FOR THE NATIONS REFUGEE OUTREACH

Financial Statements
With Independent Accountants' Review Report

August 31, 2020 and 2019

CAPINCROUSE LLP

FOR THE NATIONS REFUGEE OUTREACH

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
For The Nations Refugee Outreach
Dallas, Texas

We have reviewed the accompanying financial statements of For The Nations Refugee Outreach (a nonprofit corporation), which comprises the statements of financial position as of August 31, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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.

Accountants' Responsibility
Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion
Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Grapevine, Texas
December 15, 2020

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FOR THE NATIONS REFUGEE OUTREACH

Statements of Financial Position

	August 31, 2020	August 31, 2019
ASSETS:		
Cash	$ 1,129,909	$ 135,177
Cash restricted for long-term investment	355,000	-
Total cash and cash restricted for long-term investment	1,484,909	135,177
Investments	324,015	153,633
Investments restricted for long-term investment	1,614,795	1,724,078
Contributions receivable	-	896,857
Prepaid expenses and other assets	9,624	17,418
Property and equipment–net	4,844,581	4,741,197
Total Assets	$ 8,277,924	$ 7,668,360
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	$ 19,419	$ 33,708
Net assets:		
Without donor restrictions	6,029,150	5,332,633
With donor restrictions	2,229,355	2,302,019
	8,258,505	7,634,652
Total Liabilities and Net Assets	$ 8,277,924	$ 7,668,360

See independent accountants' review report and notes to financial statements

FOR THE NATIONS REFUGEE OUTREACH

Statements of Activities

	Year Ended August 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue, and Reclassifications:						
Contributions	$ 780,173	$ 1,243,084	$ 2,023,257	$ 578,838	$ 2,907,771	$ 3,486,609
Gift-in-kind	115,266	-	115,266	110,314	-	110,314
Grant revenue	236,500	-	236,500	-	-	-
Other income	59,510	-	59,510	124,592	-	124,592
Reclassifications–net assets released from restrictions:						
Satisfaction of purpose restrictions	1,315,748	(1,315,748)	-	955,987	(955,987)	-
Total Support, Revenue, and Reclassifications	2,507,197	(72,664)	2,434,533	1,769,731	1,951,784	3,721,515
Expenses:						
Program services:						
Refugee outreach	1,558,443	-	1,558,443	1,515,909	-	1,515,909
Supporting activities:						
General and administrative	180,515	-	180,515	188,233	-	188,233
Fund-raising	71,722	-	71,722	75,854	-	75,854
	252,237	-	252,237	264,087	-	264,087
Total Expenses	1,810,680	-	1,810,680	1,779,996	-	1,779,996
Total Change in Net Assets	696,517	(72,664)	623,853	(10,265)	1,951,784	1,941,519
Net Assets, Beginning of Year	5,332,633	2,302,019	7,634,652	5,342,898	350,235	5,693,133
Net Assets, End of Year	$ 6,029,150	$ 2,229,355	$ 8,258,505	$ 5,332,633	$ 2,302,019	$ 7,634,652

See independent accountants’ review report and notes to financial statements

FOR THE NATIONS REFUGEE OUTREACH

Statements of Cash Flows

	Year Ended August 31, 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 623,853	$ 1,941,519
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	153,432	144,605
Net unrealized and realized investment gains	(1,254)	(51,545)
Contributions restricted for long-term investment	(355,000)	(1,762,525)
Recognition of grant revenue	(236,500)	-
Changes in operating assets and liabilities:		
Contributions receivable	-	(911,857)
Prepaid expenses and other assets	7,794	(7,984)
Accounts payable and accrued expenses	(14,289)	7,704
Net Cash Provided (Used) by Operating Activities	178,036	(640,083)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(256,816)	(307,074)
Proceeds from sale of investments	-	184,834
Purchases of investments	(59,845)	(2,011,000)
Net Cash Used by Investing Activities	(316,661)	(2,133,240)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for long-term investment	355,000	1,762,525
Proceeds from paycheck protection program loan	236,500	-
Collections of contributions receivable	896,857	35,000
Net Cash Provided by Financing Activities	1,488,357	1,797,525
Change in Cash and Cash Restricted for Long-term Investment	1,349,732	(975,798)
Cash and Cash Restricted for Long-term Investment, Beginning of Year	135,177	1,110,975
Cash and Cash Restricted for Long-term Investment, End of Year	$ 1,484,909	$ 135,177
SUPPLEMENTAL DISCLOSURES:		
Property and equipment capitalized but not yet paid for	$ -	$ 4,582
Non-cash financing transaction to recognize grant revenue	$ 236,500	$ -

See independent accountants' review report and notes to financial statements

FOR THE NATIONS REFUGEE OUTREACH

Notes to Financial Statements

August 31, 2020 and 2019

1. NATURE OF ORGANIZATION:

   For the Nations Refugee Outreach (FTNRO), a nonprofit organization incorporated in the State of Texas, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). The mission is to provide educational and acculturation services that help meet the practical needs of refugees and to share with them the gospel of Jesus Christ.

   FTNRO relies primarily on contributions to operate and conduct its programs and activities.

2. SIGNIFICANT ACCOUNTING POLICIES:

   The financial statements have been prepared on the accrual basis of accounting. The preparation of 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 and disclosures in the financial statements. Actual results could differ from these estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

   CASH AND CASH RESTRICTED FOR LONG-TERM INVESTMENT AND CREDIT RISK

   Cash and cash restricted for long-term investment consist of cash on hand and checking accounts. Restricted cash includes cash with donor restrictions for long-term investment in property and equipment. While at times cash balances may exceed federally insured limits, FTNRO has not experienced any losses on such accounts. Management believes it is not exposed to any significant credit risk on these accounts. As of August, 31, 2020 and 2019, approximately $962,000 and $2,000, respectively, was not covered by FDIC insurance.

   INVESTMENTS AND INVESTMENTS RESTRICTED FOR LONG-TERM INVESTMENT

   Investments in equity securities with readily determinable fair values and all investments in money market funds and mutual funds are measured at fair value. Investments restricted for long-term investment includes investments with donor restrictions for long-term investment in property and equipment. Gains and losses on investments are reported in the statements of activities recorded in other income as increases or decreases in net assets without donor restrictions. See Note 5 for fair value measurements and disclosures. Donated investments are reported at the fair value on the date of donation and thereafter reported at fair value.

   CONTRIBUTIONS RECEIVABLE

   Contributions receivable consists of unconditional promises to give that are recognized when the promise is made. The funds are expected to be received within one year and therefore no allowance or discount on the contributions receivables were recorded.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PROPERTY AND EQUIPMENT AND DEPRECIATION

Property and equipment are recorded at cost if purchased or fair value if contributed and include improvements that significantly add to utility or extend useful lives. Costs of maintenance and repairs are charged to expense as incurred. Depreciation is recorded using the straight-line method over the estimated useful lives. Depreciation is allocated to the various underlying program services and supporting activities. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in support and revenue for the period. Prior to August 31, 2017, purchases in excess of $500 are capitalized. Beginning September 1, 2017, purchases in excess of $2,500 are capitalized. Depreciable lives by type of asset are:

Buildings	40 years
Building improvements	20 years
Vehicles	8-15 years
Equipment	3 years

NET ASSETS

Net assets without donor restrictions are those currently available at the discretion of the board for use in FTNRO's operations.

Net assets with donor restrictions are stipulated by donors for specific operating purposes or not currently available for use until commitments regarding their use have been fulfilled.

SUPPORT, REVENUE, AND RECLASSIFICATIONS

Contributions are recorded when made, which may be when cash and other assets are received or when unconditionally promised. FTNRO reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the contributed amounts. Other income is recorded when earned.

Grant revenue for the year ended August 31 2020, includes governmental grants for the Paycheck Protection Program. FTNRO reports conditional grants in which the restriction is met in the same fiscal year as grant revenue without donor restrictions.

A monthly administrative assessment of $20 is assessed to each support raised fund to help offset the general fund's administrative costs. The monthly amounts transferred from support raised funds to the general fund are reported as reclassifications in the statements of activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND RECLASSIFICATIONS, continued
Gift-in-kind is comprised of donated goods and contributed services that are recorded at fair market value at the time of the donation. Contributed services are recognized as gift-in-kind contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by FTNRO. Non-cash contributions consisting of the value of labor of staff assigned to FTNRO was approximately $34,500 and $34,500 for the years ended August 31, 2020 and 2019, respectively. Contributed professional services including accounting and attorney services were approximately $11,400 and $25,700 for the years ended August 31, 2020 and 2019, respectively. Donated supplies are also included in gift-in-kind on the statements of activities.

PAYCHECK PROTECTION PROGRAM GRANT
During the year ended August 31, 2020, FTNRO received a Paycheck Protection Program loan (PPPL) for $236,500 through the Small Business Administration (SBA). This loan is eligible for forgiveness based on FTNRO incurring certain qualifying expenses such as eligible payroll and utility costs. FTNRO incurred $236,500 in qualifying expenses as of August 31, 2020. Based upon the terms established by the SBA, FTNRO estimates it has met the required barriers to qualify for forgiveness. Accordingly, FTNRO has recorded the PPPL as grant funds within its statements of activities for the year ended August 31, 2020. FTNRO will apply for formal loan forgiveness when able to do so.

EXPENSES
Expenses are reported when incurred. All advertising costs are expensed as incurred. FTNRO did not incur any advertising expenses for the years ended August 31, 2020 and 2019, respectively. The costs of providing various program services and supporting activities have been summarized on a functional basis in the statements of activities and in Note 8. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of FTNRO. Those expenses include salaries and benefits, supplies, travel, professional fees, and repairs and maintenance and are allocated based upon estimates of time and effort used within the underlying departments to which the expense is related. Rent and depreciation are allocated based upon an estimate of square footage used. All of the methods described above are translated into percentages that are then used to allocate the categories across their program services and supporting activities. Percentages used to allocate expenses are reviewed annually to ensure that they continue to accurately reflect the nature of activities. FTNRO incurred no joint costs for the years ended August 31, 2020 and 2019.

ADOPTION OF NEW ACCOUNTING STANDARD
In 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows - Restricted Cash* (topic 230 of the FASB ASC). FTNRO adopted the provisions of this new standard during the year ended August 31, 2020. The ASU has been applied on a retrospective transition method for each year presented. Adoption of this new standard had no effect on change in net assets or net assets in total for the years presented.

FOR THE NATIONS REFUGEE OUTREACH

Notes to Financial Statements

August 31, 2020 and 2019

3. LIQUIDITY AND FUNDS AVAILABLE:

	August 31, 2020	August 31, 2019
Financial assets:		
Cash	$ 1,129,909	$ 135,177
Cash restricted for long-term investment	355,000	-
Investments	324,015	153,633
Investments restricted for long-term investment	1,614,795	1,724,078
Contributions receivable	-	896,857
Financial assets, at year end	3,423,719	2,909,745
Less those unavailable for general expenditure within one year, due to:		
Assets restricted for the building fund	(1,969,795)	(1,724,078)
Other grant restricted funds	-	(50,000)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,453,924	$ 1,135,667

FTNRO is substantially supported by contributions, which at time are received with restrictions. Those contributions with donor restrictions require resources to be used in a particular matter or in a future period. FTNRO must maintain sufficient resources to meet those responsibilities to its donors. Thus the financial assets may not be available for general expenditure within one year. As part of FTNRO's liquidity management, they have established guidelines for making decisions related to managing short term cash reserves in a prudent manner.

4. INVESTMENTS:

FTNRO allocated approximately 30% and 20% of their investment portfolio to money market funds for the years ended August 31, 2020 and 2019, respectively. Investments at fair value consist of:

	August 31, 2020	August 31, 2019
Money market funds	$ 580,552	$ 375,127
Bond mutual funds	1,358,258	1,502,584
	$ 1,938,810	$ 1,877,711

Investment income (reported as part of other income in the statements of activities) consists of:

	Year Ended August 31, 2020	Year Ended August 31, 2019
Interest and dividends	$ 39,939	$ 30,040
Realized and unrealized gains	1,254	51,545
	$ 41,193	$ 81,585

5. FAIR VALUE MEASUREMENTS:

Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosure* , establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. FTNRO uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, FTNRO measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs were not available. All of FTNRO's investments are valued as Level 1.

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Notes to Financial Statements

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6. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

	August 31, 2020	August 31, 2019
Land	$ 333,597	$ 333,597
Buildings and improvements	4,436,200	4,159,356
Vehicles	123,762	123,762
Equipment	259,713	241,295
	5,153,272	4,858,010
Less accumulated depreciation	(308,691)	(155,260)
	4,844,581	4,702,750
Construction in progress	-	38,447
	$ 4,844,581	$ 4,741,197

7. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	August 31, 2020	August 31, 2019
Building funds:		
Held for construction of building in investments	$ 1,969,795	$ 1,724,078
Incurred for construction in progress	-	38,447
Support raised staff	238,922	352,422
Operational pledges restricted for time	-	161,000
Scholarships	12,433	17,433
Acculturation	1,927	6,073
Summer youth camp	1,250	1,458
Emergency relief fund	3,275	-
After school programs	1,753	1,108
	$ 2,229,355	$ 2,302,019

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Notes to Financial Statements

August 31, 2020 and 2019

8. FUNCTIONAL CLASSIFICATION OF EXPENSES:
The financial statements report certain categories of expenses that are attributable to one or more program service or supporting activities.

The following reflects the functional allocation of expenses by natural classification for the year ended August 31, 2020:

	Refugee Outreach	General and Administrative	Fund-raising	Total
Salaries and benefits	$ 1,053,656	$ 139,728	$ 61,597	$ 1,254,981
Supplies and office expenses	147,113	18,025	3,563	168,701
Rent expenses	13,350	-	-	13,350
Travel expenses	21,099	164	156	21,419
Professional fees	20,975	11,951	1,482	34,408
Repairs and maintenance	45,764	6,811	1,088	53,663
Benevolent aid to refugees	110,726	-	-	110,726
Depreciation expense	145,760	3,836	3,836	153,432
	$ 1,558,443	$ 180,515	$ 71,722	$ 1,810,680

The following reflects the functional allocation of expenses by natural classification for the year ended August 31, 2019:

	Refugee Outreach	General and Administrative	Fund-raising	Total
Salaries and benefits	$ 1,076,872	$ 146,392	$ 63,904	$ 1,287,168
Supplies and office expenses	106,595	14,705	4,819	126,119
Rent expenses	12,975	-	-	12,975
Travel expenses	22,083	1,013	832	23,928
Professional fees	87,711	14,067	1,375	103,153
Repairs and maintenance	58,024	8,441	1,309	67,774
Benevolent aid to refugees	14,274	-	-	14,274
Depreciation expense	137,375	3,615	3,615	144,605
	$ 1,515,909	$ 188,233	$ 75,854	$ 1,779,996

9. SUPPORT CONCENTRATION:
FTNRO received a substantial amount of support from six contributors. Contributions from these six contributors amounted to approximately $739,000 and $1,906,000 for the years ended August 31, 2020 and 2019, respectively.

10. BUILDING COMMITMENTS:
FTNRO is in the process of building a facility to expand program outreach, which will be done in phases. Phase 1 was comprised of the purchase of land and the construction of the first story of the building, which cost approximately $4,421,000. FTNRO completed Phase 1 in August 2018. Phase 1.5 began in January 2019 and ended during the summer of 2019. This phase consisted of the kitchen installation as well as the installation of a custom irrigation and drainage system, and the total cost of Phase 1.5 was approximately $72,000. As of August 31, 2020, there were no contractual agreements relating to Phase 2. Phase 2, which will be the construction of the second floor of the building, is expected to begin in 2021. Also, see Note 16.

11. OPERATING LEASE:
FTNRO leases an apartment for visiting missions teams and Bible studies under noncancelable operating lease agreement with total monthly payments of $1,125. This agreement expires in November 30, 2021. Total lease expense for the years ended August 31, 2020 and 2019, was approximately $13,500 and $13,500, respectively.

Future minimum lease payments under noncancelable operating lease is as follows:

Year Ending August 31,	
2021	$ 3,206

12. RELATED PARTY TRANSACTIONS:
Board members provide donated legal and accounting services for FTNRO. These amounts were approximately $10,700 and $24,200 for the years ended August 31, 2020 and 2019, respectively.

Furthermore, board members also made contributions of approximately $35,800 and $283,000 during the years ended August 31, 2020 and 2019, respectively.

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Notes to Financial Statements

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13. EMPLOYEE BENEFITS:

RETIREMENT PLAN
FTNRO sponsors a SIMPLE IRA retirement plan covering all employees who have satisfied certain age and service requirements. FTNRO matching contributions to the plan were approximately $19,400 and $16,600 for the years ended August 31, 2020 and 2019, respectively. Contributions are immediately vested.

OTHER BENEFITS
FTNRO provides its full-time employees with the following benefits: group life insurance, group accidental dental insurance, vision insurance, and medical insurance; and FTNRO pays the insurance premiums. A more complete description of the benefit provisions can be found in the respective plan agreements. FTNRO expenses for these other benefits were approximately $80,300 and $92,700 for the years ended August 31, 2020 and 2019, respectively.

14. CONTINGENCIES:
Liens have been filed against FTNRO relating to the payment of subcontractors for the work done on the FTNRO's facilities when the primary contractor filed bankruptcy. FTNRO is consulting an attorney. Current claims are approximately $17,000 as of August 31, 2020 and 2019, respectively. This amount is reported as part of accounts payable and accrued expenses liability in the statements of financial position.

15. RISKS AND UNCERTAINTIES:
In March of 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in an adverse impact on FTNRO's financial position, operations, and cash flows, subsequent to August 31, 2020. Possible effects may include, but are not limited to, disruption of FTNRO's programs, donor population, and revenues, absenteeism in FTNRO's workforce, and a decline in value of assets held by FTNRO, including property and equipment. The financial impact cannot be estimated at this time. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

16. SUBSEQUENT EVENTS:
Subsequent events have been evaluated through December 15, 2020, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated. On September 3, 2020, FTNRO purchased an adjacent parking lot for $800,000 using building funds. On November 3, 2020, FTNRO entered into a construction agreement for approximately $494,000 for Phase 2 of the building construction as disclosed in Note 10. FTNRO's building funds will be used to pay for this