation | 4,815,046 | 4,760,665 |
| Net Property and Equipment | <u>\$ 4,166,455</u> | <u>\$ 3,244,268</u> |

Depreciation expense for the years ended June 30, 2021 and 2020 was \$340,165 and \$318,370, respectively.

NOTE 7 - DEFERRED REVENUE

Deferred revenue related to the following as of June 30, 2021 and 2020:

| | <u>2021</u> | <u>2020</u> |
|---|------------------|-------------------|
| Immigration and refugee resettlement | \$ - | \$ 3,614 |
| Fall registrations | 3,215 | - |
| WeR1 Fund | - | 74,439 |
| Payroll Protection Program Loan - The Institute | - | 403,223 |
| Rhode Island Foundation Behavioral Health | - | 44,000 |
| Back to Work Program | 83,598 | - |
| Other | - | 13,798 |
| Total Deferred Revenue | <u>\$ 86,813</u> | <u>\$ 539,074</u> |

On April 13, 2020 and February 2, 2021, the Institute received Paycheck Protection Program (PPP) loans of \$961,300 and \$741,163, respectively, 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. For the year ended June 30, 2020, the Institute recognized \$558,077 as contributions revenue based on the amount of qualifying expenditures incurred through June 30, 2020, and the remaining balance of \$403,223 of the PPP loan was classified as a deferred revenue on the accompanying consolidated statement of financial position for the fiscal year then ended. During the

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

year ended June 30, 2021, the Institute recognized \$1,144,386 as contribution revenue, including \$403,223 of deferred revenue based on the amount of qualifying expenditures incurred and employee headcount and salary levels maintained through June 30, 2021. The loan received on April 13, 2020 was forgiven on June 14, 2021. The forgiveness of the loan is subject to audit for a period of six years. At the time of issuance of the consolidated financial statements, the Institute has not applied for forgiveness of the loan received on February 2, 2021. 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 December 2, 2021.

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, 2021, and is due on demand. There was no balance owed on the line of credit at June 30, 2021 and 2020. 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, 2021.

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, 2021. 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 considered the PPP loan to be debt and, accordingly, will record the amount of forgiveness, if any, when legally released by the lender. The School had elected the 24-week loan forgiveness period. Any portion of the loan that must be repaid bore interest at a rate of 1% per annum and was 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 were \$264,442 and \$336,198, respectively. The School recognized \$600,640 of revenue related to this agreement during the year ended June 30, 2021, which represents the portion of the PPP loan funds for which the performance barriers have been met due to notice of formal forgiveness by the SBA received on July 26, 2021.

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AND THE INTERNATIONAL CHARTER SCHOOL CORPORATION**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Long-term debt at June 30, 2021 and 2020 is as follows:

| | 2021 | | 2020 | |
|---|--------------|--|--------------|--|
| | Principal | Unamortized Bond Issuance Costs | Principal | Unamortized Bond Issuance Costs |
| 2003 Series Bonds Payable | \$ 1,300,000 | \$ 96,359 | \$ 1,390,000 | \$ 104,333 |
| Payroll Protection Program | - | | 600,640 | |
| | 1,300,000 | | 1,990,640 | |
| Less current portion | 90,000 | | 354,442 | |
| Long-term portion | 1,210,000 | | 1,636,198 | |
| Less unamortized bond issuance costs | 96,359 | | 104,333 | |
| Long-Term Debt, Net | \$ 1,113,641 | | \$ 1,531,865 | |

Annual maturities on long-term debt are as follows:

Year Ending June 30

| | |
|--|--------------|
| 2022 | \$ 90,000 |
| 2023 | 95,000 |
| 2024 | 100,000 |
| 2025 | 100,000 |
| 2026 | 105,000 |
| Thereafter | 810,000 |
| Total long-term debt | 1,300,000 |
| Less current portion of long-term debt | 90,000 |
| Net Long-Term Debt | \$ 1,210,000 |

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, 2021, management is not aware of any violations of the covenants.

The Organization incurred and paid interest costs of \$1,619 and \$19,209 (also \$7,974 for each year of amortization of deferred finance fees) for the years ended June 30, 2021 and 2020, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - OPERATING LEASES

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.

On September 1, 2020, the International Charter School entered into a long-term lease (three years) agreement to rent space for the School's operations. The lease for this space provides for monthly installments of \$11,000, adjusted for the tenant's pro-rate share of insurance, taxes and relevant expenses through August 31, 2023.

Rental expense totaled \$130,800 and \$123,200 for the years ended June 30, 2021 and 2020, respectively.

The Organization had entered into several other lease agreements for office equipment with varying terms that expired in 2023. Lease expense for the above noted leases totaled \$2,935 and \$19,690 for the years ended June 30, 2021 and 2020, respectively.

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 2021 and 2020:

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Cash and cash equivalents | \$ 1,510,677 | \$ 3,393,754 |
| Investments | 2,448,607 | 1,966,765 |
| Grants receivable | 1,558,700 | 835,851 |
| Accounts receivable, net | <u>777,111</u> | <u>445,504</u> |
| Total Financial Assets Available Within One Year | <u>\$ 6,295,095</u> | <u>\$ 6,641,874</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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2021 and 2020:

| | 2021 | 2020 |
|--|------------|------------|
| Restricted in perpetuity: | | |
| Investments restricted in perpetuity | \$ - | \$ 633,289 |
| Other net assets with donor restrictions: | | |
| Building renovations | - | 446 |
| Social services - outreach | 175,750 | 89,411 |
| COVID relief | 29,913 | 92,801 |
| Refugee services | 62,785 | 85,550 |
| Organizational costs | 5,746 | 5,746 |
| Total other net assets with donor restrictions | 274,195 | 273,954 |
| Total Net Assets with Donor Restrictions | \$ 274,195 | \$ 907,243 |

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

| | 2021 | 2020 |
|-------------------------------------|--------------|--------------|
| Institute: | | |
| Building renovations | \$ 2,623 | \$ 302,401 |
| Social services - outreach | 104,637 | 173,820 |
| Refugee services | 71,788 | 42,526 |
| Paycheck Protection Program Loan | 1,144,386 | 558,077 |
| COVID relief | 3,377,323 | 66,638 |
| Endowment investment earnings | 133,289 | - |
| Total Institute Net Assets Released | \$ 4,834,046 | \$ 1,143,462 |

Endowment

The Institute's endowment represented 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) were added to (subtracted from) the principal in accordance with donor restrictions and intentions. This restriction was 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, 2021 and 2020, the fair value of the Friedman Fund was \$- and \$633,289, respectively. During the year ended June 30, 2021, per the donor's request, the Institute transferred the restricted fund balance of \$500,000 to the Rhode Island Foundation, and released the excess earnings of the fund to net assets without donor restrictions for the year then ended.

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Interpretation of Relevant Law

The Board of Directors of the Institute had 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 had 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 was not classified as permanent endowment was classified as net assets with donor restrictions until those amounts were appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considered 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.

Endowment Net Asset Composition as of June 30, 2020

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

Changes in Endowment Net Asset Composition for the Fiscal Year Ended June 30, 2021

| | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|------------------------------------|----------------|
| Endowment net assets - beginning of year | \$ 633,289 | \$ 633,289 |
| Transfers from endowment: | | |
| Transfer to Rhode Island Foundation | 500,000 | 500,000 |
| Transfer to net assets without donor restriction | 133,289 | 133,289 |
| Total transfers from endowment | <u>633,289</u> | <u>633,289</u> |
| Endowment Net Assets - End of Year | \$ <u>-</u> | \$ <u>-</u> |

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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 | \$ 600,895 | \$ 600,895 |
| 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> |

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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. Per donor restriction, no income was taken out of the Friedman Fund until the principal of that fund reaches \$500,000. During the fiscal year ended June 30, 2021, the Institute transferred the Friedman Fund to the Rhode Island Foundation and, accordingly, the Friedman Fund investments became subject to Rhode Island Foundation's spending policy upon transfer. The remaining accounts held by the Institute 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.

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.

The opening and closing balances of the Organization's contract receivables are as follows:

| | <u>Contract Receivable Balances</u> |
|-------------------------|-------------------------------------|
| Opening – July 1, 2019 | \$ 448,333 |
| Closing – June 30, 2020 | <u>445,504</u> |
| Increase | \$ <u>2,829</u> |
| Opening – July 1, 2020 | \$ 445,504 |
| Closing – June 30, 2021 | <u>777,111</u> |
| Increase | \$ <u>331,607</u> |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 - RELATED PARTY TRANSACTIONS

Contributions from board members of approximately \$100,321 and \$74,181 are included in contribution income for the years ended June 30, 2021 and 2020, respectively.

The Institute entered into an agreement with a former board member on May 3, 2021 through which the former board member will provide financial management advisory services to the Institute for the period May 7, 2021 through August 31, 2021. Total financial management advisory services incurred and paid were \$2,000 for the fiscal year ended June 30, 2021.

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, 2021 and 2020, the contributions were 3% of eligible participant compensation. Retirement expense for the fiscal years ended June 30, 2021 and 2020 was \$181,477 and \$88,764, respectively. There were no forfeitures applied for the years ended June 30, 2021 and 2020.

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, 2021 and 2020, the School's contribution rate was 14.50% and 14.12%, respectively. The teachers charged to federal grant programs required a School contribution of 25.25% and 24.61% for fiscal 2021 and 2020, respectively. In addition to the defined benefit plan contributions noted above, the School was also required to contribute 0.6% to a defined contribution plan on behalf of the employees. For the years ended June 30, 2021 and 2020, the total pension contributions paid by the School were \$333,459 and \$325,042, 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, 2021 and 2020, these contributions totaled approximately \$284,000 and \$233,000, 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, 2021 and 2020, the School contributed 3% of eligible participant compensation. Retirement expense pertaining to the 403(b) plan for the fiscal years ended June 30, 2021 and 2020 was \$18,328 and \$17,937, respectively.

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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

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

In 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. This resulted in lost revenue due to canceled and reduced attendance in programs; however, the Organization subsidized the loss by obtaining approval to re-purpose grant income for use in operations. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of June 30, 2021.

Supplementary Information

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

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2021**

| | Dorcas International Institute of Rhode Island | International Charter School | Combined Total | Eliminations | Consolidated Total |
|---|---|---|---------------------------|---------------------|-------------------------------|
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and cash equivalents | \$ 834,397 | \$ 676,280 | \$ 1,510,677 | \$ - | \$ 1,510,677 |
| Investments | 1,409,699 | 1,038,908 | 2,448,607 | - | 2,448,607 |
| Grants receivable | 1,459,247 | 99,453 | 1,558,700 | - | 1,558,700 |
| Accounts receivable, net | 485,672 | 291,439 | 777,111 | - | 777,111 |
| Prepaid expenses and other current assets | 101,999 | 37,590 | 139,589 | - | 139,589 |
| Total current assets | <u>4,291,014</u> | <u>2,143,670</u> | <u>6,434,684</u> | - | <u>6,434,684</u> |
| Property and Equipment, Net | <u>2,082,704</u> | <u>2,083,751</u> | <u>4,166,455</u> | - | <u>4,166,455</u> |
| Total Assets | <u>\$ 6,373,718</u> | <u>\$ 4,227,421</u> | <u>\$ 10,601,139</u> | <u>\$ -</u> | <u>\$ 10,601,139</u> |

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

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2021**

| | Dorcas International Institute of Rhode Island | International Charter School | Combined Total | Eliminations | Consolidated Total |
|---|---|---|---------------------------|---------------------|-------------------------------|
| LIABILITIES AND NET ASSETS | | | | | |
| Current Liabilities | | | | | |
| Accounts payable | \$ 74,720 | \$ 200,255 | \$ 274,975 | \$ - | \$ 274,975 |
| Accrued expenses | 541,461 | 461,085 | 1,002,546 | - | 1,002,546 |
| Deferred revenue | 86,813 | - | 86,813 | - | 86,813 |
| Current portion of long-term debt | - | 90,000 | 90,000 | - | 90,000 |
| Total current liabilities | <u>702,994</u> | <u>751,340</u> | <u>1,454,334</u> | <u>-</u> | <u>1,454,334</u> |
| Long-Term Liabilities | | | | | |
| Long-term debt | - | 1,113,641 | 1,113,641 | - | 1,113,641 |
| Total liabilities | <u>702,994</u> | <u>1,864,981</u> | <u>2,567,975</u> | <u>-</u> | <u>2,567,975</u> |
| Net Assets | | | | | |
| Net assets without donor restrictions | 5,396,529 | 2,362,440 | 7,758,969 | - | 7,758,969 |
| Net assets with donor restrictions | 274,195 | - | 274,195 | - | 274,195 |
| Total net assets | <u>5,670,724</u> | <u>2,362,440</u> | <u>8,033,164</u> | <u>-</u> | <u>8,033,164</u> |
| Total Liabilities and Net Assets | <u>\$ 6,373,718</u> | <u>\$ 4,227,421</u> | <u>\$ 10,601,139</u> | <u>\$ -</u> | <u>\$ 10,601,139</u> |

**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 ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

| | 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 | \$ 25,236 | \$ - | \$ 25,236 | \$ - | \$ 25,236 |
| Public grants and contracts | 4,006,887 | 1,068,216 | 5,075,103 | - | 5,075,103 |
| Private grants and contracts | 489,006 | 65,816 | 554,822 | - | 554,822 |
| Contributions | 498,260 | - | 498,260 | - | 498,260 |
| Tuition, fees and services | 2,039,444 | 5,401,673 | 7,441,117 | - | 7,441,117 |
| Medicaid services | - | 13,136 | 13,136 | - | 13,136 |
| Food services | - | 106,981 | 106,981 | - | 106,981 |
| Other income | 13,436 | - | 13,436 | - | 13,436 |
| Total support and revenue without donor restrictions | <u>7,072,269</u> | <u>6,655,822</u> | <u>13,728,091</u> | <u>-</u> | <u>13,728,091</u> |
| Investment return: | | | | | |
| Interest and dividends | 30,489 | 16,423 | 46,912 | - | 46,912 |
| Management fees | (11,089) | (8,746) | (19,835) | - | (19,835) |
| Net realized gains on sales of investments | (4,072) | 31,040 | 26,968 | - | 26,968 |
| Net unrealized depreciation of investments | 280,396 | 171,939 | 452,335 | - | 452,335 |
| Net investment return without donor restrictions | <u>295,724</u> | <u>210,656</u> | <u>506,380</u> | <u>-</u> | <u>506,380</u> |
| Net assets released from donor restrictions: | | | | | |
| Contributions satisfied by use of funds for donor-restricted purpose | 4,834,046 | - | 4,834,046 | - | 4,834,046 |
| Total support, revenues and other without donor restrictions | <u>12,202,039</u> | <u>6,866,478</u> | <u>19,068,517</u> | <u>-</u> | <u>19,068,517</u> |
| Expenses: | | | | | |
| Program services: | | | | | |
| Social | 6,131,936 | - | 6,131,936 | - | 6,131,936 |
| Educational | 1,651,274 | 5,682,860 | 7,334,134 | - | 7,334,134 |
| Pinpoint translations | 1,231,346 | - | 1,231,346 | - | 1,231,346 |
| Total program services | <u>9,014,556</u> | <u>5,682,860</u> | <u>14,697,416</u> | <u>-</u> | <u>14,697,416</u> |
| Supporting services: | | | | | |
| General overhead and administration | 1,434,346 | 442,232 | 1,876,578 | - | 1,876,578 |
| Fundraising | 183,795 | 12,000 | 195,795 | - | 195,795 |
| Total supporting services | <u>1,618,141</u> | <u>454,232</u> | <u>2,072,373</u> | <u>-</u> | <u>2,072,373</u> |
| Total expenses | <u>10,632,697</u> | <u>6,137,092</u> | <u>16,769,789</u> | <u>-</u> | <u>16,769,789</u> |
| Changes in net assets without donor restrictions | <u>1,569,342</u> | <u>729,386</u> | <u>2,298,728</u> | <u>-</u> | <u>2,298,728</u> |
| Net Assets With Donor Restrictions | | | | | |
| Contributions and grants | 4,700,998 | - | 4,700,998 | - | 4,700,998 |
| Satisfaction of program restrictions | (4,834,046) | - | (4,834,046) | - | (4,834,046) |
| Transfer of endowment to Rhode Island Foundation | (500,000) | - | (500,000) | - | (500,000) |
| Changes in net assets with donor restrictions | <u>(633,048)</u> | <u>-</u> | <u>(633,048)</u> | <u>-</u> | <u>(633,048)</u> |
| Increase in Net Assets | 936,294 | 729,386 | 1,665,680 | - | 1,665,680 |
| Net Assets - Beginning of Year | 4,734,430 | 1,633,054 | 6,367,484 | - | 6,367,484 |
| Net Assets - End of Year | <u>\$ 5,670,724</u> | <u>\$ 2,362,440</u> | <u>\$ 8,033,164</u> | <u>\$ -</u> | <u>\$ 8,033,164</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 appreciation 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 appreciation 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 | 387,984 | 118,575 | 506,559 | - | 506,559 |
| Net Assets - Beginning of Year | 4,346,446 | 1,514,479 | 5,860,925 | - | 5,860,925 |
| 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 CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

| | Dorcas International Institute of Rhode Island | International Charter School | Combined Total | Eliminations | Consolidated Total |
|--|---|------------------------------------|---------------------|--------------|-----------------------|
| Cash Flows from Operating Activities | | | | | |
| Change in net assets | \$ 936,294 | \$ 729,386 | \$ 1,665,680 | \$ - | \$ 1,665,680 |
| Adjustments to reconcile change in net asset to net cash provided by (used in) operating activities: | | | | | |
| Depreciation | 201,899 | 138,266 | 340,165 | - | 340,165 |
| Amortization of debt issuance costs to interest expense | - | 7,974 | 7,974 | - | 7,974 |
| Donated securities | (7,336) | - | (7,336) | - | (7,336) |
| Bad debt expense | 28,880 | - | 28,880 | - | 28,880 |
| Net realized gains on sales of investments | 4,072 | (31,040) | (26,968) | - | (26,968) |
| Net unrealized depreciation of investments | (280,396) | (171,939) | (452,335) | - | (452,335) |
| Forgiveness of payroll protection program loan | - | (600,640) | (600,640) | - | (600,640) |
| Increase in operating assets: | | | | | |
| Grants receivable | (686,818) | (36,030) | (722,848) | - | (722,848) |
| Accounts receivable | (202,583) | (157,904) | (360,487) | - | (360,487) |
| Prepaid expenses | (15,228) | (1,811) | (17,039) | - | (17,039) |
| Increase (decrease) in operating liabilities: | | | | | |
| Accounts payable | (117,487) | 76,298 | (41,189) | - | (41,189) |
| Accrued expenses | 177,297 | (74,415) | 102,882 | - | 102,882 |
| Deferred revenue | (452,261) | - | (452,261) | - | (452,261) |
| Net cash used in operating activities | <u>(413,667)</u> | <u>(121,855)</u> | <u>(535,522)</u> | <u>-</u> | <u>(535,522)</u> |
| Cash Flows from Investing Activities | | | | | |
| Acquisition of property and equipment | (44,619) | (1,217,733) | (1,262,352) | - | (1,262,352) |
| Purchase of investments | (85,000) | (364,294) | (449,294) | - | (449,294) |
| Proceeds from sales of investments | 103,169 | 350,922 | 454,091 | - | 454,091 |
| Net cash used in investing activities | <u>(26,450)</u> | <u>(1,231,105)</u> | <u>(1,257,555)</u> | <u>-</u> | <u>(1,257,555)</u> |
| Cash Flows from Financing Activities | | | | | |
| Repayment of long-term debt | - | (90,000) | (90,000) | - | (90,000) |
| Net cash used in financing activities | <u>-</u> | <u>(90,000)</u> | <u>(90,000)</u> | <u>-</u> | <u>(90,000)</u> |
| Net Decrease in Cash and Cash Equivalents | (440,117) | (1,442,960) | (1,883,077) | - | (1,883,077) |
| Cash and Cash Equivalents - Beginning of Year | 1,274,514 | 2,119,240 | 3,393,754 | - | 3,393,754 |
| Cash and Cash Equivalents - End of Year | <u>\$ 834,397</u> | <u>\$ 676,280</u> | <u>\$ 1,510,677</u> | <u>\$ -</u> | <u>\$ 1,510,677</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 assets to net cash provided by operating activities: | | | | | |
| Depreciation | 194,945 | 123,425 | 318,370 | - | 318,370 |
| Amortization of debt issuance costs | - | 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) losses on sales of investments | (117,682) | (13,229) | (130,911) | - | (130,911) |
| Net unrealized appreciation 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 and other current assets | 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 | 253,395 | 1,351,450 | 1,604,845 | - | 1,604,845 |
| 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 STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

| 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 | \$ 65,862 | \$ 3,061,240 | \$ - | \$ 3,127,102 | \$ - | \$ 13,945 | \$ 3,141,047 |
| Salaries and wages | 817,155 | 1,563,321 | 278,733 | 2,659,209 | 807,503 | 124,470 | 3,591,182 |
| Employee benefits | 124,603 | 275,629 | 50,792 | 451,024 | 123,105 | 15,240 | 589,369 |
| Payroll taxes | 63,501 | 122,333 | 22,563 | 208,397 | 64,376 | 9,904 | 282,677 |
| Professional services | 1,480 | 4,653 | 450 | 6,583 | 151,611 | 300 | 158,494 |
| Contract services | 26,088 | 81,236 | 779,493 | 886,817 | 7,154 | 123 | 894,094 |
| Advertising | 5,214 | - | - | 5,214 | 8,384 | 35 | 13,633 |
| Office expenses | 156,874 | 91,642 | 31,121 | 279,637 | 39,533 | 11,506 | 330,676 |
| Information technology | 56,437 | 83,930 | 24,362 | 164,729 | 148,987 | 3,717 | 317,433 |
| Building related expenses | 93,207 | 132,282 | 20,930 | 246,419 | 19,805 | 2,193 | 268,417 |
| Travel and vehicle expense | 1,326 | 6,351 | 2,363 | 10,040 | 269 | 25 | 10,334 |
| Conferences and meetings | 176 | 179 | 14 | 369 | 1,822 | - | 2,191 |
| Subrecipient payments | 160,697 | 537,447 | - | 698,144 | - | - | 698,144 |
| Insurance | 12,397 | 25,245 | 4,557 | 42,199 | 8,606 | 292 | 51,097 |
| Equipment, licenses and fees | 1,663 | 2,470 | 285 | 4,418 | 297 | 39 | 4,754 |
| Special events | - | - | - | - | 5,750 | - | 5,750 |
| Miscellaneous | 1,653 | 37,129 | 2,723 | 41,505 | 29,203 | 798 | 71,506 |
| Total direct expenses | <u>1,588,333</u> | <u>6,025,087</u> | <u>1,218,386</u> | <u>8,831,806</u> | <u>1,416,405</u> | <u>182,587</u> | <u>10,430,798</u> |
| Depreciation | 62,941 | 106,849 | 12,960 | 182,750 | 17,941 | 1,208 | 201,899 |
| Total Expenses | <u>\$ 1,651,274</u> | <u>\$ 6,131,936</u> | <u>\$ 1,231,346</u> | <u>\$ 9,014,556</u> | <u>\$ 1,434,346</u> | <u>\$ 183,795</u> | <u>\$ 10,632,697</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, 2021**

| | International Charter School Corporation | | | | |
|-------------------------------|--|------------------------------|--------------------------|-------------------------|----------------------------|
| | Program Services | | Supporting Services | | |
| | Education | Total Program Services | Management | Fund- Raising | Total |
| Direct expenses: | | | | | |
| Salaries and wages | \$ 2,942,368 | \$ 2,942,368 | \$ 220,859 | \$ - | \$ 3,163,227 |
| Employee benefits | 953,520 | 953,520 | 37,367 | - | 990,887 |
| Payroll taxes | 221,084 | 221,084 | 16,879 | - | 237,963 |
| Professional services | 127,971 | 127,971 | 6,605 | 12,000 | 146,576 |
| Contract services | 85,255 | 85,255 | 6,038 | - | 91,293 |
| Supplies | 167,204 | 167,204 | 699 | - | 167,903 |
| Building related expenses | 344,229 | 344,229 | 11,596 | - | 355,825 |
| Travel and vehicle expense | 146 | 146 | - | - | 146 |
| Conferences and meetings | 1,320 | 1,320 | 13,592 | - | 14,912 |
| Student costs | 628,511 | 628,511 | 424 | - | 628,935 |
| Insurance | 24,056 | 24,056 | 744 | - | 24,800 |
| Equipment, licenses and fees | 9,924 | 9,924 | 195 | - | 10,119 |
| Miscellaneous | 43,113 | 43,113 | 123,127 | - | 166,240 |
| Total direct expenses | <u>5,548,701</u> | <u>5,548,701</u> | <u>438,125</u> | <u>12,000</u> | <u>5,998,826</u> |
| Depreciation and amortization | <u>134,159</u> | <u>134,159</u> | <u>4,107</u> | <u>-</u> | <u>138,266</u> |
| Total Expenses | <u><u>\$ 5,682,860</u></u> | <u><u>\$ 5,682,860</u></u> | <u><u>\$ 442,232</u></u> | <u><u>\$ 12,000</u></u> | <u><u>\$ 6,137,092</u></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 | <u>5,165,370</u> | <u>5,165,370</u> | <u>414,139</u> | <u>17,308</u> | <u>5,596,817</u> |
| Depreciation | <u>119,769</u> | <u>119,769</u> | <u>3,656</u> | <u>-</u> | <u>123,425</u> |
| Total Expenses | <u><u>\$ 5,285,139</u></u> | <u><u>\$ 5,285,139</u></u> | <u><u>\$ 417,795</u></u> | <u><u>\$ 17,308</u></u> | <u><u>\$ 5,720,242</u></u> |

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DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC.

FEDERAL SINGLE AUDIT REPORT

JUNE 30, 2021



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

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DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC.

FEDERAL SINGLE AUDIT REPORT

JUNE 30, 2021

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Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Directors
Dorcas International Institute of Rhode Island, Inc.
Providence, Rhode Island

Report on Compliance for Each Major Federal Program

We have audited Dorcas International Institute of Rhode Island, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Dorcas International Institute of Rhode Island, Inc.'s major federal programs for the year ended June 30, 2021. Dorcas International Institute of Rhode Island, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Dorcas International Institute of Rhode Island, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dorcas International Institute of Rhode Island, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of Dorcas International Institute of Rhode Island, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Dorcas International Institute of Rhode Island, Inc., complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Dorcas International Institute of Rhode Island, Inc., is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Dorcas International Institute of Rhode Island, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Dorcas International Institute of Rhode Island, Inc.'s internal control over compliance.

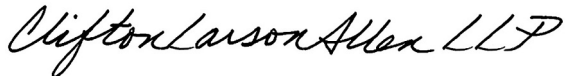
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of Dorcas International Institute of Rhode Island, Inc., as of and for the year ended June 30, 2021 and have issued our report thereon dated October 4, 2021, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 audit 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



CliftonLarsonAllen LLP

West Hartford, Connecticut

October 4, 2021

DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

| Federal Grantor/ Pass-Through Entity/Program Title | Grant Period Ended | Pass-Through Entity Grant Number | Assistance Listing Number | Assistance Listing Subtotal | Total Expenditures |
|---|--------------------------|-------------------------------------|---------------------------------|-----------------------------------|-----------------------|
| U.S. Department of Treasury | | | | | |
| <i>Coronavirus Relief Fund (CRF) for Necessary Expenditures</i> | | | | | |
| <i>Expenditures incurred due to the COVID-19 Pandemic</i> | | | | | |
| *Dorcas Pathways Partnership for English Language Learners | Jun-21 | RPG-21-09-Con2-B2W | 21.019 | | \$ 123,406 |
| *Dorcas Pathways Partnership for English Language Learners | Jun-21 | RPG-21-09 | 21.019 | | 30,000 |
| *CPNRI Rise to Work Partnership | Jun-21 | RPG-21-12 | 21.019 | | 219,805 |
| *Rhode Island Foundation | Dec-20 | 8335-20205356 | 21.019 | | 75,000 |
| Total U.S. Department of Treasury | | | | | <u>448,211</u> |
| U.S. Department of State | | | | | |
| <i>Passed through U.S. Committee for Refugees and Immigrants</i> | | | | | |
| Reception and Placement Program | Sep-20 | S-PRMCO-19-CA-0018 | 19.510 | | 25,158 |
| Reception and Placement Program | Sep-21 | S-PRMCO-21-CA-3006 | 19.510 | | 57,572 |
| Total U.S. Department of State | | | | | <u>82,730</u> |
| U.S. Department of Education | | | | | |
| <i>Passed through Rhode Island Department of Education</i> | | | | | |
| EI/Civics Program | Jun-21 | 2725-15002-102 | 84.002A | \$ 97,582 | |
| Workforce Innovation and Opportunity | Jun-21 | 2725-15002-101 | 84.002A | 404,751 | 502,333 |
| Child Opportunity Zones | Jun-21 | 2720-10501-001 | 84.027A | | 39,500 |
| Total U.S. Department of Education | | | | | <u>541,833</u> |
| U.S. Department of Homeland Security | | | | | |
| <i>Passed through The Rhode Island Citizenship Consortium</i> | | | | | |
| Citizenship Education and Training | Sep-20 | DHS-17-CIS-010-002 | 97.010 | | 5,350 |
| Citizenship Education and Training | Sep-21 | DHS-17-CIS-010-002 | 97.010 | | 16,050 |
| Total U.S. Department of Homeland Security | | | | | <u>21,400</u> |
| U.S. Department of Health and Human Services | | | | | |
| <i>Passed through Rhode Island Department of Human Services, Office of Refugee Resettlement</i> | | | | | |
| Refugee Resettlement Program | Sep-20 | ORR 20-01 | 93.566 | 46,866 | |
| Refugee Resettlement Program | Sep-21 | ORR 21-01 | 93.566 | 164,909 | 211,775 |
| <i>Passed through U.S. Committee of Refugees and Immigrants</i> | | | | | |
| Match Grant | Sep-20 | 1902VARVMG | 93.567 | 16,670 | |
| Match Grant | Sep-21 | 2002VARVMG | 93.567 | 16,853 | 33,523 |
| <i>Passed through U.S. Committee of Refugees and Immigrants Preferred Communities</i> | | | | | |
| Refugee and Entrant Assistance - Discretionary Grants | Sep-20 | 90RP0108-04 | 93.576 | 44,944 | |
| Refugee and Entrant Assistance - Discretionary Grants | Sep-21 | 90RP0108-05 | 93.576 | 54,561 | |
| <i>Passed through Rhode Island Department of Human Services</i> | | | | | |
| Refugee School Impact Grant | Sep-20 | ORRSG 20-01 | 93.576 | 17,011 | |
| Refugee School Impact Grant | Sep-21 | ORRSG 21-01 | 93.576 | 83,640 | |
| DOH Refugee Health Promotion | Aug-20 | 20-03-012-1/1 | 93.576 | 3,256 | |
| DOH Refugee Health Promotion | Aug-20 | 20-03-012-1/1 | 93.576 | 16,086 | |
| RI Refugee Career Pathways Program | Sep-20 | 90ZM0001-02-02 | 93.576 | 75,894 | |
| RI Refugee Career Pathways Program | Sep-21 | 90ZM0001-02-02 | 93.576 | 19,430 | 314,822 |
| <i>Passed through Rhode Island Department of Human Services</i> | | | | | |
| RI Public Safety Grant- Victims of Crimes Act | Sep-20 | 20-19216-VOCA | 16.575 | 35,162 | |
| RI Public Safety Grant- Victims of Crimes Act | Sep-21 | 20-20117-VOCA | 16.575 | 49,216 | 84,378 |
| <i>Passed through Rhode Island Department of Education and Human Services</i> | | | | | |
| *Temporary Assistance for Needy Families | Jun-21 | 2725-16202-101 | 93.558 | 368,939 | |
| *Temporary Assistance for Needy Families | Sep-20 | IFS20-01 | 93.558 | 21,635 | |
| *Temporary Assistance for Needy Families | Sep-21 | IFS20-01 | 93.558 | 148,794 | 539,368 |
| Unaccompanied Alien Children Program | Dec-21 | 90ZU0358-01-00 | 93.676 | 129,097 | 129,097 |
| Mental Health and SUD Services during COVID-19 | Jun-21 | 1H79FG00292-01 | 93.665 | 78,820 | 78,820 |
| Crisis Counseling Assistance and Training | Jun-21 | H07SM083752 | 93.982 | 96,386 | 96,386 |
| Total U.S. Department of Health and Human Services | | | | | <u>1,488,169</u> |
| Total Federal Awards Expended | | | | | <u>\$ 2,582,343</u> |

* Identified as a major program.

The accompanying notes are an integral part of this schedule

DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Dorcas International Institute of Rhode Island, Inc., under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Dorcas International Institute of Rhode Island, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Dorcas International Institute of Rhode Island, Inc.

Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. For cost-reimbursement awards, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. For performance-based awards, expenditures reported represent amounts earned.

NOTE 2 - INDIRECT COST RECOVERY

Dorcas International Institute of Rhode Island, Inc., has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



**Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Board of Directors
Dorcas International Institute of Rhode Island, Inc.
Providence, Rhode Island

We have audited, in accordance with the 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, the consolidated financial statements of Dorcas International Institute of Rhode Island, Inc., which comprise the consolidated statement of financial position as of June 30, 2021 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 4, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Dorcas International Institute of Rhode Island, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dorcas International Institute of Rhode Island, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Dorcas International Institute of Rhode Island, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

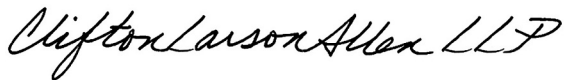
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dorcas International Institute of Rhode Island, Inc.'s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control 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. internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dorcas International Institute of Rhode Island, Inc. internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

West Hartford, Connecticut
October 4, 2021

DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? _____ yes X no

Major programs:

| Assistance Listing # | Name of Federal Program or Cluster |
|----------------------|---|
| 21.019 | Coronavirus Relief Fund |
| 93.558 | Temporary Assistance for Needy Families |

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as a low-risk auditee? X yes _____ no

II. FINANCIAL STATEMENT FINDINGS

No matters are reported.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reported.

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