

FINANCIAL STATEMENTS



**FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021**

UNITED STATES ASSOCIATION FOR UNHCR

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United States Association for UNHCR
Washington, D.C.

Opinion

We have audited the accompanying financial statements of the United States Association for UNHCR (USA for UNHCR), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USA for UNHCR as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 USA for UNHCR and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 USA for UNHCR's ability to continue as a going concern within one year after the date that the financial statements are 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 generally accepted auditing standards will always detect a material misstatement when it exists.

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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, including omissions, 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 generally accepted 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 USA for UNHCR'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 USA for UNHCR'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.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

May 18, 2023

UNITED STATES ASSOCIATION FOR UNHCR

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 31,419,860	\$ 23,995,651
Grants and contributions receivable, net	3,722,325	5,300,957
Inventory of donated goods	31,056,526	46,332,192
Prepaid expenses	591,853	663,545
Furniture and equipment, net	472,888	771,964
Right-of-use assets, net	4,051,699	4,603,114
Deposits	152,196	152,196
Gift annuity receivable	<u>30,572</u>	<u>91,685</u>
TOTAL ASSETS	<u>\$ 71,497,919</u>	<u>\$ 81,911,304</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued liabilities	\$ 3,807,831	\$ 3,675,972
Deferred revenue	75,000	100,000
Deferred revenue - Gift-in-kind	31,056,526	46,332,192
Due to UNHCR	12,198,221	14,602,491
Operating lease liabilities	<u>4,704,969</u>	<u>5,266,822</u>
Total liabilities	<u>51,842,547</u>	<u>69,977,477</u>

NET ASSETS

Without donor restrictions	17,648,291	8,062,044
With donor restrictions	<u>2,007,081</u>	<u>3,871,783</u>
Total net assets	<u>19,655,372</u>	<u>11,933,827</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 71,497,919</u>	<u>\$ 81,911,304</u>

UNITED STATES ASSOCIATION FOR UNHCR
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>			<u>With Donor Restrictions</u>	<u>Total</u>
	<u>Operations</u>	<u>Special Project (Gift-In-Kind)</u>	<u>Total Without Donor Restrictions</u>		
REVENUE					
Contributions and grants	\$ 67,705,053	\$ -	\$ 67,705,053	\$ 102,572,325	\$ 170,277,378
Contributions from UNHCR	9,177,400	-	9,177,400	-	9,177,400
In-kind contributions	2,572,167	51,992,770	54,564,937	-	54,564,937
Interest and investment income, net	3,695	-	3,695	-	3,695
Net assets released from donor restrictions - satisfaction of donor restrictions	<u>104,437,027</u>	<u>-</u>	<u>104,437,027</u>	<u>(104,437,027)</u>	<u>-</u>
Total revenue	<u>183,895,342</u>	<u>51,992,770</u>	<u>235,888,112</u>	<u>(1,864,702)</u>	<u>234,023,410</u>
EXPENSES					
Program Services:					
Refugee Programs and Awareness Activities	<u>138,564,822</u>	<u>58,107,201</u>	<u>196,672,023</u>	<u>-</u>	<u>196,672,023</u>
Supporting Services:					
Management and General	6,025,674	-	6,025,674	-	6,025,674
Fundraising	<u>23,604,168</u>	<u>-</u>	<u>23,604,168</u>	<u>-</u>	<u>23,604,168</u>
Total supporting services	<u>29,629,842</u>	<u>-</u>	<u>29,629,842</u>	<u>-</u>	<u>29,629,842</u>
Total expenses	<u>168,194,664</u>	<u>58,107,201</u>	<u>226,301,865</u>	<u>-</u>	<u>226,301,865</u>
Changes in net assets before other item	15,700,678	(6,114,431)	9,586,247	(1,864,702)	7,721,545
OTHER ITEM					
Transfer	<u>(6,114,431)</u>	<u>6,114,431</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets	9,586,247	-	9,586,247	(1,864,702)	7,721,545
Net assets at beginning of year	<u>8,062,044</u>	<u>-</u>	<u>8,062,044</u>	<u>3,871,783</u>	<u>11,933,827</u>
NET ASSETS AT END OF YEAR	<u>\$ 17,648,291</u>	<u>\$ -</u>	<u>\$ 17,648,291</u>	<u>\$ 2,007,081</u>	<u>\$ 19,655,372</u>

UNITED STATES ASSOCIATION FOR UNHCR
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>			<u>With Donor Restrictions</u>	<u>Total</u>
	<u>Operations</u>	<u>Special Project (Gift-In-Kind)</u>	<u>Total Without Donor Restrictions</u>		
REVENUE					
Contributions and grants	\$ 35,801,465	\$ -	\$ 35,801,465	\$ 17,085,917	\$ 52,887,382
Contributions from UNHCR	10,040,957	-	10,040,957	-	10,040,957
In-kind contributions	1,785,644	68,554,285	70,339,929	-	70,339,929
Interest and investment income, net	7,386	-	7,386	-	7,386
Net assets released from donor restrictions - satisfaction of donor restrictions	<u>15,297,737</u>	<u>-</u>	<u>15,297,737</u>	<u>(15,297,737)</u>	<u>-</u>
Total revenue	<u>62,933,189</u>	<u>68,554,285</u>	<u>131,487,474</u>	<u>1,788,180</u>	<u>133,275,654</u>
EXPENSES					
Program Services:					
Refugee Programs and Awareness Activities	<u>36,852,764</u>	<u>78,210,577</u>	<u>115,063,341</u>	<u>-</u>	<u>115,063,341</u>
Supporting Services:					
Management and General	3,477,316	-	3,477,316	-	3,477,316
Fundraising	<u>20,786,733</u>	<u>-</u>	<u>20,786,733</u>	<u>-</u>	<u>20,786,733</u>
Total supporting services	<u>24,264,049</u>	<u>-</u>	<u>24,264,049</u>	<u>-</u>	<u>24,264,049</u>
Total expenses	<u>61,116,813</u>	<u>78,210,577</u>	<u>139,327,390</u>	<u>-</u>	<u>139,327,390</u>
Changes in net assets before other items	1,816,376	(9,656,292)	(7,839,916)	-	(6,051,736)
OTHER ITEMS					
Forgiveness of debt	1,082,100	-	1,082,100	-	1,082,100
Transfer	<u>(9,656,292)</u>	<u>9,656,292</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets	(6,757,816)	-	(6,757,816)	1,788,180	(4,969,636)
Net assets at beginning of year	<u>14,819,860</u>	<u>-</u>	<u>14,819,860</u>	<u>2,083,603</u>	<u>16,903,463</u>
NET ASSETS AT END OF YEAR	<u>\$ 8,062,044</u>	<u>\$ -</u>	<u>\$ 8,062,044</u>	<u>\$ 3,871,783</u>	<u>\$ 11,933,827</u>

UNITED STATES ASSOCIATION FOR UNHCR

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Supporting Services			Total Expenses
	Refugee Programs and Awareness Activities	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 2,180,991	\$ 2,095,226	\$ 3,441,436	\$ 5,536,662	\$ 7,717,653
Payroll taxes and related benefits	513,249	509,085	883,922	1,393,007	1,906,256
Depreciation	74,781	64,092	160,203	224,295	299,076
Computers and equipment	33,134	230,630	938,030	1,168,660	1,201,794
Insurance	12,311	11,697	26,374	38,071	50,382
Dues and subscriptions	9,202	56,455	9,852	66,307	75,509
Postage and delivery	480	8,623	9,296	17,919	18,399
Printing, productions and publications	20,144	29,308	3,694,486	3,723,794	3,743,938
List rental and processing fees	-	-	536,953	536,953	536,953
Professional fees and consulting	803,481	1,753,538	4,393,969	6,147,507	6,950,988
Licenses and permits	10,058	90,176	368,082	458,258	468,316
Supplies and office expenses	1,511	34,728	80,203	114,931	116,442
Rent and utilities	208,725	158,475	429,598	588,073	796,798
Telephone and communications	802	52,479	24	52,503	53,305
Travel, meetings and special events	136,815	388,117	232,581	620,698	757,513
Bank and merchant service charges	-	11,155	1,510,186	1,521,341	1,521,341
Online, telemarketing and face-to-face	230,286	-	6,888,973	6,888,973	7,119,259
Bad debt expense	-	531,890	-	531,890	531,890
Write off of gift in kind inventory	129,489	-	-	-	129,489
Special project services	5,703,637	-	-	-	5,703,637
Grants to other organizations:					
Cash transfers	376,865	-	-	-	376,865
Donated goods	3,598,969	-	-	-	3,598,969
Grants to UNHCR:					
Cash transfers	131,790,614	-	-	-	131,790,614
Donated goods	50,836,479	-	-	-	50,836,479
TOTAL	\$ 196,672,023	\$ 6,025,674	\$ 23,604,168	\$ 29,629,842	\$ 226,301,865

See accompanying notes to financial statements

UNITED STATES ASSOCIATION FOR UNHCR

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Supporting Services			Total Expenses
	Refugee Programs and Awareness Activities	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 2,567,647	\$ 1,266,936	\$ 3,196,620	\$ 4,463,556	\$ 7,031,203
Payroll taxes and related benefits	572,386	311,095	799,584	1,110,679	1,683,065
Depreciation	15,795	13,495	157,737	171,232	187,027
Computers and equipment	18,786	146,700	1,182,374	1,329,074	1,347,860
Insurance	10,893	10,980	19,305	30,285	41,178
Dues and subscriptions	57,464	87,115	35,694	122,809	180,273
Postage and delivery	290	3,157	25,127	28,284	28,574
Printing, productions and publications	15,348	34,665	3,624,539	3,659,204	3,674,552
List rental and processing fees	-	-	589,675	589,675	589,675
Professional fees and consulting	569,914	1,055,529	3,557,934	4,613,463	5,183,377
Licenses and permits	22,132	76,035	492,807	568,842	590,974
Supplies and office expenses	5,751	66,557	32,846	99,403	105,154
Rent and utilities	481,772	104,294	227,407	331,701	813,473
Telephone and communications	753	53,666	16	53,682	54,435
Travel, meetings and special events	192,786	238,170	67,416	305,586	498,372
Bank and merchant service charges	-	8,694	760,846	769,540	769,540
Online, telemarketing and face-to-face	99,798	228	6,016,806	6,017,034	6,116,832
Special project services	6,136,293	-	-	-	6,136,293
Grants to other organizations:					
Cash transfers	555,000	-	-	-	555,000
Donated goods	11,207,950	-	-	-	11,207,950
Grants to UNHCR:					
Cash transfers	29,910,605	-	-	-	29,910,605
Donated goods	62,621,978	-	-	-	62,621,978
TOTAL	\$ 115,063,341	\$ 3,477,316	\$ 20,786,733	\$ 24,264,049	\$ 139,327,390

See accompanying notes to financial statements

UNITED STATES ASSOCIATION FOR UNHCR
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 7,721,545	\$ (4,969,636)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Realized losses	10,227	8,322
Depreciation	299,076	187,027
Forgiveness of debt	-	(1,082,100)
Amortization of right-of use assets	551,415	524,648
Change in allowance for doubtful accounts	(531,890)	-
Deferred revenue - Gift-in-kind	(15,275,666)	46,332,192
Receipt of donated securities	976,266	1,260,916
Proceeds from donated securities	(976,266)	(1,260,916)
Inventory of donated goods	15,275,666	(42,807,192)
Decrease (increase) in:		
Grants and contributions receivable	2,110,522	(1,193,479)
Prepaid expenses	71,692	592,453
Gift annuity receivable	61,113	(28,657)
Increase (decrease) in:		
Accounts payable and accrued liabilities	131,859	1,840,577
Deferred revenue	(25,000)	-
Due to UNHCR	(2,404,270)	10,025,643
Operating lease liabilities	(561,853)	(515,188)
Net cash provided by operating activities	<u>7,434,436</u>	<u>8,914,610</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of computers and equipment	-	(896,000)
Net proceeds from sale of investments	(10,227)	(8,322)
Net cash used by investing activities	<u>(10,227)</u>	<u>(904,322)</u>
Net increase in cash and cash equivalents	7,424,209	8,010,288
Cash and cash equivalents at beginning of year	<u>23,995,651</u>	<u>15,985,363</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 31,419,860</u>	<u>\$ 23,995,651</u>

UNITED STATES ASSOCIATION FOR UNHCR

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

United States Association for UNHCR (USA for UNHCR) helps and protects refugees and people displaced by violence, conflict and persecution. Working with UNHCR - the UN Refugee Agency - and its partners, USA for UNHCR provides life-saving essentials including shelter, water, food, safety and protection. Around the world, USA for UNHCR helps refugees survive, recover and build a better future. USA for UNHCR gives refugees the hope and dignity they deserve and helps them rebuild their lives. Established by concerned American citizens, USA for UNHCR is a 501(c)(3) non-profit organization, headquartered in Washington, D.C., with an office in New York, New York.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets without donor restrictions are available for the general operations of USA for UNHCR and are not subject to donor restrictions.
- **Net Assets With Donor Restrictions** - Net assets with donor restrictions include contributions and grants restricted by donors and are reported as increases in net assets with donor restrictions during the reporting period in which USA for UNHCR was notified of such contributions or grants by the donors. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the accompanying Statements of Activities and Changes in Net Assets.

New accounting pronouncement adopted -

USA for UNHCR adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves generally accepted accounting principles in the United States (U.S. GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU was adopted retrospectively and did not change the recognition and measurement requirements for those contributed nonfinancial assets.

Cash and cash equivalents -

USA for UNHCR considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, USA for UNHCR maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

UNITED STATES ASSOCIATION FOR UNHCR

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income, which is presented net of investment expenses paid to external investment advisors, in the accompanying Statements of Activities and Changes in Net Assets. As of December 31, 2022 and 2021, all of USA for UNHCR's investments are classified as Level 1 and are invested in a money market.

Investments acquired by gift are recorded at their fair value at the date of the gift. USA for UNHCR's policy is to liquidate all gifts of investments as soon as possible after the gift.

Grants and contributions receivable -

Grants and contributions receivable are stated at their net realizable value. Management considers all amounts to be fully collectable.

Receivables that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The reformat on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor.

Furniture and equipment -

Furniture and equipment in excess of \$5,000, purchased with funds without donor restrictions, are stated at cost and are depreciated on the straight-line basis over their related estimated useful lives, generally three to seven years. Furniture and equipment purchased with donor restricted funds are expensed and charged to the corresponding program. The cost of maintenance and repairs is recorded as expenses are incurred.

Inventory -

Inventory consists of donated goods and is measured primarily using UNHCR's methodology for fair value. At December 31, 2022 and 2021, USA for UNHCR had inventory of donated goods in the amount of \$31,056,526 and \$46,332,192, respectively. This inventory was received by the donor but not yet disbursed to UNHCR.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to Statements of Activities and Changes in Net Assets, to its current fair value.

Income taxes -

USA for UNHCR is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. USA for UNHCR is subject to unrelated business income taxes under Section 512 of the Internal Revenue Code. USA for UNHCR is not a private foundation.

UNITED STATES ASSOCIATION FOR UNHCR

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Uncertain tax positions -

For the years ended December 31, 2022 and 2021, USA for UNHCR has documented its consideration of FASB ASC 740-10 (*Income Taxes*) and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Due to UNHCR -

USA for UNHCR receives gifts with donor-imposed restrictions for various programs that UNHCR is implementing around the world. Funds are collected by USA for UNHCR and then granted to UNHCR for the specific purpose as stated by the donor or USA for UNHCR if not restricted by the donor.

The balance in Due to UNHCR are the funds received but not yet transferred to UNHCR. The balances at December 31, 2022 and 2021 totaled \$12,198,221 and \$14,602,491, respectively.

In-kind contributions -

During 2022 and 2021, USA for UNHCR received in-kind contributions totaling \$54,564,937 and \$70,339,929, respectively. In-kind contributions for 2022 and 2021 consisted of donated clothing, transportation services, shipping costs, and professional services. The fair value of the in-kind contributions has been recorded as in-kind revenue and expense in the accompanying Statements of Activities and Changes in Net Assets.

Contributions and grants -

USA for UNHCR receives contributions, including unconditional promises to give, from many sources as well as grants from organizations and other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received. USA for UNHCR performs an analysis of the individual contribution and grant to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For contributions and grants qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions and grants qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Contributions and grants qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Most grants and awards from other entities are for direct and indirect program costs. These transactions are nonreciprocal and recognized as contributions when the revenue becomes unconditional. Funds received in advance of the incurrence of qualifying expenditures are recorded as deferred revenue. For contributions and grants treated as contributions, USA for UNHCR did have contributions that are considered conditional at December 31, 2022 and 2021 that totaled \$75,000 and \$100,000, respectively.

UNITED STATES ASSOCIATION FOR UNHCR

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Allocation of functional expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of USA for UNHCR are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort.

Use of estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Fair value measurement -

USA for UNHCR adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. USA for UNHCR accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

New accounting pronouncement not yet adopted -

Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for USA for UNHCR for the year ending December 31, 2023. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

USA for UNHCR plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

2. GRANTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2022 and 2021, contributors to USA for UNHCR have made written promises to give totaling \$3,722,325 and \$5,300,957, respectively. Amounts due beyond one year of the Statements of Financial Position date have been recorded at the present value of the estimated cash flows, using a discount rate of 1.26%.

UNITED STATES ASSOCIATION FOR UNHCR

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

2. GRANTS AND CONTRIBUTIONS RECEIVABLE (Continued)

Contributions are due as follows at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Less than one year	\$ 3,801,547	\$ 4,301,689
One to five years	<u>480,000</u>	<u>1,026,600</u>
Total	4,281,547	5,328,289
Less: Allowance to discount balance to present value	(27,332)	(27,332)
Less: Reserve for uncollectable grants	<u>(531,890)</u>	<u>-</u>
GRANTS AND CONTRIBUTIONS RECEIVABLE, NET	<u>\$ 3,722,325</u>	<u>\$ 5,300,957</u>

3. FURNITURE AND EQUIPMENT

Furniture and equipment consisted of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Computer software and hardware	\$ 969,041	\$ 969,041
Equipment	<u>252,232</u>	<u>252,232</u>
Total furniture and equipment	1,221,273	1,221,273
Less: Accumulated depreciation and amortization	<u>(748,385)</u>	<u>(449,309)</u>
FURNITURE AND EQUIPMENT, NET	<u>\$ 472,888</u>	<u>\$ 771,964</u>

4. LOAN PAYABLE

On May 4, 2020, USA for UNHCR received loan proceeds in the amount of \$1,082,100 under the Paycheck Protection Program. The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note with a deferral of payments for the first six months. USA for UNHCR used the proceeds for purposes consistent with the Paycheck Protection Program and believed that the use of the loan proceeds met the conditions for forgiveness of the loan. USA for UNHCR applied for and received full forgiveness during fiscal year 2021 from the Small Business Administration.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Program Services:		
Grant Commitments to UNHCR	\$ 776,508	\$ 2,580,097
Time Restricted - General Support	<u>1,230,573</u>	<u>1,291,686</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 2,007,081</u>	<u>\$ 3,871,783</u>

UNITED STATES ASSOCIATION FOR UNHCR

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

6. NET ASSETS RELEASED FROM RESTRICTIONS

The following net assets with donor restrictions were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors:

	<u>2022</u>	<u>2021</u>
Grants to UNHCR	\$ <u>104,437,027</u>	\$ <u>15,297,737</u>

7. AVAILABILITY OF FINANCIAL ASSETS (LIQUIDITY)

The following reflects USA for UNHCR's financial assets as of the date of the Statements of Financial Position, reduced by amounts not available for general use within one year from the date of the Statements of Financial Position because of contractual or donor imposed restrictions or internal designations. Amounts not available will generally include amounts received with donor restrictions, grants receivable not expected to be collected within one year from the date of the Statements of Financial Position and amounts designated for reserves by the Board of Directors.

An analysis of USA for UNHCR's financial assets available to meet cash needs for general expenditures within one year as of December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 31,419,860	\$ 23,995,651
Grants and contributions receivable	<u>3,722,325</u>	<u>5,300,957</u>
Total financial assets	35,142,185	29,296,608
Less: Funds subject to donor-imposed purpose restrictions	<u>(2,007,081)</u>	<u>(3,871,783)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ <u>33,135,104</u>	\$ <u>25,424,825</u>

USA for UNHCR has a policy to structure its financial assets to be available and liquid as its obligations become due.

8. LEASE COMMITMENTS

In 2018, USA for UNHCR entered into a new ten year lease agreement for office space in New York. In accordance with the lease agreement, USA for UNHCR will not be required to make rent payments for the first three months of the lease. USA for UNHCR also entered into an eleven year lease agreement for office space in Washington, D.C. USA for UNHCR will not be required to make rent payments for the first twelve months of the lease.

During 2018, USA for UNHCR elected to early implement *Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02* related to leases. ASU 2016-02 requires the recognition of a right-of-use asset and corresponding lease liability, initially measured at the present value of the lease payments. The guidance in the ASU is effective for not-for-profit entities for fiscal years beginning after December 15, 2021 and early adoption is permitted.

USA for UNHCR elected to early implement the ASU. USA for UNHCR has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes.

UNITED STATES ASSOCIATION FOR UNHCR

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

8. LEASE COMMITMENTS (Continued)

USA for UNHCR adopted the package of practical expedients to not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs. As a result, USA for UNHCR recorded right-of-use assets and operating lease liabilities of \$6,433,898 by calculating the net present value of the lease commitments using discount rates of 4.75% and 5.25%, respectively. The right-of-use assets and operating lease liabilities are being amortized over the respective lives of the leases. As of December 31, 2022 and 2021, the unamortized right-of-use assets were valued at \$4,051,699 and \$4,603,114, respectively, and the unamortized operating lease liabilities were valued at \$4,704,969 and \$5,266,822, respectively. Following is a schedule of future minimum lease commitments as of December 31, 2022:

Year Ending December 31,

2023	\$	845,745
2024		875,373
2025		897,280
2026		919,706
2027		942,672
Thereafter		<u>1,028,933</u>
Sub-total		5,509,709
Less: Imputed Interest		<u>(804,740)</u>
TOTAL	\$	<u>4,704,969</u>

Rent and utilities expense totaled \$796,798 and \$813,473, for the years ended December 31, 2022 and 2021, respectively.

USA for UNHCR entered into a sublease that commenced on November 1, 2021 and will expire on October 31, 2022. Annual rental income is \$30,000 and is netted against rent and utilities.

9. RETIREMENT PLAN

USA for UNHCR administers a defined contribution plan (401(k) plan) that covers all employees with a minimum of one month of service. Per the Plan, USA for UNHCR will contribute 8% of each eligible employee's annual salary. Retirement expense for the years ended December 31, 2022 and 2021 totaled \$525,926 and \$479,197, respectively.

10. GIFTS IN KIND

USA for UNHCR created a gifts in kind program where USA for UNHCR receives clothing and other goods from various manufacturers and donates those goods to UNHCR or other qualifying organizations.

USA for UNHCR has entered into an agreement with a non-profit organization to manage receipt, storage, and disbursement segments of the gifts in kind program. UNHCR's policy is to record the gifts as inventory and deferred revenue until the goods are disbursed to UNHCR or other qualifying organizations.

UNITED STATES ASSOCIATION FOR UNHCR

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

10. GIFTS IN KIND (Continued)

To properly reflect total program expenses, the following donations have been included in revenue and expense for the years ended December 31, 2022 and 2021.

	2022	2021
Goods	\$ 44,936,221	\$ 64,203,637
Services	9,628,716	6,136,292
	\$ 54,564,937	\$ 70,339,929

For the years ended December 31, 2022 and 2021, USA for UNHCR recorded \$51,992,770 and \$68,554,285 in gift in kind revenue for this special program. For the years ended December 31, 2022 and 2021, USA for UNHCR recorded \$58,107,201 and \$78,210,577 in gift in kind expenses, respectively. There were no restrictions placed on the gifts in kind.

The following program benefited from these donated goods and services:

	2022	2021
Refugee Programs and Awareness Activities	\$ 54,564,937	\$ 70,339,929

11. SUBSEQUENT EVENTS

In preparing these financial statements, USA for UNHCR has evaluated events and transactions for potential recognition or disclosure through May 18, 2023, the date the financial statements were issued.