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

Consolidated Financial Statements
For the Years Ended September 30, 2019 and 2018

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

Consolidated Financial Statements
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Contents

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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 Consolidated 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 consolidated statements of financial position as of September 30, 2019 and 2018, 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 Consolidated 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 audits. We conducted our audits 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.

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, 2019 and 2018, 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.

BDO USA, LLP

March 27, 2020

Consolidated Financial Statements

U.S. Committee for Refugees and Immigrants and Related Entity

Consolidated Statements of Financial Position

September 30,	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	**$ 6,554,910**	$ 5,558,665
Restricted cash	**4,734,490**	-
Grants and accounts receivable, net of allowance for uncollectible accounts of $532,088 in 2019 and $181,962 in 2018	**8,525,204**	6,088,722
Prepaid expenses	**432,063**	245,453
Advances and other assets	**73,815**	70,369
Total current assets	**20,320,482**	11,963,209
Noncurrent assets		
Investments	**5,870,501**	4,854,432
Property and equipment, net	**981,077**	1,151,182
Total noncurrent assets	**6,851,578**	6,005,614
Total assets	**$ 27,172,060**	$ 17,968,823
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	**$ 3,031,555**	$ 1,424,096
Grants payable to affiliated agencies	**4,653,677**	3,166,739
Deferred revenue	**1,001,331**	553,819
IOM liability	**329,186**	380,625
Deferred rent liability	**169,457**	169,457
Refundable advances	**4,734,490**	-
Total current liabilities	**13,919,696**	5,694,736
Commitments and contingencies		
Net assets		
Without donor restrictions	**13,096,662**	12,211,938
With donor restrictions	**155,702**	62,149
Total net assets	**13,252,364**	12,274,087
Total liabilities and net assets	**$ 27,172,060**	$ 17,968,823

See accompanying notes to consolidated financial statements.

U.S. Committee for Refugees and Immigrants and Related Entity

Consolidated Statement of Activities

Year ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Government grants	$ 65,484,775	$ -	$ 65,484,775
Foundation grants and other contributions	1,135,062	120,000	1,255,062
IOM collection fees	1,038,591	-	1,038,591
Program service fees	1,315,266	-	1,315,266
Investment return, net of fees	288,108	-	288,108
Member agency dues	93,000	-	93,000
Other revenue	346,147	-	346,147
Net assets released from restrictions	26,447	(26,447)	-
Total revenue and support	69,727,396	93,553	69,820,949
Expenses			
Program services			
Refugee Services Division	26,182,960	-	26,182,960
MRD Programs	19,063,747	-	19,063,747
CRIC Program	10,677,505	-	10,677,505
Des Moines programs	1,920,963	-	1,920,963
Raleigh programs	1,873,564	-	1,873,564
Vermont programs	1,861,559	-	1,861,559
Erie programs	1,655,741	-	1,655,741
Albany programs	1,500,272	-	1,500,272
Cleveland programs	1,444,855	-	1,444,855
Dearborn programs	850,787	-	850,787
Legal	620,003	-	620,003
International Organization for Migration	475,336	-	475,336
Discovering Homes	114,787	-	114,787
Total program services	68,242,079	-	68,242,079
Supporting services			
Management and general	148,208	-	148,208
Fundraising	452,385	-	452,385
Total supporting services	600,593	-	600,593
Total expenses	68,842,672	-	68,842,672
Change in net assets	884,724	93,553	978,277
Net assets, beginning of year	12,211,938	62,149	12,274,087
Net assets, end of year	$ 13,096,662	$ 155,702	$ 13,252,364

See accompanying notes to consolidated financial statements.

U.S. Committee for Refugees and Immigrants and Related Entity

Consolidated Statement of Activities

Year ended September 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Government grants	$ 50,461,476	$ -	$ 50,461,476
Foundation grants and other contributions	2,054,102	-	2,054,102
IOM collection fees	1,757,004	-	1,757,004
Program service fees	1,806,486	-	1,806,486
Investment return, net of fees	139,320	-	139,320
Member agency dues	211,800	-	211,800
Other revenue	366,309	-	366,309
Net assets released from restrictions	114,722	(114,722)	-
Total revenue and support	56,911,219	(114,722)	56,796,497
Expenses			
Program services			
Refugee Services Division	26,117,256	-	26,117,256
MRD Programs	15,606,740	-	15,606,740
Vermont programs	2,030,454	-	2,030,454
Des Moines programs	1,657,099	-	1,657,099
Erie programs	1,645,741	-	1,645,741
Raleigh programs	1,536,956	-	1,536,956
Cleveland programs	1,286,892	-	1,286,892
Albany programs	1,255,232	-	1,255,232
Legal	868,168	-	868,168
Dearborn programs	755,048	-	755,048
International Organization for Migration	472,956		472,956
Rutland Program	67,571	-	67,571
Discovering Homes	25,287	-	25,287
Total program services	53,325,400	-	53,325,400
Supporting services			
Management and general	777,091	-	777,091
Fundraising	415,776	-	415,776
Total supporting services	1,192,867	-	1,192,867
Total expenses	54,518,267	-	54,518,267
Change in net assets	2,392,952	(114,722)	2,278,230
Net assets, beginning of year	9,818,986	176,871	9,995,857
Net assets, end of year	$ 12,211,938	$ 62,149	$ 12,274,087

See accompanying notes to consolidated financial statements.

U. S. Committee for Refugees and Immigrants and Related Entity

Consolidated Statement of Functional Expenses

	Program Services														Supporting Services			
Year ended September 30, 2019	Refugee Services Division	MRD Programs	CRIC Program	Des Moines Programs	Raleigh Programs	Vermont Programs	Erie Programs	Albany Programs	Cleveland Programs	Dearborn Programs	Legal	International Organization for Migration	Discovering Homes	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Agency/contractual payments	$ 21,989,102	$ 16,248,162	$ 3,111,168	$ 16,473	$ 255	$ 36,855	$ 66,887	$ -	$ 9,044	$ -	$ -	$ -	$ -	$ 41,477,946	$ -	$ -	$ -	$ 41,477,946
Direct refugee assistance	26,570	191	112,452	533,872	331,274	292,807	261,958	360,185	491,701	377,637	120	-	-	2,788,767	21,633	95	21,728	2,810,495
Salaries	2,050,186	1,251,683	2,433,638	663,406	785,993	843,066	663,307	652,995	482,686	212,849	389,896	214,223	-	10,643,928	2,439,932	315,027	2,754,959	13,398,887
Fringe benefits	516,474	357,163	551,981	197,623	251,189	257,967	274,106	131,869	121,116	81,899	104,945	63,282	-	2,909,614	705,657	64,595	770,252	3,679,866
Occupancy	180,722	197,674	1,309,473	81,208	94,253	102,786	30,702	54,525	40,181	46,536	40,758	18,522	89,075	2,286,415	124,277	27,766	152,043	2,438,458
Training and staff development	6,986	5,011	625,966	452	380	-	5,468	-	-	-	-	-	-	644,263	1,717	279	1,996	646,259
Professional fees	85,313	76,827	130,848	33,880	28,643	27,593	23,561	25,815	64,731	5,368	23,289	11,175	-	537,043	181,073	6,489	187,562	724,605
Advertising	1,029	50	3,495	-	96	425	-	17	330	148	1,290	-	-	6,880	2,003	1,246	3,249	10,129
Printing and reproduction	45,449	51,796	183,193	30,357	13,061	20,147	13,523	23,420	28,485	3,538	12,929	5,781	-	431,679	58,023	13,970	71,993	503,672
Equipment rental and repair	10,271	9,057	174,565	4,946	2,794	4,441	9,614	4,595	7,903	278	3,518	1,013	-	232,995	11,639	1,296	12,935	245,930
Telephone and communications	35,000	20,997	43,943	20,253	32,901	26,842	21,847	14,016	12,331	7,578	5,401	1,895	-	243,004	31,479	2,793	34,272	277,276
Postage and shipping	7,632	3,907	3,477	3,307	3,083	626	1,085	804	969	153	3,009	55,654	-	83,706	13,191	3,604	16,795	100,501
Insurance	10,738	9,279	143,653	7,938	9,348	11,613	18,150	6,724	10,538	1,961	11,375	898	5,916	248,131	69,165	1,275	70,440	318,571
Travel	127,756	166,301	86,774	30,808	38,794	35,026	11,887	19,343	10,790	3,524	8,352	66	-	539,421	37,913	-	37,913	577,334
Conferences and meetings	35,197	3,623	10,736	4,191	8,784	805	1,304	9,331	5,637	3,854	881	-	-	84,343	53,085	306	53,391	137,734
Bank and finance charges	161	-	-	23	2,633	760	37	-	937	-	3,231	101,863	50	109,695	2,450	2,728	5,178	114,873
Provision for bad debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	350,126	-	350,126	350,126
Outside services and consulting	113,480	41,688	114,192	1,402	100	4,561	67,780	17	5,970	-	6,154	363	-	355,707	190,414	3,421	193,835	549,542
Miscellaneous expenses	494	3,520	65,690	(338)	-	(49)	2,633	-	6,602	41	7	200	11,652	90,452	43,262	-	43,262	133,714
Subscriptions and references	22,451	9,527	28,036	5,468	5,393	1,923	6,689	2,184	32,552	497	4,848	401	-	119,969	44,638	7,495	52,133	172,102
Childcare food	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	-	8,094	8,094	166,558	-	166,558	174,652
Total before overhead allocation	25,265,011	18,456,456	9,133,280	1,635,269	1,608,974	1,668,194	1,480,538	1,305,840	1,332,503	745,861	620,003	475,336	114,787	63,842,052	4,548,235	452,385	5,000,620	68,842,672
Overhead allocation	917,949	607,291	1,544,225	285,694	264,590	193,365	175,203	194,432	112,352	104,926	-	-	-	4,400,027	(4,400,027)	-	(4,400,027)	-
Total expenses, after overhead allocation	$ 26,182,960	$ 19,063,747	$ 10,677,505	$ 1,920,963	$ 1,873,564	$ 1,861,559	$ 1,655,741	$ 1,500,272	$ 1,444,855	$ 850,787	$ 620,003	$ 475,336	$ 114,787	$ 68,242,079	$ 148,208	$ 452,385	$ 600,593	$ 68,842,672

See accompanying notes to consolidated financial statements.

U. S. Committee for Refugees and Immigrants and Related Entity

Consolidated Statement of Functional Expenses

	Program Services														Supporting Services			
Year ended September 30, 2018	Refugee Services Division	MRD Programs	Vermont Programs	Des Moines Programs	Erie Programs	Raleigh Programs	Cleveland Programs	Albany Programs	Legal	Dearborn Programs	International Organization for Migration	Rutland Program	Discovering Homes	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Agency/contractual payments	$ 21,482,716	$ 13,174,336	$ 20,423	$ 1,004	$ 109,679	$ -	$ 11,118	$ (1,460)	$ -	$ -	$ -	$ -	$ -	$ 34,797,816	$ -	$ -	$ -	$ 34,797,816
Direct refugee assistance	31,017	-	260,393	456,873	258,518	335,977	257,879	288,769	(294)	172,896	-	-	-	2,062,028	26,689	-	26,689	2,088,717
Salaries	2,273,784	1,119,984	959,217	633,423	661,258	644,789	444,151	581,584	418,131	280,095	205,504	35,203	1,943	8,259,066	2,230,945	286,123	2,517,068	10,776,134
Fringe benefits	494,394	248,778	273,572	170,850	232,218	179,552	114,733	109,544	113,262	103,291	52,244	9,671	-	2,102,109	404,252	64,492	468,744	2,570,853
Occupancy	264,402	179,649	99,989	50,997	28,769	54,893	55,845	48,424	33,112	32,233	7,764	4,398	3,401	863,876	576	6,860	7,436	871,312
Training and staff development	11,217	7,301	98	86	1,521	378	55	49	93	49	18	6	-	20,871	7,696	15	7,711	28,582
Professional fees	61,491	33,317	19,507	22,626	18,143	11,866	71,554	13,599	19,008	7,429	7,617	1,032	-	287,189	463,334	21,178	484,512	771,701
Advertising	1,958	730	101	100	9	668	186	310	381	6	2	1	-	4,452	3,602	1,845	5,447	9,899
Printing and reproduction	34,731	29,597	30,904	10,182	8,738	15,837	21,074	12,071	4,483	6,865	23,711	1,177	-	199,370	59,516	8,934	68,450	267,820
Equipment rental and repair	18,058	9,630	11,478	3,717	10,672	2,008	3,318	9,163	5,249	864	875	21	1,221	76,274	44,351	1,708	46,059	122,333
Telephone and communications	48,675	13,388	21,523	18,637	19,059	22,886	11,496	12,436	8,489	8,917	1,186	1,664	-	188,356	26,917	1,984	28,901	217,257
Postage and shipping	8,596	1,733	1,279	3,020	1,978	2,823	1,584	1,563	6,871	194	61,578	-	-	91,219	11,205	3,648	14,853	106,072
Insurance	22,156	10,056	16,469	11,422	17,584	7,818	10,861	8,538	13,276	4,946	2,081	921	-	126,128	71,583	2,055	73,638	199,766
Travel	147,966	125,970	49,599	31,907	13,759	19,137	34,600	16,616	16,437	4,174	-	1,400	-	461,565	36,632	140	36,772	498,337
Conferences and meetings	90,128	27,735	1,707	2,279	3,886	3,854	1,962	4,032	305	1,702	84	-	-	137,674	20,583	295	20,878	158,552
Bank and finance charges	10,060	-	90	-	786	2	1,577	72	3,022	-	106,853	-	-	122,462	20,406	3,828	24,234	146,696
Provision for bad debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	374,838	-	374,838	374,838
Outside services and consulting	107,437	47,410	12,283	5,367	6,981	8,691	1,206	3,452	10,372	7,881	932	86	-	212,098	54,425	2,419	56,844	268,942
Miscellaneous expenses	797	-	4,611	2,031	47,905	(14,565)	3,114	(14,832)	277	(17,399)	-	-	10,539	22,478	(61,291)	50	(61,241)	(38,763)
Subscriptions and references	-	-	4,236	4,988	3,770	4,689	16,253	2,356	8,733	1,777	2,507	244	88	49,641	74,649	10,202	84,851	134,492
Childcare food	12,386	25,683	-	-	-	-	-	-	-	-	-	-	-	38,069	-	-	-	38,069
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	-	8,095	8,095	100,747	-	100,747	108,842
Total before overhead allocation	25,121,969	15,055,297	1,787,479	1,429,509	1,445,233	1,301,303	1,062,566	1,096,286	661,207	615,920	472,956	55,824	25,287	50,130,836	3,971,655	415,776	4,387,431	54,518,267
Overhead allocation	995,287	551,443	242,975	227,590	200,508	235,653	224,326	158,946	206,961	139,128	-	11,747	-	3,194,564	(3,194,564)	-	(3,194,564)	-
Total expenses, after overhead allocation	$ 26,117,256	$ 15,606,740	$ 2,030,454	$ 1,657,099	$ 1,645,741	$ 1,536,956	$ 1,286,892	$ 1,255,232	$ 868,168	$ 755,048	$ 472,956	$ 67,571	$ 25,287	$ 53,325,400	$ 777,091	$ 415,776	$ 1,192,867	$ 54,518,267

See accompanying notes to consolidated financial statements.

U.S. Committee for Refugees and Immigrants and Related Entity

Consolidated Statements of Cash Flows

Years ended September 30,	**2019**	2018
Cash flows from operating activities		
Change in net assets	**$ 978,277**	$ 2,278,230
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**174,652**	108,842
Investment gain	**(193,654)**	(66,822)
Change in allowance for doubtful accounts	**350,126**	50,440
Bad debt expense	**-**	324,398
Donated assets	**-**	(201,556)
(Increase) decrease in assets		
Grants and accounts receivable	**(2,786,608)**	1,454,942
Prepaid expenses	**(186,610)**	125,109
Advances and other assets	**(3,446)**	29,548
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	**1,607,459**	359,539
Grants payable to affiliated agencies	**1,486,938**	(1,704,328)
Deferred revenue	**447,512**	(293,857)
IOM liability	**(51,439)**	(54,984)
Deferred rent liability	**-**	(505,981)
Refundable advances	**4,734,490**	-
Net cash provided by operating activities	**6,557,697**	1,903,520
Cash flows from investing activities		
Purchases of investments	**(5,542,903)**	(2,933,227)
Proceeds from sale of investments	**4,720,490**	2,860,786
Purchases of property and equipment	**(4,549)**	(155,603)
Net cash used in investing activities	**(826,962)**	(228,044)
Net increase in cash, cash equivalents, and restricted cash	**5,730,735**	1,675,476
Cash and cash equivalents, beginning of year	**5,558,665**	3,883,189
Cash, cash equivalents, and restricted cash at end of year	**$ 11,289,400**	$ 5,558,665

See accompanying notes to consolidated financial statements.

1. Organization and Summary of Significant Accounting Policies

Organization Purpose and Consolidation

U.S. Committee for Refugees and Immigrants, Inc. is an international, 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. U.S. Committee for Refugees and Immigrants, Inc.'s 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, excluding money market funds held as part of investments.

Grants and Accounts 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. Accounts receivable that are expected to be collected within one year are recorded at their net realizable value.

An allowance for doubtful accounts is provided based on management's evaluation of potential uncollectible grants and accounts receivable at year-end. Grants and accounts receivable are written off if reasonable collection efforts prove unsuccessful. All grants and accounts receivable amounts are due within one year.

Investments

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

Refundable Advances

USCRI has a current liability of $4,734,490 for a restricted prefund pool to cover refugee health insurance costs through a third-party administrator. As a requirement of this pool, USCRI is required to hold a separate bank account with the same amount of cash as the liability. Therein the cash is to be classified as restricted cash.

Classification of Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions: Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

Revenue and Support

USCRI recognizes revenue when persuasive evidence of an arrangement exists, services are delivered, fees are fixed and determinable, and collectability is reasonably assured. Revenue received in advance and not yet earned is deferred to the applicable period.

Unconditional promises to give are recognized as contribution revenue at fair value on the earlier of receipt of cash or the unconditional promise to give. Conditional promises to give are not included as revenue until the conditions are substantially met. There were no conditional promises to give for the years ended September 30, 2019 and 2018.

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 and 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 International Organization for Migration (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. These federal awarding agencies make periodic site visits and monitor the progress of USCRI's federal programs. USCRI has not been informed of any adjustments as a result of such site visits and management does not believe that any material adjustments will be necessary.

Functional Allocation of Expenses

USCRI uses a tiered method of allocating costs for supplies, insurance, occupancy, equipment, depreciation and amortization, telephone, and other various management and general expenses. 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.

Fringe benefit consists of health insurance, life insurance, pension and payroll taxes. The fringe benefit rate is the ratio of total fringe benefit 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.

Reclassifications

During fiscal year 2019, certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

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 disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of assets and revenues and expenses during the year. 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, 2019 and 2018, substantially all of USCRI's cash and cash equivalents and investments were held at three financial institutions in accounts over FDIC limits of $250,000. Total cash held over FDIC limit is $10.4 Million as of September 30, 2019. Historically, 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 and investments.

Credit risk with respect to receivables is limited because 95% of USCRI's receivables are from federal and state governments. The federal and state governments are anticipated to clear their receivables timely.

USCRI receives a substantial portion of its revenue from the federal government. If a significant reduction in this revenue should occur, it may have a material adverse effect on USCRI's programs. During the years ended September 30, 2019 and 2018, USCRI earned revenue from federal and state governments under government grants of $65,484,775 and $50,461,476, which is 94% and 89% of the total revenue and support earned in each of these years, respectively.

These amounts are reflected in government grants in the accompanying consolidated statements of activities.

Accounting Pronouncements Adopted

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, provides information about liquidity and availability of resources and improves the type of information provided about expenses and investment return. USCRI adopted the ASU retrospectively and adjusted the presentation of these financial statements accordingly. Other than the changes to the consolidated financial statement presentation and disclosures described above, adoption of the ASU did not have a significant impact on the consolidated financial statements. There was no effect on the consolidated change in net assets reported for the year ended September 30, 2018.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows: Restricted Cash (Topic 230)*, to address the classification and presentation of changes in restricted cash on the statement of cash flows. The ASU requires that a statement of cash flows explain the change in the total cash, cash equivalents, and amounts generally described as restricted cash and restricted cash equivalents. Thus, amounts generally described as restricted cash or restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The guidance was implemented for USCRI's fiscal year 2019. There was no effect on the consolidated change in net assets reported for the year ended September 30, 2018.

Recent Accounting Pronouncements to be Adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This update, along with ASU 2016-08, *Revenue from Contracts with Customers* (Topic 606, *Revenue from Contracts with Customers* (Topic 606): *Identifying Performance Obligations and Licensing* and ASU 2016-12, *Revenue from Contracts with Customers* (Topic 606): *Narrow-Scope Improvements and Practical Expedients*, establishes a comprehensive revenue recognition standard. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for the USCRI's fiscal year 2020. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of these ASUs on their consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This update, along with ASU 2018-10, *Codification Improvements* to Topic 842: *Leases*, ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements* and ASU 2018-20, *Leases* (Topic 842): *Narrow-Scope Improvements for Lessors*, establishes a comprehensive leasing standard. These updates require the recognition of lease assets and lease liabilities on the statement of financial position and disclosure of key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The guidance also expands the required quantitative and qualitative lease disclosures as well as provides entities with an additional (and optional) transition method to adopt the new standard. The ASU is effective for USCRI's fiscal year 2022. Management is currently evaluating the impact of these ASUs on the consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments* (Topic 230), which clarifies how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments are intended to reduce diversity in practice. This ASU contains additional guidance clarifying when an entity should separate cash receipts and cash payments and classify them into more than one class of cash flows (including when reasonable judgment is required to estimate and allocate cash flows) versus when an entity should classify the aggregate amount into one class of cash flows on the basis of predominance. The ASU is effective for USCRI'S fiscal year 2020, with early adoption permitted. Management is currently evaluating the impact of this ASU on their consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves current guidance by providing criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. The update also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The guidance is effective for the USCRI's fiscal year 2020. Management is currently evaluating the impact of this ASU on their consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The update modifies certain disclosure requirements in Topic 820, *Fair Value Measurement*. The guidance is effective for the USCRI's fiscal year 2021. Presently, management does not anticipate that the adoption of this update will have a material effect on the consolidated financial statements.

2. Liquidity and Availability of Resources

Financial assets available for general expenditures, that is, without donor restrictions limiting their use, within one year of the consolidated statements of financial position date consist of the following:

September 30,	**2019**	2018
Financial assets, at year-end		
Cash and cash equivalents	**$ 6,554,910**	$ 5,558,665
Grants and accounts receivable, net of allowance	**8,525,204**	6,088,722
Total financial assets available within one year	**15,080,114**	11,647,387
Less: Amounts unavailable for general expenditures within one year, due to:		
Net assets with donor restrictions	**(155,702)**	(62,149)
Financial assets available to meet cash needs for general expenditures within one year	**$ 14,924,412**	$ 11,585,238

USCRI regularly monitors liquidity required to meet its operating needs and other contractual commitments within one year of the consolidated financial position date for general expenditures without donor or other restrictions limiting their use. USCRI maintains sufficient resources to fund its operations.

3. Investments

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

September 30,	**2019**	2018
Fixed income	**$ 3,079,524**	$ 1,824,166
Equities	**2,066,083**	2,460,645
Mutual funds	**334,766**	327,399
Money market funds	**390,128**	242,222
Total	**$ 5,870,501**	$ 4,854,432

The following schedule summarizes the investment return, net:

Years Ended September 30,		**2019**		2018
Interest and dividends	**$**	**133,784**	$	108,300
Net realized and unrealized gains		**193,654**		66,822
Investment custody management fees		**(39,330)**		(35,802)
Total	**$**	**288,108**	$	139,320

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 U.S. GAAP 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.

Fixed income securities, equities, mutual funds and money market funds shown in the following tables are actively traded and are valued at net asset value as of September 30, 2019 and 2018. There was no change in valuation methodologies for years ended September 30, 2019 and 2018.

The following tables disclose the fair value hierarchy of USCRI's investment assets at fair value as of September 30, 2019 and 2018.

	As of September 30, 2019			
	Level 1	Level 2	Level 3	Total
Fixed income:				
Corporate bonds	$ 1,805,659	$ -	$ -	$ 1,805,659
U.S. government obligations	292,422	-	-	292,422
Municipal securities	981,443	-	-	981,443
Equities:				
Basic materials	70,466	-	-	70,466
Communications	107,201	-	-	107,201
Consumer staples	238,501	-	-	238,501
Consumer discretionary	218,418	-	-	218,418
Energy	67,973	-	-	67,973
Financials	361,454	-	-	361,454
Health care	224,318	-	-	224,318
Industrials	235,456	-	-	235,456
Technology	277,720	-	-	277,720
Real estate	138,230	-	-	138,230
Utilities	126,346	-	-	126,346
Mutual funds – non-traditional	334,766	-	-	334,766
Money market funds	390,128	-	-	390,128
Total	$ 5,870,501	$ -	$ -	$ 5,870,501

	As of September 30, 2018			
	Level 1	Level 2	Level 3	Total
Fixed income:				
Corporate bonds	$ 898,260	$ -	$ -	$ 898,260
U.S. government obligations	691,841	-	-	691,841
Municipal securities	234,065	-	-	234,065
Equities:				
Basic materials	152,326	-	-	152,326
Communications	168,883	-	-	168,883
Consumer staples	238,423	-	-	238,423
Consumer discretionary	264,914	-	-	264,914
Energy	145,448	-	-	145,448
Financials	400,682	-	-	400,682
Health care	281,726	-	-	281,726
Industrials	321,718	-	-	321,718
Technology	316,878	-	-	316,878
Real estate	94,503	-	-	94,503
Utilities	75,144	-	-	75,144
Mutual funds - non-traditional	287,905	-	-	287,905
Mutual funds - fixed income	30,519	-	-	30,519
Mutual funds - equities	8,975	-	-	8,975
Money market funds	242,222	-	-	242,222
Total	$ 4,854,432	$ -	$ -	$ 4,854,432

5. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted to the following purpose at:

September 30,	**2019**	2018
LDS Church	**$ 155,702**	$ 62,149

6. Property and Equipment

USCRI held the following property and equipment at:

September 30,	**2019**	2018
Building and improvements	**$ 1,071,499**	$ 1,066,952
Furniture and equipment	**749,536**	749,536
Vehicles	**119,248**	119,428
Leasehold improvements	**409,866**	409,866
Land	**120,550**	120,550
Total property and equipment	**2,470,699**	2,466,332
Less: accumulated depreciation and amortization	**(1,489,622)**	(1,315,150)
Property and equipment, net	**$ 981,077**	$ 1,151,182

Depreciation and amortization expense for the years ended September 30, 2019 and 2018 was $174,652 and $108,842, respectively.

7. Commitments and Contingencies

Lease commitments

USCRI is committed under leases for office space that expire at various times through October 31, 2030.

In December 2017, USCRI extended their lease with the landlord for the headquarters location through October 31, 2030. This lease included rent abatements recorded as 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 which is amortized over the lease term. As a security deposit, USCRI obtained a letter of credit for the benefit of the landlord amounting to $43,249. No amounts were drawn against the letter of credit during 2019 and 2018. Total rental expense was $2,438,458 and $871,312 for years ended September 30, 2019 and 2018, respectively.

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

Years ending September 30,	
2020	$ 957,011
2021	874,821
2022	791,419
2023	733,608
2024	746,914
Thereafter	4,599,216
Total	$ 8,702,989

Contingencies

The Reception and Placement (R&P) program funding is awarded annually. It is based on the annual Presidential Determination for refugee admission and proposed projection for Special Immigrant Visa (SIV) holders. The FY 2020 refugee admission projection is 18,000 refugees and 10,000 SIV arrivals for a total of 28,000. Of this, USCRI is approved to resettle 4,046 refugees and SIVs. As of March 27, 2020, USCRI has resettled 2,077 refugee and SIV clients, representing 51 percent of USCRI's approved projected resettlements.

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 balance payable to affiliated agencies as of September 30, 2019 and 2018 was $4,653,677 and $3,166,739, respectively, and is 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 5% of each participant's annual compensation. Effective March 1, 2019, the Plan was amended and USCRI's contributions were raised to 10% of each participant's compensation. Pension expense for the years ended September 30, 2019 and 2018 totals $704,655 and $293,702, respectively, and is included in fringe benefits in the accompanying consolidated statements of functional expenses.

10. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code (IRC), USCRI is exempt from the payment of taxes on income other than unrelated business income. As of September 30, 2019 and 2018, no provision for income taxes has been made, as USCRI had no 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, USCRI. The activities of Discovering Homes, LLC are consistent with the mission of USCRI 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, 2019 and 2018, 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 2016 forward.

11. Subsequent Events

USCRI evaluated subsequent events through March 27, 2020, which is the date the consolidated financial statements were available to be issued. Except as noted below, there were no events noted that required adjustment to or disclosure in these consolidated financial statements.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

USCRI's operations are heavily dependent on federal funding. Additionally, access to grants and contracts from federal, state, and local governments may decrease or may not be available depending on government appropriations. As of the date of this report, management has not received any communication from federal agencies regarding changes to future federal funding. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. As such, this may hinder our ability to advance our mission. As such, our financial condition and liquidity may be negatively impacted for fiscal year 2020.