

FINANCIAL STATEMENTS

Refugees International

FOR THE YEAR ENDED DECEMBER 31, 2023

REFUGEES INTERNATIONAL, INC.

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Refugees International, Inc.
Washington, D.C.

Opinion

We have audited the accompanying financial statements of Refugees International, Inc. (Refugees International), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and change in net assets, functional expenses and cash flows 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 Refugees International as of December 31, 2023, and the change 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. 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 Refugees International 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 opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities 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 will always detect a material misstatement when it exists.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

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 the 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, 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 Refugees International's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Refugees International's ability to continue as a going concern for a reasonable period of time.

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

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

August 1, 2024

REFUGEES INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023

ASSETS

CURRENT ASSETS

Cash	\$ 1,540,527
Investments	4,657,788
Grants receivable	125,000
Pledges receivable	236,655
Prepaid expenses and other assets	<u>75,249</u>
Total current assets	<u>6,635,219</u>

PROPERTY AND EQUIPMENT

Equipment and software	107,026
Furniture	12,985
Less: Accumulated depreciation and amortization	<u>(89,662)</u>
Net property and equipment	<u>30,349</u>

NONCURRENT ASSETS

Deposits	45,231
Right-of-use asset, net	<u>700,034</u>
Total noncurrent assets	<u>745,265</u>

TOTAL ASSETS **\$ 7,410,833**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 181,977
Accrued salaries and related benefits	164,278
Deferred revenue	351,353
Operating lease liability	<u>401,924</u>
Total current liabilities	<u>1,099,532</u>

NONCURRENT LIABILITIES

Accrued pension liability	1,079,053
Operating lease liability, net	<u>386,088</u>
Total noncurrent liabilities	<u>1,465,141</u>
Total liabilities	<u>2,564,673</u>

NET ASSETS

Without donor restrictions	3,159,335
With donor restrictions	<u>1,686,825</u>
Total net assets	<u>4,846,160</u>

TOTAL LIABILITIES AND NET ASSETS **\$ 7,410,833**

REFUGEES INTERNATIONAL, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 1,362,399	\$ 71,250	\$ 1,433,649
Foundation contributions	2,232,893	651,000	2,883,893
Net investment return	358,530	39,406	397,936
Contract revenue	231,913	-	231,913
Contributed nonfinancial assets	149,862	-	149,862
Events	332,867	-	332,867
Net assets released from donor restrictions	<u>932,277</u>	<u>(932,277)</u>	<u>-</u>
Total support and revenue	<u>5,600,741</u>	<u>(170,621)</u>	<u>5,430,120</u>
EXPENSES			
Program Services:			
Advocacy	3,255,056	-	3,255,056
Strategic Outreach	<u>1,008,214</u>	<u>-</u>	<u>1,008,214</u>
Total program services	<u>4,263,270</u>	<u>-</u>	<u>4,263,270</u>
Supporting Services:			
General and Administrative	526,339	-	526,339
Fundraising	<u>488,301</u>	<u>-</u>	<u>488,301</u>
Total supporting services	<u>1,014,640</u>	<u>-</u>	<u>1,014,640</u>
Total expenses	<u>5,277,910</u>	<u>-</u>	<u>5,277,910</u>
Change in net assets before other item	322,831	(170,621)	152,210
OTHER ITEM			
Pension expense	<u>(99,471)</u>	<u>-</u>	<u>(99,471)</u>
Change in net assets after other item	223,360	(170,621)	52,739
Net assets at beginning of year	<u>2,935,975</u>	<u>1,857,446</u>	<u>4,793,421</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,159,335</u>	<u>\$ 1,686,825</u>	<u>\$ 4,846,160</u>

REFUGEES INTERNATIONAL, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services			Supporting Services			Total Expenses
	Advocacy	Strategic Outreach	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Salaries	\$ 1,758,369	\$ 363,330	\$ 2,121,699	\$ 173,091	\$ 191,903	\$ 364,994	\$ 2,486,693
Consultants	240,568	194,332	434,900	189,987	76,920	266,907	701,807
Benefits and payroll taxes	344,389	71,160	415,549	33,901	37,586	71,487	487,036
Lease expense	259,949	53,713	313,662	25,589	28,370	53,959	367,621
Grants	20,000	215,000	235,000	-	-	-	235,000
Travel and entertainment	180,173	20,693	200,866	-	-	-	200,866
Dues and subscription	129,501	26,759	156,260	12,748	14,133	26,881	183,141
Contributed nonfinancial assets	104,150	21,521	125,671	10,252	11,367	21,619	147,290
Events	-	-	-	-	110,730	110,730	110,730
Stipends	83,500	-	83,500	-	-	-	83,500
Insurance	46,901	9,691	56,592	4,617	5,119	9,736	66,328
Conference	24,139	18,911	43,050	2,170	2,405	4,575	47,625
Temporaries	-	-	-	37,557	-	37,557	37,557
Audit	-	-	-	30,185	-	30,185	30,185
Telephone	17,799	3,678	21,477	1,752	1,943	3,695	25,172
Depreciation and amortization	10,816	2,235	13,051	1,065	1,180	2,245	15,296
Miscellaneous	8,481	1,752	10,233	835	3,772	4,607	14,840
Printing	8,896	1,838	10,734	876	971	1,847	12,581
Equipment	8,812	1,821	10,633	867	962	1,829	12,462
Staff training and development	3,953	817	4,770	389	431	820	5,590
Office supplies and expenses	2,526	522	3,048	248	276	524	3,572
Advertising	1,207	249	1,456	119	132	251	1,707
Postage and delivery	927	192	1,119	91	101	192	1,311
TOTAL	\$ 3,255,056	\$ 1,008,214	\$ 4,263,270	\$ 526,339	\$ 488,301	\$ 1,014,640	\$ 5,277,910

See accompanying notes to financial statements.

REFUGEES INTERNATIONAL, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 52,739
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	15,296
Receipt of donated stock	(17,192)
Proceeds from sales of donated stock	26,541
Unrealized gain on investments	(310,358)
Realized loss on sale of investments	64,109
Amortization of right-of-use asset	358,841
Decrease (increase) in:	
Grants receivable	318,853
Pledges receivable	(130,114)
Prepaid expenses and other assets	(8,293)
Increase (decrease) in:	
Accounts payable and accrued liabilities	14,771
Accrued salaries and related benefits	58,796
Deferred revenue	155,583
Operating lease liability	<u>(381,908)</u>
Net cash provided by operating activities	<u>217,664</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(10,145)
Net sales of investments	819,450
Change in accrued pension liability	<u>2,802</u>
Net cash provided by investing activities	<u>812,107</u>
Net increase in cash and cash equivalents	1,029,771
Cash and cash equivalents at beginning of year	<u>510,756</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,540,527</u>

REFUGEES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Refugees International, Inc. advocates for lifesaving assistance and protection for displaced people and promotes solutions to displacement crises. In addition, its Strategic Outreach program provides public education and is designed to build local, state, and national support for improved protection and outcomes for displaced people in the United States and around the world. Founded in 1980 and located in the District of Columbia, Refugees International, Inc. is an independent nonprofit organization, and does not accept any Government or UN funding.

Program activities -

In 2023 Refugees International (RI) engaged in advocacy, research and crisis response spanning 13 countries and the U.S. southern border. Focus areas included the greater Middle East (Lebanon, Turkey, Jordan, Israel, and Egypt), and East Africa (Sudan, South Sudan and Chad).

Refugees International supported the establishment of a new U.S. humanitarian parole program for Haitians that has allowed over 100,000 Haitians to gain temporary protection in the United States in 2023. RI also successfully advocated for the expansion of U.S. family unification programs for Haitians and Cubans who have sought refuge in the United States.

2023 organizational programs included a Refugee Leader Fellowship program to deepen the expertise of refugee leaders in global advocacy and for the Fellows to contribute to shaping the RI's global advocacy priorities. In addition, RI partnered with Ukrainian NGOs to advance the localization agenda to the country's wartime humanitarian response.

Strategic outreach -

Refugees International engaged in a wide range of strategic outreach activities and initiatives throughout 2023 to help advance the organization's mission to create a more welcoming world for people seeking refuge and to educate the public. Refugees International's advocates earned considerable media coverage in 2023. They also engaged in public education through speaking engagements and participating in, organizing, and contributing to public events. Advocate efforts garnered hundreds of media citations and interviews across the year which amplified RI's advocacy and education messages to diverse audiences. The messaging of the myriad of RI advocacy was enhanced by RI's new brand identity and website.

Refugees International, the Refugee Advocacy Lab, and 40 national and local partners co-launched the #LetAsylumSeekersWork campaign. It highlights the need for urgent Congressional action to allow asylum seekers to access work permits sooner and has built support from state and local elected officials, faith leaders, business leaders, affected community members, and others throughout the country.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.

REFUGEES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Basis of presentation (continued) -

- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

New accounting pronouncement adopted -

Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by Refugees International that are subject to the guidance in FASB ASC 326 are trade accounts receivable. Refugees International implemented the ASU on January 1, 2023 using a modified retrospective approach. The impact of the adoption was not considered material to the financial statements and primarily resulted in new disclosures only.

Cash -

Refugees International considers all cash and other highly liquid investments, including certificates of deposit, with maturities of three months or less to be cash equivalents. Money market funds and cash held by investment managers in the amount of \$823,560 for the year ended December 31, 2023 are excluded from cash but included in Investments. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, Refugees International maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains are included in investment income, which is presented net of investment expenses paid to external investment advisors in the accompanying Statement of Activities and Change in Net Assets.

Investments acquired by gift are recorded at their fair value on the date of the gift. Refugees International's policy is to liquidate all gifts of investments as soon as possible after receipt of the gift.

Grants and pledges receivable -

Grants and pledges receivable include unconditional promises to give that are expected to be collected in future years. Grants and pledges receivable are recorded at their fair value, which is measured as the present value of the future cash flows. Grants and pledges receivable are fully collectible, and no allowance has been established.

REFUGEES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Property and equipment -

Property and equipment in excess of \$1,000 are capitalized and stated at cost. Property and equipment are depreciated or amortized on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years. Depreciation and amortization expense for the year ended December 31, 2023 totaled \$15,296.

Income taxes -

Refugees International is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3) and is only subject to tax on its unrelated business income, net of applicable deductions. Refugees International is not a private foundation.

Revenue from contracts with customers -

Refugees International's contract revenue is treated as exchange transaction revenue following ASC Topic 606. Contract revenue is recorded over the period of time that the performance obligations are met. Refugees International has elected to opt out of all disclosures not required for nonpublic entities. Transaction price is based on cost and/or sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue.

Events revenue has elements of both exchange transaction revenue and support from contributions. Events revenue includes ticket sales and sponsorships. The portion of events revenue that provides a benefit to the donor in return is based on the cost of those performance obligations. For the exchange transaction portion of special events revenue, the performance obligation is met when the event occurs.

For the events revenue for the year ended December 31, 2023, the breakdown between contributions and exchange transactions is as follows:

Contributions	\$ 229,342
Exchange transactions	<u>103,525</u>
TOTAL EVENTS REVENUE	<u>\$ 332,867</u>

Support from contributions -

Refugees International receives contributions from various individuals and foundations. Contributions are recognized in the appropriate category of net assets in the period received. Refugees International performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

Support from contributions is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

REFUGEES INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Support from contributions (continued) -

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, Refugees International had no refundable advances as of December 31, 2023.

In addition, Refugees International may obtain funding source agreements related to conditional contributions, which will be received in future years. However, Refugees International had no conditional contributions to be received in future years as of December 31, 2023.

Contributed nonfinancial assets -

Contributed nonfinancial assets consisted of legal services and goods. Contributed nonfinancial assets are recorded at their fair market value as of the date of the gift. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Refugees International.

Use of estimates -

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing Refugees International's programs and supporting services have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Refugees International allocates expenses to its core functional expense categories; Program Services (Advocacy and Strategic Outreach) and Supporting Services (General and Administrative and Fundraising), based on a review of the specific expenses and timesheets provided by each employee.

Supporting Services expenses include compensation costs associated with certain executive positions, and the Finance/Operations and Development departments that provide general support. As a result of its small size, and the depth and breadth of interdependencies amongst the four core functional categories described above, a portion of Supporting Services expenses are allocated to Program Services in accordance with an analysis of actual time spent in the accompanying Statement of Activities and Change in Net Assets.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, Refugees International has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy.

REFUGEES INTERNATIONAL, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market Refugees International has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the year ended December 31, 2023. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market fund is an open-end fund that is registered with the Securities and Exchange Commission (SEC) and is deemed to be actively traded.
- *Exchange Traded Funds* - Valued at the closing price reported in the active market in which the individual securities are traded.
- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by Refugees International are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by Refugees International are deemed to be actively traded.
- *Fixed Income Securities* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2023.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 823,560	\$ -	\$ -	\$ 823,560
Exchange traded funds	818,210	-	-	818,210
Mutual funds	1,301,844	-	-	1,301,844
Fixed income securities	<u>-</u>	<u>1,714,174</u>	<u>-</u>	<u>1,714,174</u>
TOTAL INVESTMENTS	<u>\$ 2,943,614</u>	<u>\$ 1,714,174</u>	<u>\$ -</u>	<u>\$ 4,657,788</u>

REFUGEES INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Included in net investment return are the following for the year ended December 31, 2023:

Interest and dividends	\$ 184,163
Unrealized gain on investments	310,358
Realized loss on sale of investments	(64,109)
Management fees	<u>(32,476)</u>
NET INVESTMENT RETURN	<u>\$ 397,936</u>

3. CONTRACT ASSETS AND CONTRACT LIABILITIES

There were no contract assets at December 31, 2023 or January 1, 2023.

Contract liabilities consisted of the following revenue streams as of:

	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Contract Revenue	<u>\$ 351,353</u>	<u>\$ 195,770</u>

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2023:

Advocacy	\$ 897,220
Subject to passage of time	231,510
Strategic outreach	157,540
Staff training and development	8,078
Endowment to be invested in perpetuity	300,000
Accumulated earnings on endowment not yet appropriated for spending	<u>92,477</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 1,686,825</u>

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the year ended December 31, 2023.

Advocacy	\$ 638,799
Strategic outreach	167,959
Time restrictions accomplished	125,275
Staff training and development	229
Appropriation of endowment assets for expenditure	<u>15</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 932,277</u>

REFUGEES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

5. LIQUIDITY

Refugees International has a goal to maintain financial assets, which consist of cash, receivables and short-term investments on hand, to meet at least six months of normal operating expenses. Refugees International's policy is to structure its financial assets to become available as general expenditures, liabilities, and other obligations become due.

Financial assets available for use for general expenditures within one year of the Statement of Financial Position comprise the following at December 31, 2023:

Cash	\$	1,540,527
Investments		4,657,788
Grants receivable		125,000
Pledges receivable		236,655
Less: Amounts unavailable for general expenditures within one year due to time and purpose restrictions		<u>(1,455,315)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$	<u>5,104,655</u>

6. CONTRIBUTED NONFINANCIAL ASSETS

During the year ended December 31, 2023, Refugees International was the beneficiary of certain contributed nonfinancial assets which allowed Refugees International to provide greater resources toward various programs. No donor-imposed restrictions were associated with the contributed nonfinancial assets, which are recorded at their estimated fair market value as of the date of the gift. In addition, none of the donated goods were monetized through sale as of December 31, 2023, and are capitalized as other current assets in the accompanying Statement of Financial Position.

Contributed nonfinancial assets consisted of the following for the year ended December 31, 2023:

Donated legal services	\$	147,290
Donated goods (capitalized)		<u>2,572</u>
TOTAL IN-KIND CONTRIBUTIONS	\$	<u>149,862</u>

The contributed nonfinancial assets have been recorded in support and in the following functional expense categories for the year ended December 31, 2023:

Advocacy	\$	104,150
Strategic Outreach		21,521
Fundraising		11,367
General and Administrative		<u>10,252</u>
TOTAL	\$	<u>147,290</u>

7. LEASE COMMITMENTS

Refugees International follows FASB ASC 842 for leases. Refugees International has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. Refugees International has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

REFUGEES INTERNATIONAL, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

7. LEASE COMMITMENTS (Continued)

During 2019, Refugees International entered into a new lease agreement, which commenced in November 2019 and terminates in November 2025. The base rent of the lease agreement is \$347,774 per annum, with an annual escalation of 4%.

For the year ended December 31, 2023, total lease cost was \$367,621 and total cash paid was \$392,502. The discount rate used was 1.10%.

The following is a schedule of the future minimum lease payments due under the operating lease, net of imputed interest, as of December 31, 2023:

Year Ending December 31,

2024	\$ 408,202
2025	<u>387,860</u>
Sub-total	796,062
Less: Imputed interest	(8,050)
Less: Current portion	<u>(401,924)</u>
LONG-TERM PORTION	<u>\$ 386,088</u>

8. RETIREMENT PLANS

Refugees International's employees have an option to participate in a voluntary Safe Harbor 401(k) Plan. Employees are eligible to join upon six months of employment with Refugees International. The minimum percentage of compensation a participant may elect to be treated as an Elective Deferral is 1%, and the maximum percentage of compensation a participant may elect to be treated as an Elective Deferral is 80%. Matching contributions equal 100% on the first 4% of participant's compensation which is deferred as an Elective Deferral. Contributions to the Plan during the year ended December 31, 2023 totaled \$67,209, and is included in benefits in the accompanying Statement of Functional Expenses.

Refugees International entered into an agreement to provide an annual pension payment to a former officer based on an employment contract dated February 15, 2001. The agreement requires an initial payment of \$60,000 (paid in 2006, the first year of retirement), increased by an annual cost of living allowance (COLA), with right of survivorship to the former officer's wife. During 2023, Refugees International paid \$97,113 to the former officer. The pension liability was calculated based on actuarial assumptions, which assumed a 4.5% discount rate (based on an approximate rate used by qualified pension plans under FASB ASC 715-20 and 715-30), a 2.5% rate of future COLA and the participant/spouse mortality tables under the Pension Protection Act.

As of December 31, 2023, the value of the accrued pension liability aggregated \$1,079,053. The net effect of the pension liability adjustment during the year ended December 31, 2023, was an increase of \$2,802 to the liability and an expense of \$99,471.

9. ENDOWMENT FUNDS

Refugees International's endowment funds consist of two donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

REFUGEES INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

9. ENDOWMENT FUNDS (Continued)

Interpretation of relevant law -

Refugees International has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted by the State as requiring the preservation of the fair value of the original gift made to the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The governing Board has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary.

As a result, of this interpretation, Refugees International classifies 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.

Additionally, in accordance with UPMIFA, Refugees International considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

Return Objectives and Risk Parameters -

Refugees International has adopted an investment and spending policy for the endowments that attempts to provide funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowments' assets. Under this policy, as approved by the Board of Directors, the endowments' assets are invested to preserve principal and achieve long-term capital appreciation.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, Refugees International relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy -

Refugees International has a policy of appropriating for distribution a portion of its endowments based on an annual review and assessment as specified in each investment policy statement. In establishing each policy, Refugees International considered the long-term return objective of its endowments and the policy of maintaining the purchasing power of the endowment assets held in-perpetuity or for a specified term.

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Refugees International to maintain as a fund of perpetual duration. However, there were no funds with deficiencies as of December 31, 2023.

REFUGEES INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

9. ENDOWMENT FUNDS (Continued)

Endowment funds consisted of the following as of December 31, 2023:

	With Donor Restrictions		Total
	Available for Appropriation	Held in Perpetuity	
Donor Restricted Funds	\$ <u>92,477</u>	\$ <u>300,000</u>	\$ <u>392,477</u>

Changes in endowment funds consisted of the following as of and for the year ended December 31, 2023:

	With Donor Restrictions		Total
	Available for Appropriation	Without Donor Restrictions	
Endowment net assets, beginning of year	\$ 53,086	\$ 300,000	\$ 353,086
Net investment return	39,406	-	39,406
Appropriation of endowment assets for expenditure	(15)	-	(15)
ENDOWMENT FUNDS, END OF YEAR	\$ <u>92,477</u>	\$ <u>300,000</u>	\$ <u>392,477</u>

The endowment funds consisted of the following as of December 31, 2023:

Money market funds	\$ 98,773
Exchange traded funds	293,704
TOTAL ENDOWMENT FUNDS	\$ <u>392,477</u>

10. SUBSEQUENT EVENTS

In preparing these financial statements, Refugees International has evaluated events and transactions for potential recognition or disclosure through August 1, 2024, the date the financial statements were issued.