KellyVitaleRaffol LLC
CERTIFIED PUBLIC ACCOUNTANTS

MIRA

Financial Statements

For the Years Ended June 30, 2022, and 2021

105 Chestnut Street, Suite 12, Needham, MA 02492
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687 West 204th Street, New York, NY 10034
Member, American Institute of Certified Public Accountants
Certified Women Owned Business in Massachusetts

MASSACHUSETTS IMMIGRANT AND
REFUGEE ADVOCACY COALITION, INC.

Financial Statements

For the Years Ended June 30, 2022, and 2021

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KellyVitaleRaffol LLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
Massachusetts Immigrant and Refugee Advocacy Coalition, Inc.
Boston, Massachusetts

Opinion

We have audited the accompanying financial statements of Massachusetts Immigrant and Refugee Advocacy Coalition, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2022, and 2021, the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Massachusetts Immigrant and Refugee Advocacy Coalition, Inc. as of June 30, 2022, and 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Massachusetts Immigrant and Refugee Advocacy Coalition, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about Massachusetts Immigrant and Refugee Advocacy Coalition, Inc. ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditors' Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Massachusetts Immigrant and Refugee Advocacy Coalition, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about Massachusetts Immigrant and Refugee Advocacy Coalition, Inc. ability to continue as a going concern for a reasonable period of time.

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

Report on the Financial Statements

We have audited the accompanying financial statements of Massachusetts Immigrant and Refugee Advocacy Coalition, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and 2021, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2023, on our consideration of Massachusetts Immigrant and Refugee Advocacy Coalition, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant, agreements, and other matters. The purpose of this report is 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 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 Massachusetts Immigrant and Refugee Advocacy Coalition, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Massachusetts Immigrant and Refugee Advocacy Coalition, Inc.'s 2021 financial statements, and our report dated April 20, 2022, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

KellyVitaleRaffol LLC

Boston, Massachusetts
September 10, 2023

MASSACHUSETTS IMMIGRANT AND
REFUGEE ADVOCACY COALITION, INC.

Statements of Financial Position

As of June 30, 2022, and 2021

Assets	***2022***	***2021***
Cash and cash equivalents	$ 3,238,770	$ 3,011,521
Cash and cash equvivalents with donor restriction	-	571,989
Investments	198,011	201,798
Pledges, contracts and grants receivable	551,258	196,556
Prepaid expenses	13,579	8,409
Fixed assets, net	9,808	8,784
Total assets	$ 4,011,426	$ 3,999,057
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 340,800	$ 153,751
Refundable advance	-	325,240
Total liabilities	340,800	478,991
Net Assets:		
Without donor restrictions	3,297,076	2,929,477
With donor restrictions	373,550	590,589
Total net assets	3,670,626	3,520,066
Total liabilities and net assets	$ 4,011,426	$ 3,999,057

MASSACHUSETTS IMMIGRANT AND REFUGEE ADVOCACY COALITION, INC.

Statement of Activities

For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support:			
Grants and contributions	$ 1,679,099	$ 373,550	$ 2,052,649
Public contracts	827,197	-	827,197
Federated fundraising	17,471	-	17,471
Fiscal sponsor revenue	47,193	-	47,193
Special project revenue	100,294	-	100,294
Unrealized loss on investment	(3,787)	-	(3,787)
Interest income	877	-	877
Other income	16,786	-	16,786
Net assets released from restrictions	590,589	(590,589)	-
Total revenues	3,275,719	(217,039)	3,058,680
Special events:			
Special events	472,845	-	472,845
Special events expense	(37,822)	-	(37,822)
Special events, net	435,023	-	435,023
Total revenues and support	3,710,742	(217,039)	3,493,703
Expenses:			
Program services	1,948,500	-	1,948,500
Management and general	1,339,003	-	1,339,003
Fundraising	55,639	-	55,639
Total expenses	3,343,142	-	3,343,142
Change in net assets	367,600	(217,039)	150,561
Net Assets, beginning	2,929,476	590,589	3,520,065
Net Assets, ending	$ 3,297,076	$ 373,550	$ 3,670,626

MASSACHUSETTS IMMIGRANT AND REFUGEE ADVOCACY COALITION, INC.

Statement of Activities

For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support:			
Grants and contributions	$ 2,014,708	$ 18,600	$ 2,033,308
Public contracts	486,828	-	486,828
Federated fundraising	30,386	-	30,386
Fiscal sponsor revenue	536,308	-	536,308
Special project revenue	94,863	-	94,863
Unrealized gains on investment	1,818	-	1,818
Interest income	3,836	-	3,836
Other income	11,217	-	11,217
Net assets released from restrictions	1,251,080	(1,251,080)	-
Total revenues	4,431,044	(1,232,480)	3,198,564
Special events:			
Special events	234,719	-	234,719
Special events expense	(7,466)	-	(7,466)
Special events, net	227,253	-	227,253
Total revenues and other support	4,658,297	(1,232,480)	3,425,817
Expenses:			
Program services	1,918,530	-	1,918,530
Management and general	942,925	-	942,925
Fundraising	179,053	-	179,053
Total expenses	3,040,508	-	3,040,508
Change in net assets	1,617,789	(1,232,480)	385,309
Net Assets, beginning	1,311,687	1,823,069	3,134,756
Net Assets, ending	$ 2,929,476	$ 590,589	$ 3,520,065

See accompanying notes to financial statements.

MASSACHUSETTS IMMIGRANT AND
REFUGEE ADVOCACY COALITION, INC.

Statements of Cash Flows

For the Years Ended June 30, 2022, and 2021

	2022	2021
Cash Flows from Operating Activities:		
Change in net assets	$ 150,561	$ 385,309
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,368	10,630
Unrealized gains (loss) on investments	3,787	1,818
Refundable advance forgiveness	(325,240)	(25)
Changes in:		
Pledges, contracts and grants receivable	(354,702)	87,940
Prepaid expenses	(5,170)	247
Accounts payable and accrued expenses	187,049	(51,578)
Net cash provided by operating activities	(340,347)	434,341
Cash Flows from Investing Activities:		
Investment in equipment	(4,393)	(8,534)
Purchase of securitites	-	(4,313)
Sales of securities	-	(1,000)
Net cash used in investing activities	(4,393)	(13,847)
Net change in cash and cash equivalents and restricted cash	(344,740)	420,494
Cash, cash equivalents and restricted cash, beginning	3,583,510	3,163,016
Cash, cash equivalents and restricted cash, ending	$ 3,238,770	$ 3,583,510

MASSACHUSETTS IMMIGRANT AND REFUGEE ADVOCACY COALITION, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2022

	Program Services	Management and General	Fundraising	Total
Salaries and related expenses:				
Salaries	$ 1,095,805	$ 677,391	$ 11,535	$ 1,784,731
Payroll taxes	24,837	129,112	3,755	157,704
Fringe benefits	83,916	78,542	6,263	168,721
	1,204,558	885,046	21,553	2,111,157
Training, meetings and conferences:				
Training	2,298	5,800	-	8,098
Conferences and meetings	23,897	13,102	49	37,048
	26,195	18,902	49	45,146
Occupancy:				
Rent expenses	63,817	10,945	5,255	80,017
Repairs and maintenance	901	348	19	1,268
	64,718	11,293	5,274	81,285
Information technology	-	2,045	15,579	17,624
Staff mileage and travel	14,391	1,851	768	17,010
Office supplies	14,069	17,421	808	32,298
Program supplies	184,336	39,062	211	223,609
Telephone	17,372	12,937	1,232	31,541
Insurance expenses	-	4,705	-	4,705
Special event expenses	-	-	37,822	37,822
Professional fees	416,222	328,592	9,950	754,764
Dues and subscriptions	4,387	7,829	215	12,431
Advertising	-	3,478	-	3,478
Interest	513	1,209	-	1,722
Depreciation	-	3,368	-	3,368
Bad debt expenses	-	159	-	159
Bank charges	-	1,106	-	1,106
Miscellaneous	1,739		-	1,739
Total expenses by function of revenues on the statement of activities	1,948,500	1,339,003	93,461	3,380,964
Direct costs	-	-	(37,822)	(37,822)
Total expenses included in expenses on the statement of activities	$ 1,948,500	$ 1,339,003	$ 55,639	$ 3,343,142

MASSACHUSETTS IMMIGRANT AND REFUGEE ADVOCACY COALITION, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2021

	Program Services	*Management and General*	*Fundraising*	*Total*
Salaries and related expenses:				
Salaries	$ 1,284,875	$ 349,686	$ 134,178	$ 1,768,739
Payroll taxes	19,648	116,162	11,405	147,215
Fringe benefits	128,270	153,503	1,195	282,968
	1,432,793	619,351	146,778	2,198,922
Training, meetings and conferences:				
Training	3,591	-	-	3,591
Conferences and meetings	32,306	524	21	32,851
	35,897	524	21	36,442
Occupancy:				
Rent expenses	61,101	16,650	5,404	83,155
Repairs and maintenance	104	8	7	120
	61,205	16,658	5,412	83,275
Information technology	1,360.00	-	17,858	19,218
Staff mileage and travel	6,769	831	661	8,262
Office supplies	15,896	6,798	741	23,434
Program supplies	83,861	4,122	3,007	90,990
Telephone	23,626	13,526	882	38,034
Insurance expenses	4,811	6,634	-	11,445
Special event expenses	-	-	7,466	7,466
Professional fees	197,563	215,865	3,508	416,935
Dues and subscriptions	7,602	12,792	-	20,394
Advertising	31,006	9,408	185	40,599
Interest	-	453	-	453
Depreciation	-	10,630	-	10,630
Bad debt expenses	-	22,346	-	22,346
Miscellaneous	16,141	2,988	-	19,129
Total expenses by function of revenues on the statement of activities	1,918,530	942,925	186,519	3,047,974
Direct costs	-	-	(7,466)	(7,466)
Total expenses included in expenses on the statement of activities	$ 1,918,530	$ 942,925	$ 179,053	$ 3,040,508

Note 1. Organization

Massachusetts Immigrant and Refugee Advocacy Coalition, Inc. (MIRA or the Organization) is a nonprofit organization incorporated under the laws of the Commonwealth of Massachusetts on December 14, 1987. The Organization is dedicated to advocacy and promotion of the rights, privileges, and opportunities of immigrants and refugees. To this end, MIRA seeks to bring together individuals and organizations to help in shaping and evolving just, equitable and non-discriminatory policies as they relate to refugees, immigration, and citizenship.

MIRA is a dynamic and multi-ethnic coalition with more than 130 organizational members, including grassroots community organizations; refugee resettlement agencies; providers of social, legal and health services; faith-based organizations; and civil and human rights advocates. MIRA organizes and empowers its members and allies, and they collectively mobilize immigrant communities to advocate for themselves and amplify and support their voices. MIRA is a respected leader on immigrant issues at the state and national levels, and an authoritative source of information and policy analysis for policymakers, advocates, immigrant communities and the media.

Activities organized by MIRA include the dissemination of information relating to United States immigration, refugee, and citizenship policies; the facilitation of co-operative educational and other related activities between members and all interested groups; the education and empowerment of immigrants and refugees; and participation in national and state conferences.

Note 2. Program Services

Program services consist of the following:

Training and education: This is designed to prepare members for service to their constituencies through training in various skills.

Policy and analysis: Dissemination of such analysis equips stakeholders with the understanding of the impact of policies of federal, state, and local authorities on the immigrant and refugee communities.

Organization and leadership: This program focuses on organizing, equipping, and empowering identified local immigrant leaders for advocacy and leadership roles.

Note 3. Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). These standards require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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

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

New Accounting Pronouncements

In July 2017, the FASB issued ASU 2017-13, *Leases (Topic 840) and Leases (Topic 842)*. The new standards will require organizations that lease assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. The Organization is assessing the impact of the new guidance that will be implemented for the year ending June 30, 2023.

ASU 2016-02, *Leases (Topic 842),* sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for like existing guidance for operating leases today.

The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU was set to be effective on January 1, 2021, with early adoption permitted. The effective date was extended to fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact the adoption of this new standard will have on its financial statements.

Cash and Cash Equivalents

The Organization considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase.

Note 3. Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Financial Statement Presentation (continued)

Revenue Recognition

The Organization reports gifts of land, building, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

The Organization has adopted ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*, as amended. ASU 2018-08 was issued to make it easier for not-for-profit organizations to evaluate whether gifts, grants or contracts should be accounted for as contributions or as reciprocal (exchange) transactions accounted for under ASU 2014-09. Under the new guidance, all organizations are required to evaluate whether the resource provider (i.e., federal agency, foundation, corporation, etc.) is receiving commensurate value in a transfer of resources (i.e., assets or reduction/settlement of liabilities) and whether contributions are conditional or unconditional. If commensurate value is received by the resource provider, the transaction is to be accounted for as an exchange transaction by applying ASU 2014-09. If commensurate value is not received by the resource provider (i.e., the transaction is nonexchange), the recipient organization would determine the transaction to be a contribution and determine whether the contribution is unconditional or conditional. The standard improves the usefulness and understandability of the Organization's financial reporting.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their value in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as an increase in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Contract and Grant Revenue

The Organization derives revenues through contracts and grants received through the Commonwealth of Massachusetts Department of Refugee Assistance, and from various donors. Accordingly, the Organization is subject to the regulations and reporting requirements of the applicable governmental and grantor agencies. Contract and grant revenue is recorded in accordance with the provisions of the applicable award amounts, including the recognition of any purpose or time restriction on the use of the proceeds.

Financial awards from state and local governmental entities in the form of grants are subject to special audits. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

Note 3. Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing the Organization's programs and other activities have been summarized on a functional basis in the statement of activities. Expenses that can be identified with a specific program or support service are charged directly to that program or support services. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.

- Occupancy, depreciation, and amortization, and interest are allocated on a square foot basis dependent on the programs and supporting activities occupying the space.
-
- Telephone and internet services, insurance, and supplies and miscellaneous expenses that cannot be directly identified are allocated based on employee headcount for each program and supporting activity. General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expenses as incurred.

Property and Equipment

Property, equipment, furnishing, and improvement purchases of more than $1,500 are capitalized at cost if purchased or at fair market value at the date of receipt if donated. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments are capitalized as additions to fixed assets. Depreciation of fixed assets is computed using the straight-line method over the estimated useful lives of the assets as follows:

Office equipment	3-5 years
Furniture and fixtures	7 years
Software	3 years
Leasehold improvement	4 years

Pledges, Grants and Contracts Receivable

These accounts consist of unconditional promises to give that are expected to be collected in future years and classified as restricted assets to the extent that conditions have been met but reimbursement from the grantor has not yet been received. These amounts represent are due from multiple sources and are classified as current if they are scheduled for payment within one year and noncurrent when the expected payment date exceeds one year.

Note 3. Summary of Significant Accounting Policies (Continued)

Pledges, Grants and Contracts Receivable (continued)

Management believes that all the receivables are collectible; therefore, no allowance for doubtful pledges has been established. If pledges are determined to be uncollectible in subsequent periods, they will be charged to activities at that time.

Income Tax Status

The Organization is exempt from federal income tax under the provision of Internal Revenue Code (IRC) Section 501(c)(3). In addition, the Organization qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under IRC Section 509(a)(1). The Organization is also exempt from Massachusetts state taxes.

Note 4. Restricted Cash and Cash Equivalents

Cash is restricted for use by the Berkshire Immigrant Center (BIC), which is a project for which the Organization acts as a fiscal sponsor for the year ended June 2022. The amount of cash restricted for use by BIC is $571,989 on June 30, 2021. The fiscal sponsorship ended during the year June 30, 2022, and there was no more restricted cash at year end.

Note 5. Diversion of Funds

During the year ended June 30, 2022, the Organization experienced a diversion of funds over the course of several months during which the bank statements were not reconciled monthly. The total amount of the diversion is estimated at approximately $391,000. Those amounts were reimbursed by Eastern Bank. The management and Board of Directors instituted changes in the human resources and accounting controls to mitigate the risk of this in the future.

Note 6. Cash and Cash Equivalents

The Organization maintains its cash balance in bank deposit accounts. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to $250,000. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash and cash equivalents. As of June 30, 2022, and 2021, the uninsured portion and uncollateralized portion of this balance was $2,488,714 and $4,785,135, respectively.

Note 7. Pension Plan

The Organization maintains a noncontributory simple employee pension plan. An annual contribution to the plan is 5% of employees' annual compensation. To qualify for the plan, employees must have two years of continuous employment. Additionally, the Organization offers a tax-deferred annuity plan for participating employees to make contributions, whereby there is no required match and contributions are directed by the participants. Pension expenses for the years ended June 30, 2022, and 2021 was $24,312 and $24,312, respectively, and is included under fringe benefits.

Note 8. Fixed Assets

Fixed assets consist of the following as of June 30:

	2022	2021
Equipment and furniture	$ 134,453	$ 153,130
Leasehold improvement	3,293	21,009
Website	14,500	30,760
Database	4,850	4,850
	157,096	209,749
Less: accumulated depreciation	(147,288)	(200,965)
Fixed assets, net	$ 9,808	$ 8,784

Depreciation expenses for the years ended June 30, 2022, and 2021 were $3,368 and $10,630, respectively.

Note 9. Reclassifications

Certain amounts in the fiscal year 2021 financial statements have been reclassified to conform to the current year's presentation. The reclassification has no effect on the previously reported net assets.

Note 10. Fair Value Measurements

The Organization has adopted the provision of FASB Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Topic 820 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Organization considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

FASB ASC 820 also establishes a fair value hierarchy that requires the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The categorization of each investment type within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. FASB ASC 820 establishes three levels of inputs that may be used to measure fair value:

- ***Level 1:*** Quoted prices in active markets for identical assets or liabilities at the measurement date.

- ***Note 10. Fair Value Measurements (continued*)**

- ***Level 2:*** Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities

- in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- ***Level 3:*** Unobservable inputs that are supported by little or no market activity and that reflect the Organization's own assumptions about market participants and investment prices.

The following is a description of the valuation methodology used for assets measured at fair value:

- ***Fixed-income financial instruments:*** Valued at cost plus accrued interest at year-end or valued at the closing price reported on the active market on which the individual instrument is traded, as applicable.

Investments are reported at their fair values as of June 30, 2022. The fair values of financial instruments appearing on the accompanying statements of financial position have the following valuation approaches as defined by the FASB ASC 820 hierarchy:

- Assets utilizing Level 1 inputs include mutual funds, which amounted to $198,011 and $201,798 as of June 30, 2022, and 2021, respectively. Investments are valued at cost plus accrued interest, which approximates fair value. There are no liabilities utilizing Level 1 inputs.
- There are no assets and liabilities utilizing Level 2 inputs.
- There are no assets and liabilities utilizing Level 3 inputs.

Note 11. Liquidity and Availability

The following represents the Organization's financial assets that are available to meet general expenses over the next 12 months:

Cash and cash equivalents	$	3,238,770
Investments		198,011
Pledges, contracts and grants receivable		551,258
Total financial assets		3,988,039
Less amounts not available for use within one year:		
Total net assets with donor restrictions		(373,550)
Financial assets available to meet general expenditures over the next 12 months	$	3,988,039

Note 12. Refundable Advance, Paycheck Protection Program (PPP) Loan

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The loan was forgiven in the year ended June 30, 2022, and recorded as revenue.

Note 13. Leases

The Organization leases operating space until December 2023. The lease agreement includes an option to renew for an additional three years. The future minimum payment on the lease is $17,862 until December 31, 2023.

Total rent expense for the years ended June 30, 2022, and 2021 amounted to $83,155 and $53,155, respectively.

Note 14. Subsequent Events

The Organization has evaluated subsequent events through September 10, 2023, which is the date the financial statements were available to be issued.

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

To the Board of Directors
Massachusetts Immigrant and Refugee Advocacy Coalition, Inc
Boston, Mass

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 financial statements of Massachusetts Immigrant and Refugee Advocacy Coalition, Inc, which comprise the statement of financial position as of June 30, 2022, the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 10, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Massachusetts Immigrant and Refugee Advocacy Coalition, Inc's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Massachusetts Immigrant and Refugee Advocacy Coalition, Inc's internal control. Accordingly, we do not express an opinion on the effectiveness of Massachusetts Immigrant and Refugee Advocacy Coalition, 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 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. We noted a significant deficiency in internal control which is described in the Schedule of Findings as 2022-001.

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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Massachusetts Immigrant and Refugee Advocacy Coalition, Inc's 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 determination of financial statement amounts. 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 Massachusetts Immigrant and Refugee Advocacy Coalition, Inc's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Massachusetts Immigrant and Refugee Advocacy Coalition, Inc's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KellyVitaleRaffol, LLC

Boston, Massachusetts
September 10, 2023

M ASSACHUSETTS IMMIGRANT AND REFUGEE ADVOCACY COALITION, INC.

Schedule of Findings and Questioned Costs

For the Years Ended June 30, 2022, and 2021

Finding 2022-001

Bank reconciliations on the cash accounts were not done on a monthly basis. This lead to the delay in the discovery of the diversion of funds.

Conditions:

Monthly bank reconciliations were not performed as required.

Criteria:

Appropriate internal controls over cash require timely reconciliation and review of accounts to the general ledger to ensure adequate control over cash receipts and disbursements. Best practices dictate that bank reconciliations should be performed monthly to enhance timeliness of the financial information as well as timely authorization of corrections necessary.

Causes:

The personnel in place in the role of Chief Financial Officer did not perform monthly bank reconciliations. Therefore, it was several months before a diversion of funds of approximately $391,000 was brought to the attention of management and the Board of Directors. There was limited accounting and management oversight to review the bank and credit card statements monthly. The was also a transition in the role of Executive Director. During the time of the diversion of funds there was an interim Executive Director. It was under the tenure of the interim that the fraud was discovered. The funds were subsequently reimbursed by Eastern Bank.

Effect:

Without the regular practice of performing monthly bank and credit card reconciliations, there is an increased risk of errors, discrepancies, or fraudulent activities going unnoticed in financial records. This absence of reconciliations may lead to inaccurate or incomplete financial reporting, misclassification of transactions, and difficulties in detecting unauthorized transactions or potential financial irregularities.

Recommendation:

We recommend all bank reconciliations are prepared for all bank accounts. A schedule of all banks and reconciliations should be kept informing management and those in charge of governance of their status. All checks outstanding over one year should be reclassified from the bank reconciliation to a liability for escheatment.

Management Response

Current management concurred with the conditions, criteria, causes, and recommendations. An interim Chief Financial Officer (CFO) was hired to review and implement changes, including timely bank reconciliations. The interim CFO recommended a transition of the accounting system to a cloud based solution which will provide financial data in real time. All bank statement reconciliations are now reviewed on a monthly basis by the Executive Director. All the revised fiscal procedures will be codified in an updated fiscal manual.