



## U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

Consolidated Financial Statements,  
Supplemental Information, Schedule of  
Expenditures of Federal Awards, and  
Reports Required by *Government Auditing  
Standards* and the Uniform Guidance  
For the Years Ended September 30, 2016 and 2015

**U.S. Committee for Refugees and  
Immigrants, Inc. and Related Entity**

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Consolidated Financial Statements, Supplemental  
Information, Schedule of Expenditures of  
Federal Awards, and Reports Required by  
*Government Auditing Standards* and  
the Uniform Guidance  
For the Years Ended September 30, 2016 and 2015

# U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

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## Independent Auditor's Report

To the Board of Directors  
U.S. Committee for Refugees and Immigrants, Inc. and  
Related Entity  
Arlington, Virginia

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of U.S. Committee for Refugees and Immigrants, Inc. and related entity, which comprise the statements of consolidated financial position as of September 30, 2016 and 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of U.S. Committee for Refugees and Immigrants, Inc. and related entity as of September 30, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of fringe benefit and salary expenditures, overhead and general and administrative expenses and determination of indirect cost rates and the related notes to these schedules are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2017 on our consideration of U.S. Committee for Refugees and Immigrants, Inc. and related entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering U.S. Committee for Refugees and Immigrants, Inc. and related entity's internal control over financial reporting and compliance.

BDO USA, LLP

March 31, 2017

**Consolidated  
Financial Statements**

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# U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

## Consolidated Statements of Financial Position

<i>September 30,</i>	2016	2015
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 5,306,165	\$ 2,922,395
Grants receivable	4,644,245	6,259,291
Accounts receivable, net	1,397,775	658,724
Prepaid expenses	386,113	441,718
Advances and other assets	113,227	62,473
<b>Total current assets</b>	<b>11,847,525</b>	<b>10,344,601</b>
<b>Noncurrent assets</b>		
Investments	4,250,889	3,965,568
Property and equipment, net	1,009,729	687,657
<b>Total noncurrent assets</b>	<b>5,260,618</b>	<b>4,653,225</b>
<b>Total assets</b>	<b>\$ 17,108,143</b>	<b>\$ 14,997,826</b>
<b>Liabilities and net assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 1,236,213	\$ 722,759
Grants payable to affiliated agencies	3,890,772	4,299,136
Deferred revenue	1,827,341	721,570
IOM liability	307,040	407,626
Deferred rent liability	140,263	183,389
<b>Total current liabilities</b>	<b>7,401,629</b>	<b>6,334,480</b>
<b>Noncurrent liabilities</b>		
Deferred rent liability	634,221	597,613
<b>Total liabilities</b>	<b>8,035,850</b>	<b>6,932,093</b>
<b>Commitments and contingencies</b>		
<b>Net assets</b>		
Unrestricted		
Board designated	8,572,293	7,589,333
Temporarily restricted	500,000	476,400
<b>Total net assets</b>	<b>9,072,293</b>	<b>8,065,733</b>
<b>Total liabilities and net assets</b>	<b>\$ 17,108,143</b>	<b>\$ 14,997,826</b>

*See accompanying notes to consolidated financial statements.*

# U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

## Consolidated Statement of Activities

*Year ended September 30, 2016*

	Unrestricted	Temporarily Restricted	Total
<b>Revenue and support</b>			
Government grants	\$ 53,600,108	\$ -	\$ 53,600,108
Foundation grants and other contributions	908,107	500,000	1,408,107
Contribution received in the acquisition of ISC assets	304,900	-	304,900
IOM collection fees	1,903,367	-	1,903,367
Program service fees	1,780,893	-	1,780,893
Investment gain, net	317,526	-	317,526
Member agency dues	102,300	-	102,300
Other revenue	23,899	-	23,899
Net assets released from restriction	476,400	(476,400)	-
<b>Total revenue and support</b>	<b>59,417,500</b>	<b>23,600</b>	<b>59,441,100</b>
<b>Expenses</b>			
<b>Program services</b>			
Refugee Services Division	41,570,773	-	41,570,773
Vermont programs	2,765,055	-	2,765,055
Raleigh programs	2,842,460	-	2,842,460
Erie programs	2,191,837	-	2,191,837
Dearborn programs	2,334,896	-	2,334,896
Albany programs	1,961,138	-	1,961,138
Des Moines programs	2,156,719	-	2,156,719
Cleveland programs	165,212	-	165,212
International Organization for Migration	441,946	-	441,946
<b>Total program services</b>	<b>56,430,036</b>	<b>-</b>	<b>56,430,036</b>
<b>Supporting services</b>			
Management and general	1,656,987	-	1,656,987
Fundraising	347,517	-	347,517
<b>Total supporting services</b>	<b>2,004,504</b>	<b>-</b>	<b>2,004,504</b>
<b>Total expenses</b>	<b>58,434,540</b>	<b>-</b>	<b>58,434,540</b>
<b>Change in net assets</b>	<b>982,960</b>	<b>23,600</b>	<b>1,006,560</b>
<b>Net assets, beginning of year</b>	<b>7,589,333</b>	<b>476,400</b>	<b>8,065,733</b>
<b>Net assets, end of year</b>	<b>\$ 8,572,293</b>	<b>\$ 500,000</b>	<b>\$ 9,072,293</b>

*See accompanying notes to consolidated financial statements.*

# U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

## Consolidated Statement of Activities

*Year ended September 30, 2015*

	Unrestricted	Temporarily Restricted	Total
<b>Revenue and support</b>			
Government grants	\$ 46,560,452	\$ -	\$ 46,560,452
Foundation grants and other contributions	488,600	500,000	988,600
IOM collection fees	1,905,265	-	1,905,265
Program service fees	1,419,867	-	1,419,867
Investment loss, net	(117,136)	-	(117,136)
Member agency dues	90,000	-	90,000
Other revenue	11,658	-	11,658
Net assets released from restriction	23,600	(23,600)	-
<b>Total revenue and support</b>	<b>50,382,306</b>	<b>476,400</b>	<b>50,858,706</b>
<b>Expenses</b>			
<b>Program services</b>			
Refugee Services Division	36,640,061	-	36,640,061
Vermont programs	2,612,671	-	2,612,671
Raleigh programs	2,241,158	-	2,241,158
Erie programs	2,226,902	-	2,226,902
Dearborn programs	1,909,783	-	1,909,783
Albany programs	1,685,013	-	1,685,013
Des Moines programs	1,760,244	-	1,760,244
International Organization for Migration	386,823	-	386,823
Shelter Program	19,057	-	19,057
<b>Total program services</b>	<b>49,481,712</b>	<b>-</b>	<b>49,481,712</b>
<b>Supporting services</b>			
Management and general	685,435	-	685,435
Fundraising	387,958	-	387,958
<b>Total supporting services</b>	<b>1,073,393</b>	<b>-</b>	<b>1,073,393</b>
<b>Total expenses</b>	<b>50,555,105</b>	<b>-</b>	<b>50,555,105</b>
<b>Change in net assets</b>	<b>(172,799)</b>	<b>476,400</b>	<b>303,601</b>
<b>Net assets, beginning of year</b>	<b>7,762,132</b>	<b>-</b>	<b>7,762,132</b>
<b>Net assets, end of year</b>	<b>\$ 7,589,333</b>	<b>\$ 476,400</b>	<b>\$ 8,065,733</b>

*See accompanying notes to consolidated financial statements.*

# U. S. Committee for Refugees and Immigrants, Inc. and Related Entity

## Consolidated Statement of Functional Expenses

Year ended September 30, 2016	Program Services										Supporting Services			Total	
	Refugee Services Division	Vermont Programs	Raleigh Programs	Erie Programs	Dearborn Programs	Albany Programs	Des Moines Programs	Cleveland Programs	International Organization of Migration	Total Programs Services	Management and General	Fundraising	Total Supporting Services		
Agency / contractual payments	\$ 35,889,026	\$ -	\$ -	\$ 29,201	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,918,227	\$ -	\$ -	\$ -	\$ 35,918,227
Direct refugee assistance	-	740,291	740,433	718,519	1,204,413	846,911	932,558	44,243	-	5,227,368	1,479	24,203	25,682	5,253,050	
Salaries	2,348,097	1,000,691	1,059,998	691,756	513,236	524,251	599,137	58,915	164,876	6,960,957	2,586,963	171,128	2,758,091	9,719,048	
Fringe benefits	559,533	304,513	289,976	284,593	210,945	138,633	204,505	3,278	42,661	2,038,637	724,671	34,561	759,232	2,797,869	
Occupancy	376,396	92,274	77,738	21,768	50,327	61,090	49,679	4,106	29,494	762,872	356,084	37,245	393,329	1,156,201	
Training and staff development	16,410	-	118	175	-	-	-	-	-	16,703	2,573	1,200	3,773	20,476	
Professional fees	310,963	26,568	43,133	35,681	14,209	18,087	16,395	25,208	5,757	496,001	477,961	22,187	500,148	996,149	
Advertising	2,188	310	750	110	90	1,070	1,181	-	-	5,699	5,715	580	6,295	11,994	
Printing and reproduction	95,240	31,277	42,281	21,503	11,693	26,051	16,816	1,214	38,594	284,669	42,528	29,065	71,593	356,262	
Equipment rental and repair	61,918	2,941	22,426	32,249	506	16,641	9,740	2,958	1,878	151,257	27,136	5,545	32,681	183,938	
Telephone and communications	104,335	15,699	19,106	18,804	11,767	18,457	13,233	3,132	1,550	206,083	36,778	1,667	38,445	244,528	
Postage and shipping	7,175	1,763	5,071	1,656	237	6,467	979	-	44,801	68,149	9,172	5,106	14,278	82,427	
Insurance	40,361	18,173	21,754	24,178	11,689	13,009	7,056	-	3,018	139,238	29,906	3,661	33,567	172,805	
Travel	208,682	67,254	104,187	15,007	28,481	28,324	46,572	4,785	269	503,561	208,958	2,002	210,960	714,521	
Conferences and meetings	172,263	6,473	5,956	983	7,083	2,167	2,058	-	13	196,996	34,064	193	34,257	231,253	
Bank and finance charges	9,571	395	1,048	1,485	139	1,457	-	-	101,492	115,587	54,655	4,018	58,673	174,260	
Outside services and consulting	102,908	9,304	4,937	2,741	3,728	2,307	5,987	156	1,850	133,918	34,319	2,141	36,460	170,378	
Miscellaneous expenses	1,038	2,177	769	498	-	-	833	1,574	-	6,889	(902)	-	(902)	5,987	
Subscriptions and references	18,511	108	1,083	214	72	736	102	290	5,693	26,809	45,126	3,015	48,141	74,950	
Childcare food	-	-	-	8,423	-	-	-	-	-	8,423	-	-	-	8,423	
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	141,794	-	141,794	141,794	
<b>Total before overhead allocation</b>	<b>40,324,615</b>	<b>2,320,211</b>	<b>2,440,764</b>	<b>1,909,544</b>	<b>2,068,615</b>	<b>1,705,658</b>	<b>1,906,831</b>	<b>149,859</b>	<b>441,946</b>	<b>53,268,043</b>	<b>4,818,980</b>	<b>347,517</b>	<b>5,166,497</b>	<b>58,434,540</b>	
Overhead allocation	1,246,158	444,844	401,696	282,293	266,281	255,480	249,888	15,353	-	3,161,993	(3,161,993)	-	(3,161,993)	-	
<b>Total expenses, after overhead allocation</b>	<b>\$ 41,570,773</b>	<b>\$ 2,765,055</b>	<b>\$ 2,842,460</b>	<b>\$ 2,191,837</b>	<b>\$ 2,334,896</b>	<b>\$ 1,961,138</b>	<b>\$ 2,156,719</b>	<b>\$ 165,212</b>	<b>\$ 441,946</b>	<b>\$ 56,430,036</b>	<b>\$ 1,656,987</b>	<b>\$ 347,517</b>	<b>\$ 2,004,504</b>	<b>\$ 58,434,540</b>	

*See accompanying notes to consolidated financial statements.*

# U. S. Committee for Refugees and Immigrants, Inc. and Related Entity

## Consolidated Statement of Functional Expenses

Year ended September 30, 2015	Program Services										Supporting Services			Total
	Refugee Services Division	Vermont Programs	Raleigh Programs	Erie Programs	Dearborn Programs	Albany Programs	Des Moines Programs	International Organization of Migration	Shelter Programs	Total Programs Services	Management and General	Fundraising	Total Supporting Services	
Agency / contractual payments	\$ 31,932,422	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,932,422	\$ -	\$ -	\$ -	\$ 31,932,422
Direct refugee assistance	-	628,084	716,505	670,648	823,131	649,965	800,231	-	1,775	4,290,339	-	-	-	4,290,339
Salaries	1,887,791	956,186	735,293	713,227	466,645	459,450	433,282	133,548	12,946	5,798,368	2,113,956	140,398	2,254,354	8,052,722
Fringe benefits	549,111	327,785	251,078	329,500	247,195	219,508	177,374	45,653	3,253	2,150,457	334,204	41,331	375,535	2,525,992
Occupancy	324,436	86,130	49,257	25,164	54,295	45,278	34,263	23,347	42	642,212	341,330	36,920	378,250	1,020,462
Training and staff development	24,905	-	4,549	660	-	-	-	-	-	30,114	2,444	609	3,053	33,167
Professional fees	188,035	23,085	17,060	19,010	11,792	10,079	7,498	2,865	100	279,524	413,632	13,761	427,393	706,917
Advertising	1,493	80	930	1,135	130	660	545	-	-	4,973	7,697	3,566	11,263	16,236
Printing and reproduction	78,311	23,709	23,911	14,596	4,799	8,711	8,984	78,901	2	241,924	57,100	2,749	59,849	301,773
Equipment rental and repair	21,554	1,599	11,653	30,373	671	4,757	12,687	585	3	83,882	14,769	1,309	16,078	99,960
Telephone and communications	58,006	13,476	16,802	18,687	11,538	12,111	8,689	2,783	60	142,152	38,421	(1,257)	37,164	179,316
Postage and shipping	3,322	2,035	1,143	1,259	174	4,506	719	6,891	-	20,049	7,083	7,337	14,420	34,469
Insurance	28,232	15,228	12,671	17,065	9,672	9,362	4,652	1,521	-	98,403	21,679	2,301	23,980	122,383
Travel	309,359	65,934	69,087	9,226	16,946	15,572	40,502	6,890	-	533,516	62,634	2,312	64,946	598,462
Conferences and meetings	5,709	1,165	686	530	2,045	1,871	668	404	-	13,078	61,313	-	61,313	74,391
Bank and finance charges	8,699	6,697	764	1,452	1,283	1,315	509	75,105	-	95,824	31,826	3,699	35,525	131,349
Outside services and consulting	123,447	10,999	3,421	1,952	4,006	1,821	1,108	1,925	-	148,679	-	3,006	3,006	151,685
Miscellaneous expenses	7,583	11,993	3,994	13,439	228	103	1,199	398	-	38,937	11,326	772	12,098	51,035
Subscriptions and references	11,700	4,676	3,696	4,366	2,956	2,961	1,905	6,007	-	38,267	28,685	47,131	75,816	114,083
Childcare food	-	-	160	7,956	-	-	-	-	-	8,116	-	-	-	8,116
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	109,826	-	109,826	109,826
<b>Total before overhead allocation</b>	<b>35,564,115</b>	<b>2,178,861</b>	<b>1,922,660</b>	<b>1,880,245</b>	<b>1,657,506</b>	<b>1,448,030</b>	<b>1,534,815</b>	<b>386,823</b>	<b>18,181</b>	<b>46,591,236</b>	<b>3,657,925</b>	<b>305,944</b>	<b>3,963,869</b>	<b>50,555,105</b>
Overhead allocation	1,075,946	433,810	318,498	346,657	252,277	236,983	225,429	-	876	2,890,476	(2,972,490)	82,014	(2,890,476)	-
<b>Total expenses, after overhead allocation</b>	<b>\$ 36,640,061</b>	<b>\$ 2,612,671</b>	<b>\$ 2,241,158</b>	<b>\$ 2,226,902</b>	<b>\$ 1,909,783</b>	<b>\$ 1,685,013</b>	<b>\$ 1,760,244</b>	<b>\$ 386,823</b>	<b>\$ 19,057</b>	<b>\$ 49,481,712</b>	<b>\$ 685,435</b>	<b>\$ 387,958</b>	<b>\$ 1,073,393</b>	<b>\$ 50,555,105</b>

*See accompanying notes to consolidated financial statements.*

# U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

## Consolidated Statements of Cash Flows

<i>Years ended September 30,</i>	2016	2015
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,006,560	\$ 303,601
<b>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:</b>		
Depreciation and amortization	141,794	109,826
Investment (gain)/loss	(205,997)	253,931
Change in allowance for doubtful accounts	-	16,987
Contribution received in the acquisition of ISC assets	(304,900)	-
<b>(Increase) decrease in assets</b>		
Grants receivable	1,615,046	(1,826,268)
Accounts receivable	(739,051)	(60,138)
Prepaid expenses and other assets	55,605	(340,701)
Advances and other assets	(50,754)	(37,129)
<b>Increase (decrease) in liabilities</b>		
Accounts payable and accrued expenses	513,454	(61,184)
Grants payable to affiliated agencies	(408,364)	1,218,829
Deferred revenue	1,105,771	95,304
IOM liability	(100,586)	(116,867)
Deferred rent liability	(6,518)	345,989
<b>Net cash provided by (used in) operating activities</b>	<b>2,622,060</b>	<b>(97,820)</b>
<b>Cash flows from investing activities</b>		
Purchases of investments	(1,009,442)	(135,630)
Proceeds from sale of investments	930,118	57,434
Purchases of property and equipment	(158,966)	(404,906)
<b>Net cash used in investing activities</b>	<b>(238,290)</b>	<b>(483,102)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,383,770</b>	<b>(580,922)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>2,922,395</b>	<b>3,503,317</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 5,306,165</b>	<b>\$ 2,922,395</b>
<b>Non-cash investing and financing activities:</b>		
Fixed assets received in the acquisition of ISC	\$ 304,900	\$ -
Tenant improvement allowance	\$ -	\$ 266,630

*See accompanying notes to consolidated financial statements.*

# U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

## Notes to Consolidated Financial Statements

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### 1. Organization and Summary of Significant Accounting Policies

#### *Organization Purpose and Consolidation*

U.S. Committee for Refugees and Immigrants, Inc. is a national, non-profit, nonsectarian organization incorporated during 1917 that provides services to refugees, immigrants, and other people in migration both in the United States and abroad. Its mission is to address the needs and rights of persons in forced or voluntary migration worldwide through advocacy for fair and humane public policy, to facilitate and provide direct professional services, and to promote the full participation of migrants in their new communities. Funding is derived primarily through government grants.

On August 30, 2016, U.S. Committee for Refugees and Immigrants, Inc. acquired all of the assets of International Service Center of Cleveland, Ohio (ISC), a not-for-profit corporation, including its membership interest in Discovering Homes, LLC, an Ohio for-profit limited liability company.

The consolidated financial statements include the accounts of Discovering Homes, LLC and the U.S. Committee for Refugees and Immigrants, Inc. (collectively referred to as USCRI). All significant transactions between the organizations have been eliminated in consolidation.

#### *Basis of Accounting*

The consolidated financial statements of USCRI have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

#### *Cash and Cash Equivalents*

Cash and cash equivalents include operating cash accounts and all liquid investments with original maturities of three months or less.

#### *Grants Receivable*

Grants receivable consist of expenses incurred which are due to be reimbursed and per capita earnings based on the number of refugees and immigrants serviced under the terms of USCRI's federal grants. All grants receivable amounts are due within one year and are expected to be fully collectible.

#### *Accounts Receivable*

Accounts receivable that are expected to be collected within one year are recorded at their net realizable value. Conditional promises to give are not included in accounts receivable until the conditions are substantially met.

An allowance for doubtful accounts is provided based on management's evaluation of potential uncollectible accounts receivable at year-end. All accounts receivable amounts are due within one year and are expected to be fully collectible. There were no bad debt write offs for the years ended September 30, 2016 and 2015.

# U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

## Notes to Consolidated Financial Statements

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### *Investments*

Investments consist of money market funds held for long-term investment purposes, U.S. government obligations, corporate and municipal bonds, mutual funds and equities. Changes in the market value of investments are included in investment return in the accompanying consolidated statements of activities.

Money market funds held in the investment portfolios are considered investments, as the funds are not intended to be used for general operating purposes.

### *Property and Equipment*

Property and equipment are stated at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 27.5 years, or the lesser of the minimum lease period or the asset's useful life for leasehold improvements. Expenditures for major repairs and improvements above \$5,000 are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred.

Upon the retirement or disposal of assets, the cost and accumulated depreciation or amortization are eliminated from the respective accounts and the resulting gain or loss is included in revenue or expenses.

### *Impairment of Long-Lived Assets*

USCRI reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced, by a charge to the consolidated statements of activities, to its current fair value.

### *Classification of Net Assets*

The net assets of USCRI are reported as follows:

- Unrestricted board designated net assets represent the portion of expendable funds that are available for support of USCRI's operations.
- Temporarily restricted net assets represent funds which are specifically restricted by donors for various programs for future periods.
- Permanently restricted net assets consist of assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of USCRI. The restrictions stipulate that resources be maintained permanently but permit USCRI to expend the income generated in accordance with the provisions of the agreement.

USCRI had no permanently restricted net assets at September 30, 2016 or 2015.

### *Revenue and Support*

USCRI reports grants and contributions as temporarily restricted support if they are received with donor or grantor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished,

# U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

## Notes to Consolidated Financial Statements

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temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated statements of activities as net assets released from restrictions.

USCRI has grants with United States government agencies in exchange for services. Revenue from the grants is recognized as costs are incurred on the basis of direct costs plus allowable indirect costs. Other grants are recognized on a per capita basis. Revenue recognized on federal grants for which payments have not been received is reflected as grants receivable in the accompanying consolidated statements of financial position.

USCRI recognizes 25% of IOM loan fees for administration of this program when loans are made to immigrants.

### *Federal Grants Subject to Audit*

USCRI receives funds from Federal sources that are subject to audit by the various awarding agencies. USCRI has not been informed of any intent to conduct an audit. In the event of such an audit, management does not believe that any material adjustments will be necessary.

### *Functional Allocation of Expenses*

USCRI charges salaries to various programs and supporting services based upon the actual amount of time worked in each area. Fringe benefits are allocated to various programs and supporting services based on direct labor costs. Management and general expenses incurred are allocated to various programs and supporting services based upon total direct costs less agency payments.

### *Expenses*

Expenses are recognized by USCRI during the period in which they are incurred. Expenses paid in advance are deferred to the applicable period.

### *Use of Estimates*

The preparation of the consolidated financial statements in conformity U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### *Concentration of Risk*

Financial instruments which potentially subject USCRI to concentrations of credit risk consist principally of cash and cash equivalents and investments held at creditworthy financial institutions. At September 30, 2016 and 2015 substantially all of USCRI's cash and cash equivalents were held at three financial institutions, in accounts over FDIC limits. USCRI has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents. By policy, the investments are kept within limits designed to prevent risks caused by concentration.

Credit risk with respect to receivables is limited because USCRI deals with a large number of donors over a wide geographic area.

# U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

## Notes to Consolidated Financial Statements

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USCRI receives a substantial portion of its revenue from the federal government. If a significant reduction in this revenue should occur, it may have an effect on USCRI's programs. During the years ended September 30, 2016 and 2015, USCRI earned revenue from government grants and program service fees of \$54,028,086 and \$46,560,452 from the federal government, which is 91% and 92% of the total revenue and support earned in each of these years, respectively. These amounts are reflected in government grants and program service fees in the accompanying consolidated statements of activities.

### *Reclassifications*

Certain amounts from the 2015 consolidated financial statements have been reclassified to conform with the 2016 financial statement presentation.

### *Recent Accounting Pronouncements*

In May 2014, the Financial Accounting Standard Board (FASB) issued Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). The update establishes a comprehensive revenue recognition standard for virtually all industries under U.S. GAAP including those that previously followed industry-specific guidance. The principle of the update is that an entity should recognize revenue to depict the transfer of promised goods and services to customers under a contract in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance is effective for USCRI's fiscal year 2020. Management continues to evaluate the potential impact of this update on USCRI's consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements—Going Concern Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern* (Subtopic 205-40). The update provides guidance about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern. The update also provides related disclosures. The guidance is effective for USCRI's fiscal year 2017. Presently, USCRI does not anticipate that the adoption of this update will have a material effect on USCRI's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which is the leasing standard for both lessees and lessors. Under this update, a lessee will recognize lease assets and liabilities on the statement of financial position for all arrangements with terms longer than 12 months. Lessor accounting remains largely consistent with existing U.S. GAAP. The guidance is effective for USCRI's fiscal year 2021. Management is currently determining the impact that adoption of this guidance will have on USCRI's consolidated financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the

# U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

## Notes to Consolidated Financial Statements

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disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. This ASU is effective for USCRI's consolidated financial statements for USCRI's fiscal year 2019. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. Management is currently evaluating the impact of this ASU on their consolidated financial statements.

### 2. ISC Acquisition

As discussed in Note 1, USCRI acquired the assets of ISC including a 100% interest in Discovery Homes, LLC. The purpose of the acquisition was to continue and expand the work done with refugees in the Cleveland, Ohio region. The effective date of the acquisition was August 30, 2016. Total assets acquired were \$304,900 which consist primarily of buildings and land held by Discovery Homes, LLC. There were no liabilities assumed as part of the acquisition; however, USCRI assumed the remaining commitment on ISC's operating lease scheduled to expire on March 31, 2018. The net effect of the transaction was recorded in the statements of activities as a contribution received in the acquisition of ISC assets for \$304,900.

### 3. Investments

Investments, at fair value, consist of the following at:

<i>September 30,</i>		2016	2015
Fixed income	\$	1,844,084	\$ 1,780,907
Equities		1,909,111	1,767,055
Mutual funds		310,872	306,220
Money market funds		186,822	111,386
<b>Total</b>	<b>\$</b>	<b>4,250,889</b>	<b>\$ 3,965,568</b>

Investment and interest and dividend income (loss) consist of the following:

<i>Years Ended September 30,</i>		2016	2015
Interest and dividend income	\$	111,529	\$ 136,795
Investment gain/(loss), net		205,997	(253,931)
<b>Total</b>	<b>\$</b>	<b>317,526</b>	<b>\$ (117,136)</b>

Investment expenses were \$34,079 and \$5,291 for the years ended September 30, 2016 and 2015, respectively, and are recorded in the consolidated statements of functional expenses as part of professional fees.

# U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

## Notes to Consolidated Financial Statements

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### 4. Fair Value Measurements

USCRI follows the provisions of FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, in accounting for fair value measurements. ASC 820 establishes a common definition for fair value to be applied under generally accepted accounting principles requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date. ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of USCRI. Unobservable inputs are inputs that reflect USCRI’s estimates about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Examples include corporate and municipal bonds, equities and preferred stock, money market funds, certificates of deposit and U.S. government obligations that are actively traded on a major exchange or over-the-counter markets.
- Level 2 - Valuations based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and reflect management’s best estimate of what market participants would use as fair value.

Shares held in fixed income, equities and mutual funds are actively traded and are valued at net asset value as of September 30, 2016 and 2015. Money market funds are valued at fair value. There was no change in valuation methodologies for years ended September 30, 2016 and 2015.

# U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

## Notes to Consolidated Financial Statements

The following tables disclose the fair value hierarchy of USCRI's investment assets at fair value as of September 30, 2016 and 2015.

	As of September 30, 2016		
	Level 1	Level 2	Total
Fixed income:			
Corporate bonds	\$ 895,165	\$ -	\$ 895,165
U.S. government obligations	649,428	-	649,428
Municipal securities	299,491	-	299,491
Equities:			
Basic materials	115,548	-	115,548
Communications	61,335	-	61,335
Consumer staples	203,198	-	203,198
Consumer discretionary	221,203	-	221,203
Energy	109,414	-	109,414
Financials	321,516	-	321,516
Health care	207,353	-	207,353
Industrials	228,523	-	228,523
Technology	283,725	-	283,725
Real estate	87,057	-	87,057
Utilities	70,239	-	70,239
Mutual funds - non traditional	260,529	-	260,529
Mutual funds - fixed income	50,343	-	50,343
Money market funds	186,822	-	186,822
<b>Total</b>	<b>\$ 4,250,889</b>	<b>\$ -</b>	<b>\$ 4,250,889</b>

	As of September 30, 2015		
	Level 1	Level 2	Total
Fixed income:			
Corporate bonds	\$ 855,192	\$ -	\$ 855,192
U.S. government obligations	602,690	-	602,690
Municipal securities	323,025	-	323,025
Equities:			
Basic materials	96,885	-	96,885
Communications	72,980	-	72,980
Consumer staples	166,243	-	166,243
Consumer discretionary	213,508	-	213,508
Energy	99,782	-	99,782
Financials	415,245	-	415,245
Health care	187,431	-	187,431
Industrials	197,029	-	197,029
Technology	251,129	-	251,129
Utilities	66,823	-	66,823
Mutual funds - non traditional	276,573	-	276,573
Mutual funds - fixed income	29,647	-	29,647
Money market funds	111,386	-	111,386
<b>Total</b>	<b>\$ 3,965,568</b>	<b>\$ -</b>	<b>\$ 3,965,568</b>

# U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

## Notes to Consolidated Financial Statements

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USCRI had no level 3 assets or liabilities or any funds reported at net asset value (NAV) for the years ended September 30, 2016 and 2015.

### 5. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following at:

<i>September 30,</i>		2016		2015
Nuevo Comienzo (New Beginning)	\$	500,000	\$	476,400

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### 6. Property and Equipment

USCRI held the following property and equipment at:

<i>September 30,</i>		2016		2015
Building and improvements	\$	974,512	\$	751,912
Furniture and equipment		464,537		324,009
Vehicles		119,428		119,428
Leasehold improvements		399,913		381,475
Land		109,850		27,550
Total property and equipment		2,068,240		1,604,374
Less: accumulated depreciation and amortization		(1,058,511)		(916,717)
Property and equipment, net	\$	1,009,729	\$	687,657

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Depreciation and amortization expense for the years ended September 30, 2016 and 2015 was \$141,794 and \$109,826, respectively.

### 7. Commitments and Contingencies

#### *Lease commitments*

USCRI is committed under leases for office space that expire at various times through October 1, 2020.

The landlord provided USCRI with an allowance for tenant improvements. The value of these improvements was \$266,630, and was included as an asset and a deferred rent liability in the consolidated statements of financial position. In addition, the lease has stated rent escalations and the effect of this has also been recorded as a deferred rent liability, these are being amortized over the lease term. As a security deposit, USCRI obtained a letter of credit for the benefit of the landlord amounting to \$223,964. No amounts were drawn against the letter of credit during 2016 and 2015. Total rental expense was \$1,156,201 and \$1,020,462 for years ended September 30, 2016 and 2015, respectively.

# U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

## Notes to Consolidated Financial Statements

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USCRI also assumed an office lease as part of the ISC asset purchase agreement that will expire on March 31, 2018.

Future minimum rental payments, by year and in aggregate, under the operating leases are as follows:

*Years ending September 30,*

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2017	\$ 939,152
2018	1,024,273
2019	1,023,952
2020	1,052,112
2021	89,410
<hr/>	
Total	\$ 4,128,899

### *Contingencies*

USCRI was initially awarded \$28,479,375 by the Department of State, Bureau of Population, Refugees and Migration (PRM) to resettle 13,725 refugees in fiscal year 2017 through the U.S. Refugee Admissions Program. This resettlement estimate was based on the outgoing presidential administration's overall target of 100,000 refugee arrivals during the fiscal year. The incoming presidential administration reduced the annual target refugee arrivals to 50,000 through an Executive Order in January 2017. As a result, USCRI's resettlement target is now 8,338 with an expected corresponding decrease in funding of \$11,178,025 for the year ended September 30, 2017.

USCRI's projected annual federal funding may be further impacted by changes to funding priorities and funding reductions included in the United States Congress's final continuing resolution or approved budget for fiscal year 2017.

### 8. Grants Payable to Affiliated Agencies

USCRI distributes grants to affiliated agencies, who are working in partnership with USCRI to help refugees and other newcomers to become full contributing members of their new American communities. The balances payable to affiliated agencies as of September 30, 2016 and 2015 was \$3,890,772 and \$4,299,136, respectively, and are payable within one year.

### 9. Defined Contribution Pension Plan

USCRI sponsors a defined contribution retirement plan for all employees who have met certain age and length of service requirements. Annual contributions are made to the plan at a rate of 10% of each participant's annual compensation. Pension expense for the years ended September 30, 2016 and 2015 totaled \$637,115 and \$542,919, respectively, and is included in fringe benefits in the accompanying consolidated statements of functional expenses.

# U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

## Notes to Consolidated Financial Statements

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### 10. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, U.S. Committee for Refugees and Immigrants, Inc. is exempt from the payment of taxes on income other than net unrelated business income. As of September 30, 2016 and 2015, no provision for income taxes has been made, as it had no net unrelated business income.

Discovering Homes, LLC is a single-member limited liability company. For tax purposes, a single member limited liability company is disregarded as an entity separate from its owner, absent an election otherwise. Activities of a single-member limited liability company are therefore treated as a division of the sole member, U.S. Committee for Refugees and Immigrants, Inc. The activities of Discovering Homes, LLC are consistent with the mission of U.S. Committee for Refugees and Immigrants, Inc. and its activities are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Under ASC 740-10, *Accounting for Uncertainty in Income Taxes*, USCRI must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely than not that the position will be sustained on examination. USCRI does not believe there are any unrecognized tax benefits that should be recorded. For the years ended September 30, 2016 and 2015, there were no interest or penalties recorded or included in the consolidated statements of activities. USCRI is still open to examination by taxing authorities from 2013 forward.

### 11. Subsequent Events

The Department of Health and Human Services Office of Refugee Resettlement awarded USCRI a cooperative agreement to act as the Replacement Designee for Refugee Health Services in the State of Texas, as of February 1, 2017. To implement and successfully manage the grant, USCRI opened a Field Office in Austin, TX, hired additional staff at its Virginia headquarters, as well as its new Texas office, and executed agreements with medical providers to fulfill grant requirements.

USCRI evaluated subsequent events through March 31, 2017, which is the date the consolidated financial statements were available to be issued. There were no events noted that required adjustment to or disclosure in these consolidated financial statements, except as noted above.

Schedule of Expenditures  
of Federal Awards

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# U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

## Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through/ Program or Cluster Title	Federal CFDA Number	Agency or Pass-through Grant Number	Passed Through to Subrecipients	Federal Expenditures
<i>Year ended September 30, 2016</i>				
U.S. Department of Health and Human Services, Administration for Children and Families				
<i>Office of Refugee Resettlement:</i>				
Matching Grant Program	93.567	N/A	\$ 8,868,000	\$ 12,263,993*
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	N/A	841,264	1,736,239
Advancing System Improvements for Key Issues in Women's Health	93.088	N/A	29,200	43,478
Post Release	93.676	N/A	3,577,266	5,370,334
Human Trafficking	93.598	N/A	3,721,848	4,456,006
Wilson Fish Program	93.583	N/A	-	514,337
<i>Subtotal: Office of Refugee Resettlement</i>			17,037,578	24,384,387
<i>Refugee and Entrant Assistance - Discretionary Grants:</i>				
Preferred Communities	93.576	N/A	914,274	1,721,805
Iranian Refugee Parolee	93.576	N/A	-	178,483
<i>Pass-through from State of North Carolina:</i>				
North Carolina Division of Social Services				
Refugee Child Care Microenterprise Project	93.576	90RG0162-02-00	-	87,993
Refugee Saving and Development	93.576	90ZI0103-03-00	47,959	162,261
Refugee and Entrant Assistance	93.576	90RTO181-02-00	-	72,259
Service Program for Refugee and Entrant	93.576	90RQ0040-03	-	56,693
<i>Pass-through from State of Vermont:</i>				
Refugee Health	93.576	90RX0220/01	-	49,659
<i>Pass-through from State of Iowa:</i>				
Employment Case Management for Refugees	93.576	REF-14-001	-	79,155
<i>Pass-through from State of New York:</i>				
New York State Office of Temporary and Disability Assistance	93.576	C10000629	-	101,952
<i>Subtotal: Refugee and Entrant Assistance - Discretionary Grants</i>			962,233	2,510,260
<i>Pass-through from State of Vermont:</i>				
Vermont Agency of Human Services				
Social Services	93.566	03400-USCRI-SS-EMPL-CY15	-	89,995
Social Services	93.566	03400-USCRI-SS-ELT-CY15	-	127,392
<i>Pass-through from State of North Carolina:</i>				
Resettlement Assistance Program	93.566	1501NCRSOC, 1601NCRSOC	-	136,851
<i>Subtotal: CFDA 93.566</i>			-	354,238
<i>Pass-through from State of Vermont:</i>				
Reach Up	93.558	29,720	-	84,867
<i>Pass-through from State of Vermont:</i>				
Refugee and Entrant Assistance - Targeted Assistance Grants	93.584	03400-USCRI-P2HE2016- TAGF-FY15	-	11,558
<i>Pass-through from Catholic Charities:</i>				
Refugee and Entrant Assistance - Targeted Grants	93.584	N/A	-	9,284
<i>Pass-through from State of New York:</i>				
New York State Office of Temporary and Disability Assistance	93.584	TAD01/3410000	-	66,952
<i>Subtotal: CFDA 93.584</i>			-	87,794
<b>Total U.S. Department of Health and Human Services, Administration for Children and Families</b>			<b>17,999,811</b>	<b>27,421,546</b>

*(Continued)*

# U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

## Schedule of Expenditures of Federal Awards

*Year ended September 30, 2016*

Federal Grantor/Pass-Through/ Program or Cluster Title	Federal CFDA Number	Agency or Pass-through Grant Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of State, Bureau of Population, Refugees and Migration Reception and Placement Program	19.510	SPRMC016CA1001	17,919,225	25,474,302
<i>Pass-through from State of Iowa:</i>				
Department of Justice Office of Victims for Crime Crime Victim Assistance	16.575	NI-17-125-LG	-	7,821
<b>Total Federal Awards and Expenditures</b>			<b>\$ 35,919,036</b>	<b>\$ 52,903,669</b>

*See notes to the schedule of expenditures of federal awards.*

\*This grant is paid to USCRI on a per capita basis. Therefore, the amount reflected represents actual federal funds received.

# U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

## Notes to Schedule of Expenditures of Federal Awards

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### 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of USCRI under programs of the federal government for the year ended September 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of USCRI, it is not intended to and does not present the financial position, changes in net assets or cash flows of USCRI. Therefore, some amounts presented in the Schedule may differ from amounts present in, or used in the presentation of the consolidated financial statements.

The reimbursement of indirect costs reflected in the accompanying financial statements as federal grants revenue is subject to final approval by federal grantors and could be adjusted upon the results of these reviews. Management believes that the results of any such adjustment will not be material to USCRI's financial position or change in net assets.

All of USCRI's federal awards were in the form of cash assistance for the year ended September 30, 2016.

USCRI had no federally funded insurance programs or loan guarantees during the year ended September 30, 2016.

### 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. USCRI has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

### 3. Reconciliation of Schedule of Expenditures of Federal Awards to Consolidated Financial Statements

Expenditures per Schedule of Expenditures of Federal Awards	\$ 52,903,669
<i>Reconciling item:</i>	
Other state awards	696,439
<hr/>	
Expenditures per the consolidated financial statements	\$ 53,600,108

Independent Auditor's  
Reports Required by *Government Auditing  
Standards* and the Uniform Guidance

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## Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Directors  
U.S. Committee for Refugees and Immigrants, Inc. and Related Entity  
Arlington, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of U.S. Committee for Refugees and Immigrants, Inc. and related entity (USCRI), which comprise the consolidated statement of financial position as of September 30, 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 31, 2017.

### Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered USCRI's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of USCRI's internal control. Accordingly, we do not express an opinion on the effectiveness of USCRI's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether USCRI's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial



statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering USCRI's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

March 31, 2017



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## Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors  
U.S. Committee for Refugees and Immigrants, Inc. and Related Entity  
Arlington, Virginia

### Report on Compliance for Each Major Federal Program

We have audited U.S. Committee for Refugees and Immigrants, Inc. and related entity's (USCRI) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of USCRI's major federal programs for the year ended September 30, 2016. USCRI's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of USCRI's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about USCRI's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of USCRI's compliance.



### *Opinion on Each Major Federal Program*

In our opinion, USCRI complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

### Report on Internal Control Over Compliance

Management of USCRI is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered USCRI's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of USCRI's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

March 31, 2017

# U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

## Schedule of Findings and Questioned Costs Year Ended September 30, 2016

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### I. SUMMARY OF AUDITOR'S RESULTS

#### *Financial Statements*

Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                     yes     no
  
- Significant deficiency(ies) identified?             yes     none reported
  
- Noncompliance material to financial statements noted?     yes     no

#### *Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified?                     yes     no
  
- Significant deficiency(ies) identified?             yes     none reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes     no

Identification of major federal programs:

CFDA Numbers /Grant / Contract Number

Name of Federal Program or Cluster

19.510

Reception and Placement Program

93.086

Healthy Marriage Promotion and Responsible Fatherhood Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 1,587,110

Auditee qualified as low-risk auditee?

yes     no

# U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

## Schedule of Findings and Questioned Costs Year Ended September 30, 2016

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### II. FINANCIAL STATEMENT FINDINGS

There were no findings related to the consolidated financial statements which are required to be reported in accordance with generally accepted government auditing standards (GAGAS).

### III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings and questioned costs for Federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance that were required to be reported.

Schedules of Determination of  
Indirect Cost Rates

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# U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

## Schedule of Fringe Benefit and Salary Expenditures

*Year ended September 30, 2016*

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### *Type of Fringe Benefit*

Health insurance	\$	1,243,239
Life insurance		41,733
Payroll taxes		835,782
Pension		677,115

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<b>Total Type of Fringe Benefit Expenditures</b>	<b>\$</b>	<b>2,797,869</b>
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### *Fringe Benefits*

Program services	\$	2,038,637
Management and general		724,671
Fundraising		34,561

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<b>Total Fringe Benefit Expenditures</b>	<b>\$</b>	<b>2,797,869</b>
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### *Salaries*

Program services	\$	6,960,957
Management and general		2,586,963
Fundraising		171,128

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<b>Total Salary Expenditures</b>	<b>\$</b>	<b>9,719,048</b>
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# U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

## Schedule of Overhead and General and Administrative Expenses

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*Year ended September 30, 2016*

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Direct refugee assistance	\$	1,479
Salaries		2,586,963
Fringe benefits		724,671
Occupancy		356,084
Training and staff development		2,573
Professional fees		477,961
Advertising		5,715
Printing and reproduction		42,528
Equipment rental and repair		27,136
Telephone and communications		36,778
Postage and shipping		9,172
Insurance		29,906
Travel		208,958
Conferences and meetings		34,064
Bank and finance charges		54,655
Outside services and consulting		34,319
Miscellaneous expenses		(902)
Subscriptions and references		45,126
Depreciation and amortization		141,794
<hr/>		
Total		4,818,980
Less: Fringe benefits		(724,671)
<hr/>		
Total overhead and administrative costs	\$	4,094,309

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# U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

## Schedule of Determination of Indirect Cost Rates

*Year ended September 30, 2016*

### Fringe Benefits Rate Calculation

Numerator

Total fringe benefits per audited financial statements \$ 2,797,869

Denominator

Total salaries per audited financial statements \$ 9,719,048

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**Fringe benefits rate 28.79%**

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### Overhead and General and Administrative Rate Calculation

Numerator

Indirect costs per audited financial statements \$ 1,656,987

Plus: Indirect costs recovery charged to programs and fundraisir 3,161,993

Less: Fringe benefits charged as overhead (724,671)

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Subtotal 4,094,309

Plus: Fringe benefits applied at 28.79% of \$2,586,963 in  
management and general salaries 744,787

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Total indirect costs \$ 4,839,096

Denominator

Program services expense per audited financial statements 56,430,036

Fundraising expense per audited financial statements 347,517

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Subtotal 56,777,553

Plus: Fringe benefits applied at 28.79% of \$7,132,085 in  
program and fundraising salaries 2,053,327

Less: Subrecipient grants (agency payments) (35,918,227)

Indirect costs recovery charged to programs and fundraising (3,161,993)

Fringe benefits charged to programs and fundraising (2,073,198)

Direct refugee assistance (5,253,050)

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Total \$ 12,424,412

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**Overhead and general and administrative rate 38.95%**

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# U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

## Notes to Schedule of Determination of Indirect Cost Rates

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### 1. Summary of Cost Structure

The U.S. Committee for Refugees and Immigrants, Inc. and related entity uses the total direct cost allocation method for the allocation of indirect costs as permitted under the cost principles contained in Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. USCRI treats all costs as direct costs except management and general expenses. Management and general expenses included in the indirect cost pool include only those costs incurred at USCRI's headquarters. Management and general expenses are considered to be overhead and general and administrative expenses for purposes of calculating an overhead and general and administrative (indirect cost) rate. USCRI separates its costs into three basic categories: program services, management and general, and fundraising. A brief description of expenses charged to those categories is as follow:

#### Program Services

Program service expenses reflect direct costs and some allocated costs incurred in performing activities and projects under federal awards and foundation or other private sector grants. Such direct costs are identified specifically with a particular award, project, service, or other direct activity of USCRI.

#### Management and General

Management and general expenses are associated with the operation of USCRI's headquarters and are related to the essential activities associated with the administration of the organization. They are identified by the nature of the expense, and include certain salaries and related expenses, occupancy costs, postage and shipping, telephone and communications, general use of supplies and equipment, professional services, printing, depreciation and amortization, and other general administrative expenses.

#### Fundraising

Fundraising expenses are associated with activities that relate to the solicitation of financial support, including financial campaigns, federal funding, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or to obtain contributions. Fundraising services and materials are also included.

### 2. Allocation Method

USCRI uses a tiered method of allocating costs for supplies, insurance, occupancy, equipment, depreciation and amortization, and telephone. The first tier consists of those general costs which are accumulated in an indirect cost pool and directly allocated to program services using square footage as a base. These directly allocated costs are further allocated to specific activities within program service functions using direct labor as the sub allocation base.

The second tier consists of the remaining indirect costs which are then charged to programs and projects based on the ratio of these indirect costs to total direct costs.

# U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

## Notes to Schedule of Determination of Indirect Cost Rates

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### 3. Fringe Benefits

Fringe benefits consist of health insurance, life insurance, pension and payroll taxes. The fringe benefits rate is the ratio of total fringe benefits to total salaries which is first applied to direct salaries charged to program services and then to salaries included in management and general and fundraising costs.