FOR THE NATIONS REFUGEE OUTREACH

Financial Statements
With Independent Accountants' Review
Report

August 31, 2022 and 2021

CAPINCROUSE LLP

FOR THE NATIONS REFUGEE OUTREACH

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CAPINCROUSE LLP

Celebrating 50 YEARS OF EMPOWERING NONPROFITS

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 comprise the statement of financial position as of August 31, 2022, and the related statements of activities and cash flows for the year 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.

We are required to be independent of For The Nations Refugee Outreach and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion
Based on our review, 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

Irving, Texas
November 18, 2022

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FOR THE NATIONS REFUGEE OUTREACH

Statement of Financial Position

August 31, 2022

ASSETS:		
Cash	$	1,065,153
Investments		1,917,155
Prepaid expenses and other assets		2,143
Property and equipment–net		6,653,530
Total Assets	$	9,637,981
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	$	26,904
Net assets:		
Without donor restrictions		8,771,215
With donor restrictions		839,862
Total net assets		9,611,077
Total Liabilities and Net Assets	$	9,637,981

See independent accountants' review report and notes to financial statements

FOR THE NATIONS REFUGEE OUTREACH

Statement of Activities

Year Ended August 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue, and Reclassifications:			
Contributions	$ 1,353,130	$ 1,968,533	$ 3,321,663
Contributions of supplies	36,279	-	36,279
Contributed services	91,290	-	91,290
Other income	9,011	-	9,011
Reclassifications–net assets released from restrictions:			
Satisfaction of purpose restrictions	2,714,509	(2,714,509)	-
Total Support, Revenue, and Reclassifications	4,204,219	(745,976)	3,458,243
Expenses:			
Program services:			
Refugee outreach	2,390,033	-	2,390,033
Supporting activities:			
Management and general	227,734	-	227,734
Fund-raising	78,741	-	78,741
	306,475	-	306,475
Total Expenses	2,696,508	-	2,696,508
Total Change in Net Assets	1,507,711	(745,976)	761,735
Net Assets, Beginning of Year	7,263,504	1,585,838	8,849,342
Net Assets, End of Year	$ 8,771,215	$ 839,862	$ 9,611,077

See independent accountants' review report and notes to financial statements

FOR THE NATIONS REFUGEE OUTREACH

Statement of Cash Flows

Year Ended August 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$	761,735
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation		181,185
Net unrealized and realized investment losses		61,283
Contributions restricted for long-term investment		(201,800)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets		25,853
Accounts payable and accrued expenses		9,250
Net Cash Provided by Operating Activities		837,506
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment		(493,006)
Purchases of investments		(22,792)
Net Cash Used by Investing Activities		(515,798)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for long-term investment		201,800
Net Cash Provided by Financing Activities		201,800
Change in Cash		523,508
Cash, Beginning of Year		541,645
Cash, End of Year	$	1,065,153

FOR THE NATIONS REFUGEE OUTREACH

Notes to Financial Statements

August 31, 2022

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 CREDIT RISK
   Cash consist of cash on hand and checking accounts. 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, 2022, approximately $582,000 was not covered by FDIC insurance.

   INVESTMENTS
   Investments in equity securities with readily determinable fair values and all investments in money market funds and mutual funds are measured at fair value. Gains and losses on investments are reported in the statement 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.

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. 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 statement of activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CONTRIBUTIONS OF SUPPLIES AND CONTRIBUTED SERVICES

Contributions of supplies is reported at its estimated fair market value (FMV) on the date of the gift (i.e., approximate wholesale value). Contributed supplies are valued based upon estimates of wholesale value based upon their condition and utility for use at the time the goods are contributed. Such items consist primarily of new/gently used toys, shoes and coats for kid's Christmas gifts; diapers; new swimsuits; and school supplies/ backpacks. Christmas gifts average $9 per item. Diapers are valued at $.25 cents each. Swimsuits are valued at $6. Backpacks filled with school supplies are valued at $18 each. Distribution of supplies is reported as expenses when distributed. Contributed services are recognized 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. Contributed services are reported at FMV at the time of the donated services. FTNRO used the standard industry pricing for similar services to determine the FMV. See Note 10 for these contributed services.

EXPENSES

Expenses are reported when incurred. All advertising costs are expensed as incurred. FTNRO did not incur any advertising expenses for the year ended August 31, 2022. The costs of providing various program services and supporting activities have been summarized on a functional basis in the statement 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 year ended August 31, 2022.

ADOPTION OF NEW ACCOUNTING STANDARDS

In 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* . FTNRO adopted the provisions of this new standard during the year ended August 31, 2022. The standard requires nonprofits to expand its financial statement presentation by presenting the contribution of nonfinancial assets in the statement of activities as a separate line item apart from contributions of cash or other financial assets. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets regarding monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The standard did not have a material impact on the financial statements with the exception of increased disclosure.

3. LIQUIDITY AND FUNDS AVAILABLE:

Financial assets:		
Cash	$	1,065,153
Investments		1,917,155
Financial assets available to meet cash needs for general expenditures within one year	$	2,982,308

FTNRO is substantially supported by contributions with donor-imposed restrictions for support raised staff and projects. 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 of August 31, 2022, FTNRO has $839,862 in net assets with donor restrictions for support raised staff and projects, of which these full amounts for each year is considered available to meet needs for general expenditures 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:

Investments consist of:

Money market funds	$	549,577
Equity mutual funds		105,405
Bond mutual funds		1,262,173
	$	1,917,155

Investment loss (reported as part of other income in the statement of activities) for the year ended August 31, 2022, consists of:

Interest and dividends	$	22,949
Realized and unrealized losses		(61,283)
	$	(38,334)

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.

6. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

Land	$ 1,140,488
Buildings and improvements	5,628,777
Vehicles	278,968
Equipment	259,713
	7,307,946
Less accumulated depreciation	(654,416)
	$ 6,653,530

7. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

Afghan resettlement	$ 304,244
Support raised staff	488,097
Acculturation	46,580
Fine arts	841
After school programs	100
	$ 839,862

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:

	Refugee Outreach	Management and General	Fund-raising	Total
Salaries and benefits	$ 1,425,870	$ 150,995	$ 66,369	$ 1,643,234
Supplies and office expenses	187,821	41,505	3,982	233,308
Travel expenses	38,977	419	1,771	41,167
Professional fees	1,598	21,403	-	23,001
Repairs and maintenance	86,170	8,882	2,089	97,141
Benevolent aid to refugees*	477,472	-	-	477,472
Depreciation expense	172,125	4,530	4,530	181,185
	$ 2,390,033	$ 227,734	$ 78,741	$ 2,696,508

*Benevolent aid to refugees are payments for individuals in need of rent, food, medical expenses, used vehicles and driver education classes.

9. SUPPORT CONCENTRATION:
FTNRO received a substantial amount of support from six contributors. Contributions from these six contributors amounted to approximately $947,000 for the year ended August 31, 2022.

10. CONTRIBUTED SERVICES:
Contributed services for the year ended August 31, 2022, consist of:

Legal and accounting	$ 10,650
Secunded individuals from another entity to teach English classes	80,640
	$ 91,290

11. RELATED PARTY TRANSACTIONS:
Board members provide donated (gift-in-kind) legal and accounting services for FTNRO. These amounts were $10,650 for the year ended August 31, 2022.

Furthermore, board members also made contributions of approximately $63,600 for the year ended August 31, 2022.

12. 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 $18,100 for the year ended August 31, 2022. 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 $81,800 for the year ended August 31, 2022.

13. CONTINGENCY:

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, 2022. This amount is reported as part of accounts payable and accrued expenses liability in the statement of financial position.

14. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through November 18, 2022, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.