

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

Financial Report  
December 31, 2023

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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, 2023, 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, 2023, 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.

#### **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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, 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, 2024, 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, 2024

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

**Balance Sheet**

**December 31, 2023**

**(With Comparative Totals for 2022)**

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Cash	\$ 1,929,560	\$ 1,621,171
Investments	10,860,325	9,736,984
Grant and accounts receivable	351,728	279,128
Promises to give	656,906	273,332
Prepaid expenses	208,703	130,999
Property and equipment, net	126,471	152,879
Right-of-use operating lease asset, net	1,477,664	1,548,895
	<u>1,477,664</u>	<u>1,548,895</u>
<b>Total assets</b>	<b>\$ 15,611,357</b>	<b>\$ 13,743,388</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 395,894	\$ 396,461
Deferred revenue	30,000	30,000
Operating lease liabilities, net	1,642,748	1,845,295
	<u>1,642,748</u>	<u>1,845,295</u>
<b>Total liabilities</b>	<b>2,068,642</b>	<b>2,271,756</b>
Commitment and contingency (Note 9)		
Net assets:		
Without donor restrictions:		
Undesignated	3,272,636	2,639,232
Board designated	4,475,000	4,475,000
	<u>7,747,636</u>	<u>7,114,232</u>
With donor restrictions	5,795,079	4,357,400
<b>Total net assets</b>	<b>13,542,715</b>	<b>11,471,632</b>
	<u>13,542,715</u>	<u>11,471,632</u>
<b>Total liabilities and net assets</b>	<b>\$ 15,611,357</b>	<b>\$ 13,743,388</b>
	<u>\$ 15,611,357</u>	<u>\$ 13,743,388</u>

See notes to financial statements.

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

**Statement of Activities  
Year Ended December 31, 2023  
(With Comparative Totals for 2022)**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue:				
Federal grants	\$ 22,747,875	\$ -	\$ 22,747,875	\$ 17,589,961
Contributions	3,633,433	5,287,991	8,921,424	8,838,871
Federal contract—Department of Homeland Security	1,301,164	-	1,301,164	1,267,285
Contributions of nonfinancial assets	154,561	-	154,561	94,496
Investment income (loss), net	1,623,350	-	1,623,350	(1,449,614)
Province subsidies	300,000	-	300,000	300,000
Other	2,998	-	2,998	1,648
Net assets released from restrictions	3,850,312	(3,850,312)	-	-
<b>Total support and revenue</b>	<b>33,613,693</b>	<b>1,437,679</b>	<b>35,051,372</b>	<b>26,642,647</b>
Expenses:				
Program services:				
JRS International	28,172,812	-	28,172,812	24,015,838
Chaplaincy	1,084,214	-	1,084,214	987,083
U.S. Border Program	685,367	-	685,367	441,587
Policy and outreach	396,163	-	396,163	293,594
Communication	567,683	-	567,683	569,763
<b>Total program services</b>	<b>30,906,239</b>	<b>-</b>	<b>30,906,239</b>	<b>26,307,865</b>
Supporting services:				
Management and general	850,423	-	850,423	700,297
Fundraising	1,223,627	-	1,223,627	961,633
<b>Total supporting services</b>	<b>2,074,050</b>	<b>-</b>	<b>2,074,050</b>	<b>1,661,930</b>
<b>Total expenses</b>	<b>32,980,289</b>	<b>-</b>	<b>32,980,289</b>	<b>27,969,795</b>
<b>Change in net assets</b>	<b>633,404</b>	<b>1,437,679</b>	<b>2,071,083</b>	<b>(1,327,148)</b>
Net assets:				
Beginning	7,114,232	4,357,400	11,471,632	12,798,780
Ending	<b>\$ 7,747,636</b>	<b>\$ 5,795,079</b>	<b>\$ 13,542,715</b>	<b>\$ 11,471,632</b>

See notes to financial statements.

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

**Statement of Functional Expenses  
Year Ended December 31, 2023  
(With Comparative Totals for 2022)**

	2023											2022
	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	\$ 26,608,085	\$ -	\$ -	\$ -	\$ -	\$ 26,608,085	\$ -	\$ -	\$ -	\$ 26,608,085	\$ 22,742,037	
Domestic grants	-	-	29,433	-	-	29,433	-	-	-	29,433	31,332	
Salaries	975,181	520,959	322,472	229,206	277,887	2,325,705	490,022	531,852	1,021,874	3,347,579	2,661,360	
Employee benefits	280,255	264,571	127,022	46,257	75,632	793,737	163,272	153,686	316,958	1,110,695	935,830	
Professional services	103,073	156,344	74,522	18,560	129,986	482,485	56,192	209,434	265,626	748,111	583,725	
Occupancy	39,705	-	4,214	9,177	11,851	64,947	19,939	22,474	42,413	107,360	217,138	
Travel and meetings	93,181	35,447	15,646	30,227	20,648	195,149	55,371	86,581	141,952	337,101	279,956	
Office expenses	58,844	28,080	48,592	59,331	47,550	242,397	14,914	115,024	129,938	372,335	336,628	
Contributions of nonfinancial services and goods	-	28,084	61,023	-	-	89,107	43,432	22,022	65,454	154,561	94,496	
Religious materials	-	46,794	-	-	-	46,794	-	-	-	46,794	49,359	
Bank charges	5,001	2,671	1,660	1,175	1,425	11,932	2,515	52,380	54,895	66,827	10,717	
Depreciation and amortization	9,487	1,264	783	2,230	2,704	16,468	4,766	5,174	9,940	26,408	26,408	
Other expense	-	-	-	-	-	-	-	25,000	25,000	25,000	809	
<b>Total expenses</b>	<b>\$ 28,172,812</b>	<b>\$ 1,084,214</b>	<b>\$ 685,367</b>	<b>\$ 396,163</b>	<b>\$ 567,683</b>	<b>\$ 30,906,239</b>	<b>\$ 850,423</b>	<b>\$ 1,223,627</b>	<b>\$ 2,074,050</b>	<b>\$ 32,980,289</b>	<b>\$ 27,969,795</b>	

See notes to financial statements.

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

**Statement of Cash Flows**  
**Year Ended December 31, 2023**  
**(With Comparative Totals for 2022)**

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 2,071,083	\$ (1,327,148)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Unrealized and realized (gains) losses on investments	(1,319,421)	1,631,365
Depreciation	26,408	26,408
Amortization of right-of-use operating lease asset	71,231	188,139
Changes in assets and liabilities:		
(Increase) decrease in:		
Grant and accounts receivable	(72,600)	(173,196)
Promises to give	(383,574)	11,838
Prepaid expenses	(77,704)	(81,904)
Increase (decrease) in:		
Accounts payable and accrued expenses	(567)	232,839
Operating lease liabilities	(202,547)	(194,038)
<b>Net cash provided by operating activities</b>	<b>112,309</b>	<b>314,303</b>
Cash flows from investing activities:		
Purchase of investments	(1,503,920)	(8,649,700)
Proceeds from sale of investments	1,700,000	8,467,949
<b>Net cash provided by (used in) investing activities</b>	<b>196,080</b>	<b>(181,751)</b>
<b>Net increase in cash</b>	<b>308,389</b>	<b>132,552</b>
Cash:		
Beginning	1,621,171	1,488,619
Ending	<b>\$ 1,929,560</b>	<b>\$ 1,621,171</b>
Supplemental disclosures of cash flow information:		
Right-of-use operating lease asset recorded at ASC 842 adoption	\$ -	\$ 1,733,263
Cash payments for operating lease obligation	<b>\$ 230,851</b>	<b>\$ 223,041</b>

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:

**JRS International:** JRS received several cooperative agreements from the Department of State for education, training and community development in seven JRS International regions: Southern Africa, Eastern Africa, West Africa, Latin America and the Caribbean, South Asia, Asia Pacific, and Middle East and North Africa. International program funding includes both unrestricted and restricted contributions. Revenue related to this program is included in the federal grants total on the statement of activities as well as in unrestricted and restricted private contributions, and expenses are included in the JRS International total on the statement of functional expenses.

**Chaplaincy:** 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.

**U.S. Border Program:** JRS sponsors a bi-national program at the border of the United States and Mexico in El Paso, Texas, and Ciudad Juarez, Mexico, 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 the 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 June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The adoption resulted in additional disclosures.

**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 2023, JRS had a board designated operating reserve of \$4,475,000.

**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:** JRS offsets gross contract and grant receivables with an allowance for credit losses. The allowance for credit losses is JRS's best estimate of the amount of probable credit losses in JRS's existing accounts receivable and is based upon historical loss patterns, the number of days that billings are past due, and an evaluation of the potential risk of loss associated with specific accounts. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Provisions for allowances for credit losses are recorded in general and administrative expense. No interest is charged on past due receivables. There was no allowance for credit losses at December 31, 2023.

Estimating credit losses based on risk characteristics requires significant judgment by JRS. Significant judgments include but are not limited to assessing current economic conditions and the extent to which they would be relevant to the existing characteristics of JRS's financial assets, the estimated life of financial assets and the level of reliance on historical experience in light of economic conditions. JRS reviews and updates, when necessary, its historical risk characteristics that are meaningful to estimating credit losses, any new risk characteristics that arise in the natural course of business and the estimated life of its financial assets.

**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. There were no long-term promises to give as of December 31, 2023 that required a discount. 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, 2023.

**Property and equipment:** Property and equipment is 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.

**Notes to Financial Statements**

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

**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.

**Leases:** 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) the customer 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 recognizes most leases on its balance sheet 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. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the statement of activities.

JRS made an accounting policy election available 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 the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of ASC Topic 842, Leases). 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 received. To determine the present value of lease payments, JRS made an accounting policy election available to nonpublic companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

JRS has made an accounting policy election to account for lease and nonlease components in its contracts as a single lease component for its real estate and equipment asset classes. The nonlease 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.

**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.

During the year ended December 31, 2023, contributions totaling \$212,653 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(containing both a barrier and a right of return) and are typically recognized as revenue as qualifying expenditures are incurred assuming no other barriers are still in place. 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 \$211,291 at December 31, 2023. There were no deferred revenue amounts as of December 31, 2023.

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.

**Contributions of nonfinancial assets:** JRS receives contributions of goods and services from businesses and other organizations toward the fulfillment of program objectives and general operations. Those services and products, which are objectively measurable, have been included in both revenue and the related functional expense categories, and are recorded as contributions at the fair value at the date of donation. The goods and services are not monetized and used in the normal course of business as 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.

Notes to Financial Statements

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**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 2022 footnote information, a breakout of donor restricted activities in the statement of activities for 2022 and a 2022 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, 2022, from which the summarized information was derived.

**Subsequent events:** JRS has evaluated subsequent events through May 8, 2024, 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, 2023, the following financial assets are available to meet annual operating needs of the 2024 fiscal year:

Cash	\$ 1,929,560
Investments	10,860,325
Grant and accounts receivable	351,728
Promises to give, net	656,906
Total financial assets	<u>13,798,519</u>
Less donor purpose restrictions	(5,512,437)
Less board-designated operating reserve	(4,475,000)
Available to meet general expenditures within one year	<u><u>\$ 3,811,082</u></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

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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, 2023:

Mutual funds	<u>\$ 10,860,325</u>
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Investment income, net for the year ended December 31, 2023, is as follows:

Unrealized and realized gains, net	\$ 1,319,421
Interest and dividends	<u>303,929</u>
	<u>\$ 1,623,350</u>

#### Note 4. Property and Equipment

Property, equipment and accumulated depreciation at December 31, 2023, and depreciation and amortization expense for the year ended December 31, 2023, are as follows:

	Cost	Accumulated Depreciation	Net	Depreciation
Office equipment	\$ 25,496	\$ (25,496)	\$ -	\$ -
Leasehold improvements	192,000	(71,620)	120,380	18,284
Software and website	124,691	(118,600)	6,091	8,124
	<u>\$ 342,187</u>	<u>\$ (215,716)</u>	<u>\$ 126,471</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 nonrecurring 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, 2023. There were no liabilities subject to fair value measurement at December 31, 2023.

The table below presents the balances of assets at December 31, 2023, measured at fair value on a recurring basis by level within the hierarchy:

	Total	Level 1	Level 2	Level 3
Mutual funds:				
Money market	\$ 1,075,469	\$ 1,075,469	\$ -	\$ -
Domestic large blend	5,693,847	5,693,847	-	-
Foreign large blend	1,269,892	1,269,892	-	-
Short-term domestic bond	2,821,117	2,821,117	-	-
	<u>\$ 10,860,325</u>	<u>\$ 10,860,325</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, 2023, consist of the following:

	Balance December 31, 2022	Additions	Transferred	Released	Balance December 31, 2023
Time restricted:					
Promises to give	\$ 248,332	\$ 656,906	\$ (111,959)	\$ (136,373)	\$ 656,906
Purpose restricted:					
Fund for the future—Jesuit Missions	1,500,000	-	-	-	1,500,000
Education and Livelihood Fund	71,477	848,085	50,000	(788,223)	181,339
Migrant/Refugee Relief Efforts (for specific international locations)	2,461,790	2,446,678	46,959	(2,745,672)	2,209,755
Psychosocial Fund	22,664	961,522	-	(23,626)	960,560
Emergency Fund	-	1,920	-	-	1,920
Advocay Fund	-	198,000	-	(1,723)	196,277
Border Fund	53,137	174,880	15,000	(154,695)	88,322
	<u>\$ 4,357,400</u>	<u>\$ 5,287,991</u>	<u>\$ -</u>	<u>\$ (3,850,312)</u>	<u>\$ 5,795,079</u>

## Jesuit Refugee Service/USA, Inc.

### Notes to Financial Statements

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#### Note 7. Lease

JRS entered into a 10-year noncancellable 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 free rent and lease incentive for the first 11 months of rent totaling \$95,700.

Operating lease cost is recognized on a straight-line basis over the lease term. JRS calculated the present value of each lease over the term of the respective lease, using the risk-free rate on the adoption date of ASC 842 based on the remaining lease term. Total rent expense including all amortization and other fees was \$107,360 in 2023.

The weighted-average discount rate was 1.63%. The remaining weighted-average lease term as of December 31, 2023, is 6.6 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, 2023.

Years ending December 31:

2024	\$ 238,929
2025	247,293
2026	255,945
2027	264,907
2028	274,170
Thereafter	455,965
Total minimum payments required	<u>1,737,209</u>
Less amounts representing interest	(94,461)
Present value of the minimum lease payment	<u>\$ 1,642,748</u>

Right-of-use operating lease assets (including amortization of right-of-use assets of \$71,231 in 2023)	<u>\$ 1,477,664</u>
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#### 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, 2023, JRS contributed \$207,951 to the Plan.

#### Note 9. Commitment and Contingency

**Employment contract:** Subsequent to year end, JRS entered into an employment agreement with its President, which expires in May 2027. In the event of termination, JRS may be required to pay severance totaling a maximum of six months of the annual salary.

**Federal awards:** 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**

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

JRS has conditional promises to give from grantors totaling \$17,433,954 as of December 31, 2023. 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, 2023.

**Note 11. Contributions of Nonfinancial Assets**

JRS receives contributions of goods and 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, 2023, none of the services were monetized and there were no donor-imposed restrictions. Goods include clothing, backpacks, and toiletry items and are valued based on the amount it would have cost JRS to obtain the goods had they not been donated.

JRS recognized total contributions of nonfinancial assets revenue of \$154,561, with a corresponding expense recorded during the year ended December 31, 2023. The amount received can be broken down into the following categories:

Legal	\$	43,432
Pastoral		90,356
Goods		20,773
	\$	<u>154,561</u>