

# **Jesuit Refugee Service/USA, Inc.**

Financial Report  
December 31, 2019

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RSM US LLP

## Independent Auditor's Report

Board of Directors  
Jesuit Refugee Service/USA, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Jesuit Refugee Service/USA, Inc. (JRS), which comprise the balance sheet as of December 31, 2019, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of JRS as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited JRS's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 1, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2020, on our consideration of JRS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of 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 JRS's internal control over financial reporting and compliance.

*RSM US LLP*

Washington, D.C.  
May 4, 2020

Jesuit Refugee Service/USA, Inc.

Balance Sheet

December 31, 2019

(With Comparative Totals for 2018)

	2019	2018
<b>Assets</b>		
Cash	\$ 1,344,301	\$ 3,762,512
Accounts receivable	470,404	141,808
Promises to give, net	91,872	492,553
Prepaid expenses	88,635	31,358
Investments	7,928,376	4,631,202
Property and equipment, net	87,521	113,011
	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 10,011,109</b>	<b>\$ 9,172,444</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 246,503	\$ 178,034
Deferred revenue	30,000	51,114
Due to Jesuit Conference	150	1,284
<b>Total liabilities</b>	<b>276,653</b>	<b>230,432</b>
 Commitment and contingency (Notes 8, 10 and 12)		
Net assets:		
Without donor restrictions		
Undesignated	3,671,109	2,270,887
Board designated	2,900,000	2,900,000
	<hr/>	<hr/>
	6,571,109	5,170,887
With donor restrictions	3,163,347	3,771,125
	<hr/>	<hr/>
	9,734,456	8,942,012
	<hr/>	<hr/>
<b>Total liabilities and net assets</b>	<b>\$ 10,011,109</b>	<b>\$ 9,172,444</b>

See notes to financial statements.

Jesuit Refugee Service/USA, Inc.

Statement of Activities

Year Ended December 31, 2019

(With Comparative Totals for 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue:				
Federal grants	\$ 8,414,554	\$ -	\$ 8,414,554	\$ 5,413,520
Contributions	2,252,775	1,942,765	4,195,540	3,556,583
Federal contract –				
Department of Homeland Security	1,160,314	-	1,160,314	1,137,802
Contributed services	51,115	-	51,115	69,894
Investment income (loss), net	1,017,356	-	1,017,356	(174,130)
Province subsidies	300,000	-	300,000	300,000
Other	4,681	-	4,681	1,938
Released from restrictions	2,550,543	(2,550,543)	-	-
<b>Total support and revenue</b>	<b>15,751,338</b>	<b>(607,778)</b>	<b>15,143,560</b>	<b>10,305,607</b>
Expenses:				
Program services:				
JRS International	9,833,798	-	9,833,798	6,389,973
Chaplaincy	936,792	-	936,792	946,378
Global Education Initiative	1,363,615	-	1,363,615	1,068,453
Policy and outreach	284,360	-	284,360	193,922
Communication	447,232	-	447,232	377,566
<b>Total program services</b>	<b>12,865,797</b>	<b>-</b>	<b>12,865,797</b>	<b>8,976,292</b>
Support services:				
Management and general	628,836	-	628,836	431,377
Fundraising	856,483	-	856,483	877,460
<b>Total support services</b>	<b>1,485,319</b>	<b>-</b>	<b>1,485,319</b>	<b>1,308,837</b>
<b>Total expenses</b>	<b>14,351,116</b>	<b>-</b>	<b>14,351,116</b>	<b>10,285,129</b>
<b>Change in net assets</b>	<b>1,400,222</b>	<b>(607,778)</b>	<b>792,444</b>	<b>20,478</b>
Net assets:				
Beginning	5,170,887	3,771,125	8,942,012	8,921,534
Ending	\$ 6,571,109	\$ 3,163,347	\$ 9,734,456	\$ 8,942,012

See notes to financial statements.

**Jesuit Refugee Service/USA, Inc.**

**Statement of Functional Expenses  
Year Ended December 31, 2019  
(With Comparative Totals for 2018)**

	2019										2018
	Program Services					Support Services					
	JRS International	Chaplaincy	Global Education Initiative	Policy and Outreach	Communication	Total Program	Management and General	Fundraising	Total Support	Total	
JRS International grant	\$ 9,176,052	\$ -	\$ 1,363,615	\$ -	\$ -	\$ 10,539,667	\$ -	\$ -	\$ -	\$ 10,539,667	\$ 6,975,900
Salaries	359,551	401,420	-	147,467	176,625	1,085,063	370,339	336,137	706,476	1,791,538	1,437,867
Employee benefits	84,984	235,937	-	27,562	45,641	394,123	73,691	109,200	182,891	577,014	545,153
Professional services	41,740	183,466	-	14,755	140,743	380,704	35,695	132,747	168,442	549,146	483,894
Occupancy	63,240	-	-	26,663	31,658	121,561	66,217	60,514	126,731	248,291	248,290
Travel and meetings	76,282	33,812	-	29,902	2,940	142,936	26,572	57,063	83,636	226,572	218,787
Office expenses	22,728	13,020	-	31,189	43,020	109,956	24,348	109,558	133,906	243,862	218,919
Contributed services/ in-kind donations	-	23,450	-	-	-	23,450	9,992	36,070	46,061	69,511	69,894
Religious materials	-	45,535	-	-	-	45,535	-	-	-	45,535	55,298
Bank charges	-	-	-	-	36	36	7,278	-	7,278	7,314	5,461
Depreciation and amortization	9,223	-	-	5,822	6,570	21,615	12,559	14,741	27,300	48,915	18,260
Other expense	-	150	-	1,000	-	1,150	2,146	453	2,599	3,750	7,406
<b>Total expenses</b>	<b>\$ 9,833,798</b>	<b>\$ 936,792</b>	<b>\$ 1,363,615</b>	<b>\$ 284,360</b>	<b>\$ 447,232</b>	<b>\$ 12,865,797</b>	<b>\$ 628,836</b>	<b>\$ 856,483</b>	<b>\$ 1,485,319</b>	<b>\$ 14,351,116</b>	<b>\$ 10,285,129</b>

See notes to financial statements.

**Jesuit Refugee Service/USA, Inc.**

**Statement of Cash Flows**  
**Year Ended December 31, 2019**  
**(With Comparative Totals for 2018)**

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 792,444	\$ 20,478
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Unrealized and realized (gains) losses on investments	(871,716)	281,349
Decrease in present value discount of promises to give	(1,567)	(3,202)
Depreciation	48,915	18,260
Changes in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(328,596)	(38,302)
Promises to give	402,248	6,868
Prepaid expenses	(57,277)	(29,163)
Increase (decrease) in:		
Accounts payable and accrued expenses	84,185	(2,753)
Deferred revenue	(21,114)	23,198
Due to Jesuit Conference	(1,134)	(16,617)
<b>Net cash provided by operating activities</b>	<b>46,388</b>	<b>260,116</b>
Cash flows from investing activities:		
Purchase of property and equipment	(39,141)	(84,608)
Purchase of investments	(2,650,833)	(305,467)
Proceeds from sale of investments	225,375	320,462
<b>Net cash used in investing activities</b>	<b>(2,464,599)</b>	<b>(69,613)</b>
<b>Net (decrease) increase in cash</b>	<b>(2,418,211)</b>	<b>190,503</b>
Cash:		
Beginning	3,762,512	3,572,009
Ending	<b>\$ 1,344,301</b>	<b>\$ 3,762,512</b>
Supplemental schedule of noncash investing activity:		
Property and equipment acquisitions included in accounts payable	\$ -	\$ 15,716

See notes to financial statements.



## Jesuit Refugee Service/USA, Inc.

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies

**Nature of activities:** Jesuit Refugee Service/USA, Inc. (JRS) is a nonprofit corporation located in the District of Columbia and formed in September 1984. JRS was established to accompany, serve and defend the rights of refugees and forcibly displaced people.

A summary of JRS's significant programs are as follows:

**Department of Homeland Security:** JRS was awarded a contract from Department of Homeland Security in which JRS is an implementing partner to provide chaplaincy services in the United States detention centers. JRS is currently working to improve the standards of care for those detained in federally operated, contract and local detention centers, and to ensure that detained individuals of all faiths have access to religious services and freedom of religious expression. Revenue related to this program is included in the federal contract total on the statement of activities, and expenses are included in the Chaplaincy total on the statement of functional expenses.

**Department of State and U.S. Agency for International Development:** JRS received several cooperative agreements for the education, training and community development in five JRS International regions – Southern Africa, Eastern Africa, West Africa, South America and Asia Pacific. Revenue related to this program is included in the federal grants total on the statement of activities, and expenses are included in the JRS International total on the statement of functional expenses.

A summary of JRS's significant accounting policies follows:

**Basis of accounting:** The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby unconditional support is recognized when notification of the contribution is received, revenue is recognized when earned, and expenses are recognized when incurred.

**Adoption of recent accounting pronouncement:** In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. The ASU was adopted on a modified retrospective basis by JRS in 2019. The adoption of this ASU has no significant impact on JRS.

In June 2018, FASB issues ASU 2018-08, *Not-for-Profit Entities (Topic 958)*. This new standard will clarify the scope and the accounting guidance for contributions received. The amendments in this ASU should assist entities in 1) evaluating whether transaction should be accounted for as contributions (nonreciprocal transactions) within the scope, or as exchange (reciprocal) transactions subject to other guidance and 2) determining whether a contribution is conditional. The amendments in the ASU should be applied on a modified prospective basis, although retrospective application is permitted. The ASU has different effective dates for resource recipients and resource providers. Where JRS is a resource recipient, the ASU is applicable to contributions received for year ended December 31, 2019, and JRS has adopted this amendment on a modified prospective basis. The adoption did not have a material impact on JRS. Where JRS is a resource provider, the ASU is effective for fiscal year ending December 31, 2020. JRS is in the process of evaluating the impact of this new guidance for resource providers.

**Notes to Financial Statements**

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**Note 1. Nature of Activities and Significant Accounting Policies (Continued)**

**Basis of presentation:** The accompanying financial statement presentation follows the recommendations under the Not-for-Profit Topic of the FASB Accounting Standards Codification (ASC). Under the ASC, JRS is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Board of Directors may designate net assets without donor restrictions at its discretion. During 2019, the Board designated \$2,900,000 to serve as an operating reserve.

**Financial risk:** JRS maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. JRS has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk on cash.

JRS invests in a portfolio that contains mutual funds, which are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near-term could materially affect investment balances and the amounts reported in the financial statements.

**Accounts receivable:** Contracts and grants receivables are carried at original invoice amounts, less an estimate made for doubtful receivables based on a review of all outstanding amounts on an annual basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Management has determined that all receivables are collectible; thus, there was no provision for doubtful accounts at December 31, 2019.

**Promise to give receivables:** Contributions are recognized when the donor makes a promise to give to JRS that is, in substance, unconditional. Promises to give to be received in a future period are discounted to their net present value at the time the revenue is recorded using a rate of 2%. The provision for doubtful promises to give is based on management's evaluation of the status of existing promises to give and historical results. There was no provision at December 31, 2019.

**Investments:** All investments in equity securities with readily determinable fair values are reflected at fair market value. To adjust the carrying value of these investments, the change in fair market value is charged or credited to current operations.

**Property and equipment:** Property and equipment are stated at cost less accumulated depreciation. JRS follows the practice of capitalizing all expenditures for property and equipment in excess of \$5,000. Depreciation is provided on a straight-line basis over the estimated useful lives of three years. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the improvements.

**Valuation of long-lived assets:** Leasehold improvements are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

**Notes to Financial Statements**

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**Note 1. Nature of Activities and Significant Accounting Policies (Continued)**

**Support and revenue:** Unconditional contributions are recognized as support when received. JRS reports contributions as 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, restricted net assets are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions. Conditional contributions are recognized when the conditions on which they depend are substantially met.

JRS receives grants from federal agencies for various purposes. Federal grants are recognized as revenue as qualifying expenditures are incurred. Grant receivables are recorded to the extent unreimbursed expenditures have been incurred for the purposes specified by an approved grant. JRS defers grant payments received under approved awards from grantors to the extent the payments exceed grant expenditures incurred for the purposes specified under the grant.

JRS has a fixed price contract with a federal agency which is billed monthly in accordance with the contract. Revenue is recognized when billed, which coincides with when services are performed over time. The receivable for amounts not collected, which is included with accounts receivable on the balance sheet, is \$102,475 at December 31, 2019.

JRS receives funding from subsidies granted by participating provinces of the Society of Jesus. These funds are unconditional and are recognized as revenue in the year received.

**Contributed services:** A number of vendors have made contributions to JRS which are measured objectively at fair value for the services provided. The value of the contributed services for the year ended December 31, 2019, totaling \$51,115 is reflected in these statements since it is susceptible to objective measurement and valuation.

**Functional expenses:** The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited using salaries for each function as a percentage of total salaries as the allocation base. General and administrative expenses include those expenses that are not directly identifiable with any other specific function, but that provide for the overall support and direction of JRS and are unallocated on the statement of activities.

**Use of estimates:** The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Income taxes:** JRS is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, JRS qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Income from certain activities not directly related to JRS's exempt purpose, less applicable deductions, is subject to taxation as unrelated business income. For the year ended December 31, 2019, JRS had no net unrelated business income.

Management evaluated JRS's tax positions and concluded that JRS had taken no uncertain tax positions that require adjustment to the financial statements. Generally, JRS is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2015.

Notes to Financial Statements

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**Note 1. Nature of Activities and Significant Accounting Policies (Continued)**

**Prior year information:** The financial statements include certain prior year summarized comparative information in total but not by net asset class or function; specifically, the lack of 2018 footnote information, a breakout of donor restricted activities in the statement of activities for 2018 and a 2018 statement of functional expenses by program. Such information presented does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with JRS's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

**Recent accounting pronouncement:** In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. JRS is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

**Subsequent events:** JRS evaluated subsequent events through May 4, 2020, which is the date the financial statements were available to be issued. Management is continually monitoring the potential impact of COVID-19. Management will review and adjust planned activities should there be a significant impact on revenues of JRS. Management has determined no adjustment is needed at May 4, 2020.

**Note 2. Liquidity and Availability of Financial Assets**

JRS regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. JRS has various sources of liquidity at its disposal, including cash and equity securities. As of December 31, 2019, the following financial assets are available to meet annual operating needs of the 2020 fiscal year:

Cash	\$ 1,344,301
Accounts receivable	470,404
Promises to give, net	91,872
Investments	7,928,376
Total financial assets	9,834,953
Less donor purpose restrictions	(2,797,295)
Less board-designated operating reserve	(2,900,000)
Available to meet general expenditures within one year	\$ 4,137,658

JRS manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability
- Maintaining a sufficient level of asset liquidity
- Monitoring and maintaining reserves to provide reasonable assurance that long-term commitments and obligations related to donor restrictions will continue to be met

## Jesuit Refugee Service/USA, Inc.

### Notes to Financial Statements

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#### Note 2. Liquidity and Availability of Financial Assets (Continued)

JRS receives time restricted promises to give and purpose restricted contributions from time to time, which are not available for general expenditures. JRS's Board of Directors has also designated funds for an operating reserve in the event of unforeseen revenue shortfalls. These board designated funds are not immediately available to cover general expenditures unless approved by the Board upon management's request.

#### Note 3. Investments

Investments consist of the following at December 31, 2019:

Mutual funds	\$ 7,923,181
Common stocks	5,195
	<u>\$ 7,928,376</u>

Investment income, net for the year ended December 31, 2019, is as follows:

Unrealized and realized gains, net	\$ 871,716
Interest and dividends	145,640
	<u>\$ 1,017,356</u>

#### Note 4. Property and Equipment

Property, equipment and accumulated depreciation at December 31, 2019, and depreciation and amortization expense for the year ended December 31, 2019, are as follows:

	Cost	Accumulated Depreciation	Net	Depreciation and Amortization
Office equipment	\$ 25,496	\$ 25,496	\$ -	\$ -
Leasehold improvements	34,815	34,815	-	12,686
Office equipment	25,496	25,496	-	-
Software and website	100,325	36,229	64,096	36,229
Leasehold improvements new lease	23,425	-	23,425	-
	<u>\$ 209,557</u>	<u>\$ 122,036</u>	<u>\$ 87,521</u>	<u>\$ 48,915</u>

#### Note 5. Fair Value Measurements

The ASC Topic on Fair Value Measurement requires disclosures in periods subsequent to initial recognition, whether the measurements are made on a recurring basis or a non-recurring basis, establishes a framework for measuring fair value in accordance with U.S. GAAP and expands disclosure about fair market value measurement. This enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking quality and reliability of the information used to determine fair value.

The provision applies to all assets and liabilities that are being measured and reported on a fair value basis, and are disclosed in one of the following three categories:

**Level 1:** Quoted market prices in active markets for identical assets or liabilities

**Level 2:** Observable market-based inputs or unobservable inputs corroborated by market data

**Level 3:** Unobservable inputs that are not corroborated by market data

**Jesuit Refugee Service/USA, Inc.**

**Notes to Financial Statements**

**Note 5. Fair Value Measurements (Continued)**

In determining the appropriate levels, JRS performs a detailed analysis of the assets and liabilities that are subject to the fair value measurement. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 3 inputs for any assets held by JRS at December 31, 2019. There were no liabilities subject to fair value measurement at December 31, 2019.

The table below presents the balances of assets at December 31, 2019, measured at fair value on a recurring basis by level within the hierarchy:

	Total	Level 1	Level 2	Level 3
Mutual funds:				
Money market	\$ 2,673,419	\$ 2,673,419	\$ -	\$ -
Short-term bond (US)	1,282,971	1,282,971	-	-
Foreign large blend (Non US)	517,173	517,173	-	-
Large blend (US)	3,449,618	3,449,618	-	-
	7,923,181	7,923,181	-	-
Common stocks:				
Domestic large value	5,195	5,195	-	-
	<u>\$ 7,928,376</u>	<u>\$ 7,928,376</u>	<u>\$ -</u>	<u>\$ -</u>

JRS's mutual funds and common stocks are publicly traded on an active exchange and are considered Level 1 items.

**Note 6. Donor Restricted Net Assets**

Net assets are subject to donor-imposed restrictions that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Changes in donor restricted net assets during the year ended December 31, 2019, consist of the following:

	Balance December 31, 2018	Additions	Transferred	Released	Balance December 31, 2019
Time restricted:					
Global Education Initiative	\$ 146,844	\$ 1,567	\$ (40,000)	\$ -	\$ 108,411
Humanitarian Innovation Fund	25,062	-	-	(25,062)	-
Other promises to give	234,439	257,641	(151,750)	(82,689)	257,641
Purpose restricted:					
Fund for the future – Jesuit Missions	1,500,000	-	-	-	1,500,000
Global Education Initiative	1,251,221	829,063	40,000	(1,363,615)	756,669
JRS International	613,559	850,256	151,750	(1,079,177)	536,388
Domestic Fund	-	4,238	-	-	4,238
	<u>\$ 3,771,125</u>	<u>\$ 1,942,765</u>	<u>\$ -</u>	<u>\$ (2,550,543)</u>	<u>\$ 3,163,347</u>

## Jesuit Refugee Service/USA, Inc.

### Notes to Financial Statements

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#### Note 7. Related Party Commitment

JRS has an agreement (Memorandum of Understanding) with an affiliated entity, the Jesuit Conference (JC), whereby JC agrees to provide office space, technology services, and access to legal counsel to JRS through December 31, 2019. Rent and related expenses for the year ended December 31, 2019, were \$248,291.

#### Note 8. Future Minimum Lease

JRS entered into a 10 year noncancelable lease agreement in February 2020. The lease calls for escalating monthly rent payments. Lease expense is recognized on the straight-line method over the lease term.

Future minimum rental payments under this agreement are as follows:

Years ending December 31:

2020	\$ 95,700
2021	215,499
2022	223,041
2023	230,851
Thereafter	1,735,988
	<u>\$ 2,501,079</u>

#### Note 9. Retirement Plan

JRS has a 401(k) retirement plan (the Plan). Full-time employees who have completed at least two continuous years of service with JRS, and all part-time employees, 21 years or older, who have acquired at least 2,000 hours of service within a 24-month period, are eligible to receive employer profit sharing contributions. JRS makes a discretionary profit sharing contribution to the Plan each year. For the year ended December 31, 2019, JRS contributed amounts equal to 8% of employees' base salaries, which totaled \$63,372

#### Note 10. Contingency

JRS participates in federally-assisted grant programs, which are subject to financial and compliance audits by the federal agency or their representatives. As such, there exists a contingent liability for potential questioned costs that may result from such audits. Management does not anticipate any significant adjustments as a result of such audits.

#### Note 11. Conditional Promises to Give from Donors

JRS has conditional promises (mainly conditional grants) to give from grantors and donors of \$8,992,153 as of December 31, 2019. Future payments are contingent upon JRS carrying out certain activities (meeting donor imposed barriers) stipulated by the grant or contract.

Conditional promises to give from JRS grant donors consist of the following:

Cash grants from U.S. government	\$ 8,962,153
Cash grants from other donors	30,000
	<u>\$ 8,992,153</u>

**Note 12. Subsequent Events**

On March 10, 2020, the President declared that the 2020 coronavirus outbreak in the United States constitutes a national emergency. The occurrence of such an outbreak or other adverse public health development could materially disrupt our business and other businesses, including governmental offices, private foundations and financial institutions

The outbreak of a widespread health epidemic or pandemic, such as the 2020 coronavirus outbreak, may lead to volatility and disruption in global financial markets, which could adversely affect our investment portfolio and our incoming private contributions. The extent to which the coronavirus outbreak impacts JRS will depend on future developments, new information which may emerge concerning the severity of the coronavirus outbreak and actions taken to contain the coronavirus outbreak or its impact, among others.