

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

Financial Report  
December 31, 2022

## Contents

---

Independent auditor's report	1-2
<hr/>	
Financial statements	
Balance sheet	3
Statement of activities	4
Statement of functional expenses	5
Statement of cash flows	6
Notes to financial statements	7-15

---



RSM US LLP

## Independent Auditor's Report

Board of Directors  
Jesuit Refugee Service/USA, Inc.

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of Jesuit Refugee Service/USA, Inc. (JRS), which comprise the balance sheet as of December 31, 2022, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of JRS as of December 31, 2022, 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.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of JRS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Emphasis of Matter**

As disclosed in Note 1 to the financial statements, JRS adopted the Financial Accounting Standards Board Accounting Standards Update 2016-02, *Leases (Topic 842)*, and applied this standard using the modified retrospective method. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about JRS's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 JRS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about JRS's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

### **Report on Summarized Comparative Information**

We have previously audited JRS's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 11, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, 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 8, 2023, 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 8, 2023

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

**Balance Sheet**  
**December 31, 2022**  
**(With Comparative Totals for 2021)**

	2022	2021
<b>Assets</b>		
Cash	\$ 1,621,171	\$ 1,488,619
Investments	9,736,984	11,186,598
Grant and accounts receivable	279,128	105,932
Promises to give, net	273,332	285,170
Prepaid expenses	130,999	49,095
Property and equipment, net	152,879	179,287
Right-of-use operating lease assets, net	1,548,895	-
<b>Total assets</b>	<b>\$ 13,743,388</b>	<b>\$ 13,294,701</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 396,461	\$ 163,622
Deferred revenue	30,000	30,000
Deferred rent	-	302,299
Operating lease liabilities, net	1,845,295	-
<b>Total liabilities</b>	<b>2,271,756</b>	<b>495,921</b>
Contingency (Note 9)		
Net assets:		
Without donor restrictions:		
Undesignated	2,639,232	5,477,731
Board designated	4,475,000	4,475,000
	<b>7,114,232</b>	<b>9,952,731</b>
With donor restrictions	4,357,400	2,846,049
<b>Total net assets</b>	<b>11,471,632</b>	<b>12,798,780</b>
<b>Total liabilities and net assets</b>	<b>\$ 13,743,388</b>	<b>\$ 13,294,701</b>

See notes to financial statements.

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

**Statement of Activities  
Year Ended December 31, 2022  
(With Comparative Totals for 2021)**

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue:				
Federal grants	\$ 17,589,961	\$ -	\$ 17,589,961	\$ 17,365,261
Contributions	3,313,840	5,525,031	8,838,871	7,096,331
Federal contract—				
Department of Homeland Security	1,267,285	-	1,267,285	1,221,461
Contributed services	94,496	-	94,496	83,878
Investment (loss) income, net	(1,449,614)	-	(1,449,614)	1,211,739
Province subsidies	300,000	-	300,000	300,000
Other	1,648	-	1,648	1,282
Released from restrictions	4,013,680	(4,013,680)	-	-
<b>Total support and revenue</b>	<b>25,131,296</b>	<b>1,511,351</b>	<b>26,642,647</b>	<b>27,279,952</b>
Expenses:				
Program services:				
JRS International	24,015,838	-	24,015,838	22,275,726
Chaplaincy	987,083	-	987,083	945,496
U.S. Border Program	441,587	-	441,587	235,949
Policy and outreach	293,594	-	293,594	266,301
Communication	569,763	-	569,763	536,998
<b>Total program services</b>	<b>26,307,865</b>	<b>-</b>	<b>26,307,865</b>	<b>24,260,470</b>
Supporting services:				
Management and general	700,297	-	700,297	642,113
Fundraising	961,633	-	961,633	785,826
<b>Total supporting services</b>	<b>1,661,930</b>	<b>-</b>	<b>1,661,930</b>	<b>1,427,939</b>
<b>Total expenses</b>	<b>27,969,795</b>	<b>-</b>	<b>27,969,795</b>	<b>25,688,409</b>
<b>Change in net assets</b>	<b>(2,838,499)</b>	<b>1,511,351</b>	<b>(1,327,148)</b>	<b>1,591,543</b>
Net assets:				
Beginning	9,952,731	2,846,049	12,798,780	11,207,237
Ending	<b>\$ 7,114,232</b>	<b>\$ 4,357,400</b>	<b>\$ 11,471,632</b>	<b>\$ 12,798,780</b>

See notes to financial statements.

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

**Statement of Functional Expenses  
Year Ended December 31, 2022  
(With Comparative Totals for 2021)**

	2022											2021
	Program Services						Supporting Services				Total	
	JRS International	Chaplaincy	U.S. Border Program	Policy and Outreach	Communication	Total	Management and General	Fundraising	Total			
JRS International grants	\$ 22,742,037	\$ -	\$ -	\$ -	\$ -	\$ 22,742,037	\$ -	\$ -	\$ -	\$ 22,742,037	\$ 21,174,014	
Domestic grants	-	-	31,332	-	-	31,332	-	-	-	31,332	-	
Salaries	740,248	476,424	198,492	163,523	207,208	1,785,895	421,427	454,038	875,465	2,661,360	2,340,780	
Employee benefits	224,113	234,416	88,513	34,949	67,651	649,642	153,017	133,171	286,188	935,830	791,614	
Professional services	66,118	142,977	44,925	8,691	211,003	473,714	8,801	101,210	110,011	583,725	552,555	
Occupancy	79,258	-	-	18,568	23,460	121,286	44,920	50,932	95,852	217,138	219,912	
Travel and meetings	100,990	22,598	8,387	15,072	1,773	148,820	27,887	103,249	131,136	279,956	120,264	
Office expenses	50,365	31,288	33,366	49,992	55,123	220,134	14,509	101,985	116,494	336,628	291,261	
Contributed services and in-kind donations	-	26,246	35,000	-	-	61,246	22,447	10,803	33,250	94,496	83,878	
Religious materials	-	49,359	-	-	-	49,359	-	-	-	49,359	39,471	
Bank charges	3,593	2,312	967	795	1,005	8,672	2,045	-	2,045	10,717	10,004	
Depreciation	9,073	1,454	605	2,004	2,540	15,676	5,167	5,565	10,732	26,408	50,971	
Other expense	43	9	-	-	-	52	77	680	757	809	13,685	
<b>Total expenses</b>	<b>\$ 24,015,838</b>	<b>\$ 987,083</b>	<b>\$ 441,587</b>	<b>\$ 293,594</b>	<b>\$ 569,763</b>	<b>\$ 26,307,865</b>	<b>\$ 700,297</b>	<b>\$ 961,633</b>	<b>\$ 1,661,930</b>	<b>\$ 27,969,795</b>	<b>\$ 25,688,409</b>	

See notes to financial statements.

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

**Statement of Cash Flows**  
**Year Ended December 31, 2022**  
**(With Comparative Totals for 2021)**

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (1,327,148)	\$ 1,591,543
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Unrealized and realized losses (gains) on investments	1,631,365	(1,088,866)
Depreciation	26,408	50,971
Amortization of right-of-use operating lease asset	188,139	-
Deferred rent	-	4,413
Changes in assets and liabilities:		
(Increase) decrease in:		
Grant and accounts receivable	(173,196)	15,003
Promises to give	11,838	60,932
Prepaid expenses	(81,904)	21,129
Increase (decrease) in:		
Accounts payable and accrued expenses	232,839	(159,926)
Deferred revenue	-	(30,000)
Principal payments on operating lease liabilities	(194,038)	-
<b>Net cash provided by operating activities</b>	<b>314,303</b>	<b>465,199</b>
Cash flows from investing activities:		
Purchase of property and equipment	-	(24,365)
Purchase of investments	(8,649,700)	(3,964,667)
Proceeds from sale of investments	8,467,949	3,341,793
<b>Net cash used in investing activities</b>	<b>(181,751)</b>	<b>(647,239)</b>
<b>Net increase (decrease) in cash</b>	<b>132,552</b>	<b>(182,040)</b>
Cash:		
Beginning	1,488,619	1,670,659
Ending	\$ 1,621,171	\$ 1,488,619
Supplemental disclosure of cash flow information:		
Right-of-use operating assets recorded at ASC 842 adoption	\$ 1,733,263	\$ -

See notes to financial statements.



## Jesuit Refugee Service/USA, Inc.

### Notes to Financial Statements

---

#### 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:** JRS received several cooperative agreements for education, training and community development in seven JRS International regions: Southern Africa, Eastern Africa, West Africa, South America, South Asia, Asia Pacific and Middle East. 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.

**U.S. Border Program:** JRS sponsors a bi-national program at the border of the United States and Mexico in El Paso, TX, and Ciudad Juarez, MX, in collaboration with JRS Mexico. JRS staff provide Mental Health and Psychosocial Support (MHPSS) and legal advice to asylum-seekers in El Paso and Ciudad Juarez. The program also includes mobilizing a network of volunteers across the U.S. who provide a local welcome and help with the process of integrating asylum-seekers into new communities when they arrive in their destination cities in the U.S. The revenue for this program comes from contributions reported on statement of activities, and expenses are included in the U.S. Border Program total on the statement of functional expenses.

A summary of JRS's significant accounting policies follows:

**Adopted accounting pronouncements:** In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 (see Notes 1 and 7).

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 is applicable to not-for-profit entities that receive contributions of nonfinancial assets. JRS adopted this ASU on a retrospective basis during the year ended December 31, 2022, which resulted in additional disclosures (see Note 11).

**Basis of presentation:** The accompanying financial statement presentation follows the recommendations under the Not-for-Profit Topic of the Financial Accounting Standards Board (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 2022, JRS had a Board designated operating reserve of \$4,475,000.

**Notes to Financial Statements**

---

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

**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.

**Investments:** All investments in equity securities with readily determinable fair values are reflected at fair value. Unrealized gains and losses on investments are reported in the statement of activities as part of investment (loss) income. Investment advisor and trading fees related to the portfolio are presented within investment (loss) income.

**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, 2022.

**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, 2022.

**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:** Property and equipment is 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**

---

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

**Leases:** In February 2016, the FASB issued ASC Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the statement of activities. JRS adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, JRS has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with JRS's historical accounting treatment under ASC Topic 840, Leases.

JRS elected the "package of practical expedients" under the transition guidance within Topic 842, in which JRS does not reassess: (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. JRS has not elected to adopt the "hindsight" practical expedient and, therefore, will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

JRS determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when: (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) JRS obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. JRS also considers whether its service arrangements include the right to control the use of an asset.

JRS made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at January 1, 2022, for existing leases upon the adoption of Topic 842. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, JRS made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term of the remaining term for leases existing upon the adoption of Topic 842.

JRS has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The non-lease components typically represent additional services transferred to JRS, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to JRS's operating leases of approximately \$1,733,263 and \$2,035,563, respectively, at January 1, 2022. The adoption of the new lease standard did not materially impact changes in net assets or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

## Jesuit Refugee Service/USA, Inc.

### Notes to Financial Statements

---

#### 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.

During the year ended December 31, 2022, contributions totaling \$286,614 were received from members of the Board of Directors.

JRS receives grants from federal agencies for various purposes. Federal grants meet the criteria of conditional awards and 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 records conditional revenue to net assets without donor restrictions if at the time conditions have been satisfied no time and/or purpose restrictions remain to be satisfied.

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 \$104,831 at December 31, 2022. There were no deferred revenue amounts as of December 31, 2022.

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:** Contributions are measured objectively at fair value for the services provided.

**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. Management and general 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 in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## Jesuit Refugee Service/USA, Inc.

### Notes to Financial Statements

---

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

**Income taxes:** JRS is organized as a District of Columbia not-for-profit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under IRS Section 501(a) as an organization described in IRS Section 501(c)(3). JRS qualifies for the charitable contribution deduction under Internal Revenue Code Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under IRS Sections 509(a)(1) and (3). JRS has a group religious tax exemption status and is, therefore, not required to annually file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, JRS is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purpose. JRS did not incur any unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

**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 2021 footnote information, a breakout of donor restricted activities in the statement of activities for 2021 and a 2021 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, 2021, from which the summarized information was derived.

**Subsequent events:** JRS has evaluated subsequent events through May 8, 2023, the date on which the financial statements were available to be issued.

#### 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, 2022, the following financial assets are available to meet annual operating needs of the 2023 fiscal year:

Cash	\$ 1,621,171
Investments	9,736,984
Grant and accounts receivable	279,128
Promises to give, net	<u>273,332</u>
Total financial assets	11,910,615
Less donor purpose restrictions	(4,221,027)
Less board-designated operating reserve	<u>(4,475,000)</u>
Available to meet general expenditures within one year	<u>\$ 3,214,588</u>

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

---

#### 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, 2022:

Mutual funds	<u>\$ 9,736,984</u>
--------------	---------------------

Investment loss, net for the year ended December 31, 2022, is as follows:

Unrealized and realized losses, net	\$ (1,631,365)
Interest and dividends	<u>181,751</u>
	<u>\$ (1,449,614)</u>

#### Note 4. Property and Equipment

Property, equipment and accumulated depreciation at December 31, 2022, and depreciation and amortization expense for the year ended December 31, 2022, are as follows:

	Cost	Accumulated Depreciation	Net	Depreciation
Office equipment	\$ 25,496	\$ (25,496)	\$ -	\$ -
Leasehold improvements	192,000	(53,334)	138,666	18,286
Software and website	124,691	(110,478)	14,213	8,122
	<u>\$ 342,187</u>	<u>\$ (189,308)</u>	<u>\$ 152,879</u>	<u>\$ 26,408</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 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 prices in active markets for identical assets or liabilities.

**Level 2:** Observable 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, 2022. There were no liabilities subject to fair value measurement at December 31, 2022.

The table below presents the balances of assets at December 31, 2022, measured at fair value on a recurring basis by level within the hierarchy:

	Total	Level 1	Level 2	Level 3
Mutual funds:				
Money market	\$ 1,493,487	\$ 1,493,487	\$ -	\$ -
Domestic large blend	4,625,498	4,625,498	-	-
Foreign large blend	652,403	652,403	-	-
Short-term domestic bond	2,965,596	2,965,596	-	-
	<u>\$ 9,736,984</u>	<u>\$ 9,736,984</u>	<u>\$ -</u>	<u>\$ -</u>

JRS's mutual funds 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, 2022, consist of the following:

	Balance December 31, 2021	Additions	Transferred	Released	Balance December 31, 2022
Time restricted:					
Promises to give	\$ 285,170	\$ 248,332	\$ (121,100)	\$ (164,070)	\$ 248,332
Purpose restricted:					
Fund for the future—Jesuit Missions	1,500,000	-	-	-	1,500,000
Education and Livelihood Fund	160,877	351,999	-	(441,399)	71,477
Migrant/Refugee Relief Efforts (for specific international locations)	669,117	4,640,687	121,100	(2,969,114)	2,461,790
Psychosocial Fund	2,000	209,664	-	(189,000)	22,664
Reconciliation Fund	262	-	-	(262)	-
Emergency Fund	1,000	-	-	(1,000)	-
Border Fund	227,623	74,349	-	(248,835)	53,137
	<u>\$ 2,846,049</u>	<u>\$ 5,525,031</u>	<u>\$ -</u>	<u>\$ (4,013,680)</u>	<u>\$ 4,357,400</u>

## Jesuit Refugee Service/USA, Inc.

### Notes to Financial Statements

---

#### Note 7. Lease

JRS entered into a 10-year noncancelable lease agreement for office space, in February 2020, which is set to expire July 2030, and required monthly rent payments of approximately \$17,400. The lease calls for escalating monthly rent payments. A tenant improvement allowance totaling \$192,000 was allotted by the landlord. The lease provides deferred rent and lease incentive for the first 11 months of rent totaling \$95,700.

During 2022, JRS adopted ASU 2016-02, *Leases (Topic 842)*, resulting in a ROU asset and liability recorded in the balance sheet as of December 31, 2022, for its office space. The lease was determined to be an operating lease, and the lease cost is recognized on a straight-line basis over the lease term. JRS calculated the present value of the lease over the term of the respective lease agreement using the risk-free rate on the adoption date of ASC 842, based on the remaining lease term. The interest rate utilized as of December 31, 2022, was 1.63%. The remaining weighted average lease term as of December 31, 2022, is 7.6 years.

Future undiscounted cash flows for each of the next five years and thereafter, and a reconciliation to the lease liabilities recognized on the balance sheet, are as follows as of December 31, 2022.

Years ending December 31:	
2023	\$ 230,851
2024	238,929
2025	247,293
2026	255,945
2027	264,907
Thereafter	730,411
Total minimum payments required	1,968,336
Less amounts representing interest	(123,041)
Present value of the minimum lease payment	<u>\$ 1,845,295</u>
Operating lease cost (including amortization of right-of-use assets of \$188,139 in 2022 and interest on lease liabilities of \$31,520)	<u>\$ 1,548,895</u>

Rent expense was \$217,138 in 2022 and \$219,912 in 2021, respectively.

#### Note 8. Retirement Plan

JRS has a 401(k) retirement plan (the Plan). Full-time employees who have completed at least one continuous year of service with JRS, and all part-time employees, 21 years or older, who have acquired at least 1,000 hours of service within a 12-month period, are eligible to receive employer safe harbor contributions of 4%. JRS makes additional 4% discretionary profit-sharing contribution to the Plan each year for 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. For the year ended December 31, 2022, JRS contributed \$151,916 to the Plan.

#### Note 9. Contingency

**Federal grants:** 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.



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

**Notes to Financial Statements**

---

**Note 10. Conditional Promises to Give From Donors**

JRS has conditional promises to give from grantors totaling \$17,481,362 as of December 31, 2022. These represent grants from the U.S. government. Future revenue recognition is contingent upon JRS carrying out certain activities (meeting donor-imposed barriers) stipulated by the grant or contract. In addition to this, refundable grant advances that will be recognized when conditions are satisfied total \$30,000 at December 31, 2022.

**Note 11. Contributed Services**

JRS receives contributions of services from other organizations and individuals towards the fulfillment of program objectives and general operations. Services recognized are performed by individuals that have specialized knowledge, skills and expertise based on prior experience or tenure. All services provided are valued based on the fair value of the services received based on the local market where such services are provided. The pastoral services value is reduced by any stipends paid. During the year ended December 31, 2022, none of the services were monetized and there were no donor-imposed restrictions.

JRS recognized total contributed services revenue of \$94,496, with a corresponding expense recorded during the year ended December 31, 2022. The amount received can be broken down into the following categories:

Legal	\$	22,446
Pastoral		64,550
Survey		7,500
	\$	<u>94,496</u>