



FOR THE NATIONS REFUGEE OUTREACH

Financial Statements
With Independent Accountants' Review
Report

August 31, 2023

FOR THE NATIONS REFUGEE OUTREACH

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
For The Nations Refugee Outreach
Garland, 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, 2023, and the related statements of activities, cash flows and functional expenses 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 engagement 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.



Irving, Texas
January 31, 2024

FOR THE NATIONS REFUGEE OUTREACH

Statement of Financial Position

August 31, 2023

ASSETS:

Cash	\$ 295,485
Investments	2,604,248
Prepaid expenses and other assets	2,142
Property and equipment—net	<u>6,456,236</u>

Total Assets	<u><u>\$ 9,358,111</u></u>
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LIABILITIES AND NET ASSETS:

Liabilities:

Accounts payable and accrued expenses	<u>\$ 17,654</u>
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Net assets:

Without donor restrictions	8,933,841
With donor restrictions	<u>406,616</u>
Total net assets	<u>9,340,457</u>

Total Liabilities and Net Assets	<u><u>\$ 9,358,111</u></u>
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See independent accountants' review report and notes to financial statements

FOR THE NATIONS REFUGEE OUTREACH

Statement of Activities

Year Ended August 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue, and Reclassifications:			
Contributions	\$ 924,317	\$ 830,977	\$ 1,755,294
Contributions of supplies	65,873	-	65,873
Contributed services	84,216	-	84,216
Investment income	67,783	-	67,783
Other income	82,857	-	82,857
Reclassifications—net assets released from restrictions:			
Satisfaction of purpose restrictions	1,264,223	(1,264,223)	-
Total Support, Revenue, and Reclassifications	<u>2,489,269</u>	<u>(433,246)</u>	<u>2,056,023</u>
Expenses:			
Program services:			
English language and literacy classes	559,403	-	559,403
Summer reading program	529,637	-	529,637
Education and family services	932,148	-	932,148
Total program services	<u>2,021,188</u>	<u>-</u>	<u>2,021,188</u>
Supporting activities:			
Management and general	225,161	-	225,161
Fund-raising	80,294	-	80,294
Total supporting activities	<u>305,455</u>	<u>-</u>	<u>305,455</u>
Total Expenses	<u>2,326,643</u>	<u>-</u>	<u>2,326,643</u>
Total Change in Net Assets	162,626	(433,246)	(270,620)
Net Assets, Beginning of Year	<u>8,771,215</u>	<u>839,862</u>	<u>9,611,077</u>
Net Assets, End of Year	<u>\$ 8,933,841</u>	<u>\$ 406,616</u>	<u>\$ 9,340,457</u>

See independent accountants' review report and notes to financial statements

FOR THE NATIONS REFUGEE OUTREACH

Statement of Cash Flows

Year Ended August 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (270,620)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	205,747
Net unrealized and realized investment losses	15,164
Contributions restricted for long-term investment	(1,800)
Changes in operating assets and liabilities:	
Prepaid expenses and other assets	1
Accounts payable and accrued expenses	(9,250)
Net Cash Used by Operating Activities	<u>(60,758)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment	(26,307)
Proceeds from sale of property and equipment	17,854
Proceeds from sale of investments	640,375
Purchases of investments	(1,342,632)
Net Cash Used by Investing Activities	<u>(710,710)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Contributions restricted for long-term investment	<u>1,800</u>
Net Cash Provided by Financing Activities	<u>1,800</u>

Change in Cash (769,668)

Cash, Beginning of Year 1,065,153

Cash, End of Year \$ 295,485

See independent accountants' review report and notes to financial statements

FOR THE NATIONS REFUGEE OUTREACH

Statement of Functional Expenses

Year Ended August 31, 2023

	Program Services				Supporting Activities			
	English Language and Literacy Classes	Summer Reading Program	Education and Family Services	Total Program Services	Management and General	Fundraising Expenses	Total Supporting Activities	Total
Salaries and benefits	\$ 329,316	\$ 361,979	\$ 679,102	\$ 1,370,397	\$ 155,314	\$ 67,696	\$ 223,010	\$ 1,593,407
Supplies and office expenses	38,644	83,008	107,994	229,646	45,831	4,303	50,134	279,780
Transportation and travel	23,278	567	-	23,845	760	919	1,679	25,524
Professional fees	-	-	8,250	8,250	15,880	-	15,880	24,130
Facility costs	50,890	25,445	8,482	84,817	2,232	2,232	4,464	89,281
Benevolent aid to refugees	-	-	108,774	108,774	-	-	-	108,774
Depreciation	117,275	58,638	19,546	195,459	5,144	5,144	10,288	205,747
	<u>\$ 559,403</u>	<u>\$ 529,637</u>	<u>\$ 932,148</u>	<u>\$ 2,021,188</u>	<u>\$ 225,161</u>	<u>\$ 80,294</u>	<u>\$ 305,455</u>	<u>\$ 2,326,643</u>

See independent accountants' review report and notes to financial statements

FOR THE NATIONS REFUGEE OUTREACH

Notes to Financial Statements

August 31, 2023

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.

Program services are conducted in furtherance of the exempt purpose of FTNRO through the following:

English language and literacy classes provide free, quality English and literacy classes as well as a GED class, which all include a Christian gospel message. These classes are offered twice daily (M-F) and serve 450 refugees from more than 20 countries from Africa, Asia, and the Middle East. Classes have excellent teachers and curriculum for English, literacy, and Bible teaching, which is noted by student progress.

Summer reading program provides services to about 450 elementary children in small groups of less than 20 students per group from for 8 weeks May-August 2023. The summer reading program includes English language learning, reading, math, art, Christian Bible teaching, and other electives, as well as daily breakfast and lunch.

Education and family services provide school programs for elementary aged refugees, family services, and other education including citizenship, life skills seminars and preschool, and other outreaches and events. The goal in all FTNRO activities is education, family services, and gospel presentation.

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. Further, FTNRO utilizes a couple of banks and a U.S. treasury money market fund in order to minimize uninsured cash balances. As a result as of August 31, 2023, FTNRO's cash amounts were 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 and are recorded in investment 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.

FOR THE NATIONS REFUGEE OUTREACH

Notes to Financial Statements

August 31, 2023

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. FTNRO has established a capitalization policy for purchase of property and equipment costing more than \$2,500. 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. 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.

FOR THE NATIONS REFUGEE OUTREACH

Notes to Financial Statements

August 31, 2023

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 9 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, 2023. The costs of providing various program services and supporting activities have been summarized on a functional basis in the statement of activities. 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. Benevolent aid to refugees expenses on the statement of functional expenses are payments for individuals in need of rent, food, medical expenses, used vehicles and driver education classes. FTNRO incurred no joint costs for the year ended August 31, 2023.

FOR THE NATIONS REFUGEE OUTREACH

Notes to Financial Statements

August 31, 2023

3. LIQUIDITY AND FUNDS AVAILABLE:

Financial assets:

Cash	\$ 295,485
Investments	2,604,248

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,899,733</u>
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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, 2023, FTNRO has \$406,616, 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:

U.S. treasury money market funds	\$ 1,189,912
Equity mutual funds	113,991
Bond mutual funds	1,300,345
	<u>\$ 2,604,248</u>

Investment income for the year ended August 31, 2023, consists of:

Interest and dividends	82,947
Realized and unrealized losses	(15,164)
	<u>\$ 67,783</u>

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Notes to Financial Statements

August 31, 2023

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	5,655,084
Vehicles	260,337
Equipment	258,582
	7,314,491
Less accumulated depreciation	(858,255)
	\$ 6,456,236

7. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

Afghan resettlement	\$ 77,758
Support raised staff	314,073
Acculturation	8,969
Fine arts	816
Scholarships	5,000
	\$ 406,616

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Notes to Financial Statements

August 31, 2023

8. SUPPORT CONCENTRATION:

FTNRO received a substantial amount of support from ten contributors. Contributions from these ten contributors amounted to approximately \$578,000 for the year ended August 31, 2023.

9. CONTRIBUTED SERVICES:

Contributed services for the year ended August 31, 2023, consist of:

Legal and accounting	\$ 6,900
Seconded individuals from another entity to teach English classes	77,316
	\$ 84,216

10. RELATED PARTY TRANSACTIONS:

Board members provide donated (gift-in-kind) legal and accounting services for FTNRO. These amounts were \$6,900 for the year ended August 31, 2023.

Furthermore, board members also made contributions of approximately \$82,000 for the year ended August 31, 2023.

11. 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 \$16,200 for the year ended August 31, 2023. 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 \$83,400 for the year ended August 31, 2023.

12. 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, 2023. This amount is reported as part of accounts payable and accrued expenses liability in the statement of financial position.

13. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through January 31, 2024, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.