



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

Consolidated Financial Statements
For the Years Ended September 30, 2017 and 2016

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

Consolidated Financial Statements
For the Years Ended September 30, 2017 and 2016

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

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Independent Auditor's Report

To the Board of Directors
**U.S. Committee for Refugees and Immigrants, Inc.
and Related Entity**
Arlington, Virginia

We have audited the accompanying consolidated financial statements of **U.S. Committee for Refugees and Immigrants, Inc. and Related Entity**, which comprise the statements of financial position as of September 30, 2017 and 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **U.S. Committee for Refugees and Immigrants, Inc. and Related Entity** as of September 30, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

April 23, 2018

**Consolidated
Financial Statements**

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

Consolidated Statements of Financial Position

September 30,	2017	2016
Assets		
Current assets		
Cash and cash equivalents	\$ 3,883,189	\$ 5,306,165
Grants receivable	7,012,580	4,644,245
Accounts receivable, net of allowance for uncollectible accounts of \$131,552 in 2017 and \$16,987 in 2016	905,922	1,397,775
Prepaid expenses	370,562	386,113
Advances and other assets	99,917	113,227
Total current assets	12,272,170	11,847,525
Noncurrent assets		
Investments	4,715,169	4,250,889
Property and equipment, net	902,865	1,009,729
Total noncurrent assets	5,618,034	5,260,618
Total assets	17,890,204	17,108,143
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	1,064,557	1,236,213
Grants payable to affiliated agencies	4,871,067	3,890,772
Deferred revenue	847,676	1,827,341
IOM liability	435,609	307,040
Deferred rent liability	152,681	140,263
Total current liabilities	7,371,590	7,401,629
Noncurrent liabilities		
Deferred rent liability	522,757	634,221
Total liabilities	7,894,347	8,035,850
Commitments and contingencies		
Net assets		
Unrestricted		
Board designated	9,818,986	8,572,293
Temporarily restricted	176,871	500,000
Total net assets	9,995,857	9,072,293
Total liabilities and net assets	\$ 17,890,204	\$ 17,108,143

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Activities

Year ended September 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenue and support			
Government grants	\$ 73,176,796	\$ -	\$ 73,176,796
Foundation grants and other contributions	1,221,059	320,000	1,541,059
IOM collection fees	1,913,761	-	1,913,761
Program service fees	1,487,865	-	1,487,865
Investment return	501,131	-	501,131
Member agency dues	101,700	-	101,700
Other revenue	125,986	-	125,986
Net assets released from restrictions	643,129	(643,129)	-
Total revenue and support	79,171,427	(323,129)	78,848,298
Expenses			
Program services			
Refugee Services Division	35,952,249	-	35,952,249
MRD Programs	24,851,983	-	24,851,983
Vermont programs	2,634,006	-	2,634,006
Erie programs	2,369,506	-	2,369,506
Raleigh programs	2,230,327	-	2,230,327
Des Moines programs	2,155,273	-	2,155,273
Albany programs	2,059,065	-	2,059,065
Cleveland Programs	1,865,486	-	1,865,486
Dearborn programs	1,814,132	-	1,814,132
International Organization for Migration	480,597	-	480,597
Rutland Program	118,568	-	118,568
Discovering Homes	11,044	-	11,044
Total program services	76,542,236	-	76,542,236
Supporting services			
Management and general	1,053,349	-	1,053,349
Fundraising	329,149	-	329,149
Total supporting services	1,382,498	-	1,382,498
Total expenses	77,924,734	-	77,924,734
Change in net assets	1,246,693	(323,129)	923,564
Net assets, beginning of year	8,572,293	500,000	9,072,293
Net assets, end of year	\$ 9,818,986	\$ 176,871	\$ 9,995,857

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Activities

Year ended September 30, 2016

	Unrestricted	Temporarily Restricted	Total
Revenue and support			
Government grants	\$ 53,600,108	\$ -	\$ 53,600,108
Foundation grants and other contributions	908,107	500,000	1,408,107
Contribution received in the acquisition of ISC assets	304,900	-	304,900
IOM collection fees	1,903,367	-	1,903,367
Program service fees	1,780,893	-	1,780,893
Investment return	317,526	-	317,526
Member agency dues	102,300	-	102,300
Other revenue	23,899	-	23,899
Net assets released from restrictions	476,400	(476,400)	-
Total revenue and support	59,417,500	23,600	59,441,100
Expenses			
Program services			
Refugee Services Division	41,570,773	-	41,570,773
Vermont programs	2,765,055	-	2,765,055
Erie programs	2,191,837	-	2,191,837
Raleigh programs	2,842,460	-	2,842,460
Des Moines programs	2,156,719	-	2,156,719
Albany programs	1,961,138	-	1,961,138
Cleveland programs	165,212	-	165,212
Dearborn programs	2,334,896	-	2,334,896
International Organization for Migration	441,946	-	441,946
Total program services	56,430,036	-	56,430,036
Supporting services			
Management and general	1,656,987	-	1,656,987
Fundraising	347,517	-	347,517
Total supporting services	2,004,504	-	2,004,504
Total expenses	58,434,540	-	58,434,540
Change in net assets	982,960	23,600	1,006,560
Net assets, beginning of year	7,589,333	476,400	8,065,733
Net assets, end of year	\$ 8,572,293	\$ 500,000	\$ 9,072,293

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Functional Expenses

Year ended September 30, 2017	Program Services												Supporting Services				Total
	Refugee Services Division	MRD Programs	Vermont Programs	Erie Programs	Raleigh Programs	Des Moines Programs	Albany Programs	Cleveland Programs	Dearborn Programs	International Organization for Migration	Rutland Program	Discovering Homes	Total Programs Services	Management and General	Fundraising	Total Supporting Services	
Agency / contractual payments	\$ 30,078,855	\$ 22,096,406	14,343	\$ 112,458	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,302,062	-	-	-	\$ 52,302,062
Direct refugee assistance	27,791	-	602,156	601,235	552,794	747,508	688,224	461,031	814,680	-	25,650	-	4,521,069	55,055	-	55,055	4,576,124
Salaries	2,729,146	710,070	973,468	783,545	859,642	715,198	707,431	589,360	457,761	205,504	47,532	-	8,778,657	2,621,109	182,188	2,803,297	11,581,954
Fringe benefits	645,036	144,331	287,912	299,443	282,109	201,177	153,818	178,022	194,747	52,424	7,050	-	2,446,069	680,539	48,488	729,027	3,175,096
Occupancy	464,820	147,437	104,455	26,092	80,519	72,244	70,960	80,941	47,189	36,518	5,869	-	1,137,044	228,579	31,356	259,935	1,396,979
Training and staff development	23,442	960	0	432	160	386	-	-	-	-	-	-	25,380	4,766	-	4,766	30,146
Professional fees	172,926	67,077	27,626	69,203	28,511	21,248	39,984	78,777	10,830	5,311	1,219	-	522,712	357,594	8,046	365,640	888,352
Advertising	1,220	1,545	0	90	1,200	300	270	-	-	-	270	-	4,895	18,215	945	19,160	24,055
Printing and reproduction	67,585	1,028,847	45,394	17,907	15,265	11,042	15,553	17,005	11,380	39,115	9,017	150	1,278,260	132,299	14,896	147,195	1,425,455
Equipment rental and repair	43,853	26,579	1,086	27,438	8,773	10,428	10,450	11,509	280	1,257	1,210	1,810	144,673	42,485	3,081	45,566	190,239
Telephone and communications	61,143	13,939	26,832	19,153	33,025	22,017	17,137	16,649	13,179	2,148	5,958	-	231,180	44,526	2,327	46,853	278,033
Postage and shipping	8,665	1,486	1,608	1,545	3,843	1,753	2,147	1,898	83	40,756	19	-	63,803	11,253	12,574	23,827	87,630
Insurance	35,135	17,164	8,268	20,893	17,281	12,572	9,456	45,276	8,360	1,965	504	-	176,874	25,676	2,273	27,949	204,823
Travel	138,981	103,421	64,276	13,970	42,218	47,217	18,107	46,800	12,141	-	3,935	-	491,066	97,684	3,873	101,557	592,623
Conferences and meetings	3,514	3,805	(2,424)	(2,853)	1,331	682	(2,644)	602	257	196	-	-	2,466	75,020	1,114	76,134	78,600
Bank and finance charges	12,734	-	556	1,026	-	-	(1,104)	3,177	-	99,788	-	53	116,230	59,315	2,733	62,048	178,278
Provision for bad debt	(438)	70,635	258	6,022	(10,036)	(22,445)	(11,737)	9,786	(2,470)	-	-	-	39,575	246,753	-	246,753	286,328
Outside services and consulting	1,080	847	5,446	9,912	579	426	323	11,042	256	897	38	-	30,846	138,664	2,208	140,872	171,718
Miscellaneous expenses	86,719	2,740	9,970	5,998	4,123	4,528	3,159	3,425	5,660	(10,033)	325	262	116,876	(25,323)	718	(24,605)	92,271
Subscriptions and references	52,251	-	2,377	6,972	2,788	3,456	1,718	1,909	1,180	4,751	199	-	77,601	126,241	12,329	138,570	216,171
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	8,769	8,769	139,028	-	139,028	147,797
Total before overhead allocation	34,654,458	24,437,289	2,173,607	2,020,481	1,924,125	1,849,737	1,723,252	1,557,209	1,575,513	480,597	108,795	11,044	72,516,107	5,079,478	329,149	5,408,627	77,924,734
Overhead allocation	1,297,791	414,694	460,399	349,025	306,202	305,536	335,813	308,277	238,619	-	9,773	-	4,026,129	(4,026,129)	-	(4,026,129)	-
Total expenses, after overhead allocation	\$ 35,952,249	\$ 24,851,983	\$ 2,634,006	\$ 2,369,506	\$ 2,230,327	\$ 2,155,273	\$ 2,059,065	\$ 1,865,486	\$ 1,814,132	\$ 480,597	\$ 118,568	\$ 11,044	\$ 76,542,236	\$ 1,053,349	\$ 329,149	\$ 1,382,498	\$ 77,924,734

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Functional Expenses

Year ended September 30, 2016	Program Services										Supporting Services				Total
	Refugee Services Division	Vermont Programs	Erie Programs	Raleigh Programs	Des Moines Programs	Albany Programs	Cleveland Programs	Dearborn Programs	International Organization for Migration	Total Programs Services	Management and General	Fundraising	Total Supporting Services		
Agency / contractual payments	\$ 35,889,026	\$ -	\$ 29,201	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,918,227	\$ -	\$ -	\$ -	\$ 35,918,227
Direct refugee assistance	-	740,291	718,519	740,433	932,558	846,911	44,243	1,204,413	-	5,227,368	1,479	24,203	25,682	5,253,050	
Salaries	2,348,097	1,000,691	691,756	1,059,998	599,137	524,251	58,915	513,236	164,876	6,960,957	2,586,963	171,128	2,758,091	9,719,048	
Fringe benefits	559,533	304,513	284,593	289,976	204,505	138,633	3,278	210,945	42,661	2,038,637	724,671	34,561	759,232	2,797,869	
Occupancy	376,396	92,274	21,768	77,738	49,679	61,090	4,106	50,327	29,494	762,872	356,084	37,245	393,329	1,156,201	
Training and staff development	16,410	-	175	118	-	-	-	-	-	16,703	2,573	1,200	3,773	20,476	
Professional fees	310,963	26,568	35,681	43,133	16,395	18,087	25,208	14,209	5,757	496,001	477,961	22,187	500,148	996,149	
Advertising	2,188	310	110	750	1,181	1,070	-	90	-	5,699	5,715	580	6,295	11,994	
Printing and reproduction	95,240	31,277	21,503	42,281	16,816	26,051	1,214	11,693	38,594	284,669	42,528	29,065	71,593	356,262	
Equipment rental and repair	61,918	2,941	32,249	22,426	9,740	16,641	2,958	506	1,878	151,257	27,136	5,545	32,681	183,938	
Telephone and communications	104,335	15,699	18,804	19,106	13,233	18,457	3,132	11,767	1,550	206,083	36,778	1,667	38,445	244,528	
Postage and shipping	7,175	1,763	1,656	5,071	979	6,467	-	237	44,801	68,149	9,172	5,106	14,278	82,427	
Insurance	40,361	18,173	24,178	21,754	7,056	13,009	-	11,689	3,018	139,238	29,906	3,661	33,567	172,805	
Travel	208,682	67,254	15,007	104,187	46,572	28,324	4,785	28,481	269	503,561	208,958	2,002	210,960	714,521	
Conferences and meetings	172,263	6,473	983	5,956	2,058	2,167	-	7,083	13	196,996	34,064	193	34,257	231,253	
Bank and finance charges	9,571	395	1,485	1,048	-	1,457	-	139	101,492	115,587	54,655	4,018	58,673	174,260	
Outside services and consulting	102,908	9,304	2,741	4,937	5,987	2,307	156	3,728	1,850	133,918	34,319	2,141	36,460	170,378	
Miscellaneous expenses	1,038	2,177	498	769	833	-	1,574	-	-	6,889	(902)	-	(902)	5,987	
Subscriptions and references	18,511	108	214	1,083	102	736	290	72	5,693	26,809	45,126	3,015	48,141	74,950	
Childcare food	-	-	8,423	-	-	-	-	-	-	8,423	-	-	-	8,423	
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	141,794	-	141,794	141,794	
Total before overhead allocation	40,324,615	2,320,211	1,909,544	2,440,764	1,906,831	1,705,658	149,859	2,068,615	441,946	53,268,043	4,818,980	347,517	5,166,497	58,434,540	
Overhead allocation	1,246,158	444,844	282,293	401,696	249,888	255,480	15,353	266,281	-	3,161,993	(3,161,993)	-	(3,161,993)	-	
Total expenses, after overhead allocation	\$ 41,570,773	\$ 2,765,055	\$ 2,191,837	\$ 2,842,460	\$ 2,156,719	\$ 1,961,138	\$ 165,212	\$ 2,334,896	\$ 441,946	\$ 56,430,036	\$ 1,656,987	\$ 347,517	\$ 2,004,504	\$ 58,434,540	

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows

<i>Years ended September 30,</i>	2017	2016
Cash flows from operating activities		
Change in net assets	\$ 923,564	\$ 1,006,560
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	147,797	141,794
Investment gain	(405,128)	(205,997)
Write off and change in allowance for doubtful accounts	114,565	-
Contribution received in the acquisition of ISC assets	-	(304,900)
(Increase) decrease in assets		
Grants receivable	(2,368,335)	1,615,046
Accounts receivable	377,288	(739,051)
Prepaid expenses	15,551	55,605
Advances and other assets	13,310	(50,754)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(171,656)	513,454
Grants payable to affiliated agencies	980,295	(408,364)
Deferred revenue	(979,665)	1,105,771
IOM liability	128,569	(100,586)
Deferred rent liability	(99,046)	(6,518)
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Net cash (used in) provided by operating activities	(1,322,891)	2,622,060
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Cash flows from investing activities		
Purchases of investments	(94,969)	(1,009,442)
Proceeds from sale of investments	35,817	930,118
Purchases of property and equipment	(40,933)	(158,966)
<hr/>		
Net cash used in investing activities	(100,085)	(238,290)
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Net (decrease) increase in cash and cash equivalents	(1,422,976)	2,383,770
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Cash and cash equivalents, beginning of year	5,306,165	2,922,395
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Cash and cash equivalents, end of year	\$ 3,883,189	\$ 5,306,165
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Non-cash investing and financing activities:		
Tenant improvement allowance	\$ -	\$ 266,630

See accompanying notes to consolidated financial statements.

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

Notes to Consolidated Financial Statements

1. Organization and Summary of Significant Accounting Policies

Organization Purpose and Consolidation

U.S. Committee for Refugees and Immigrants, Inc. is a national, non-profit, nonsectarian organization incorporated during 1917 that provides services to refugees, immigrants, and other people in migration both in the United States and abroad. U.S. Committee for Refugees and Immigrants, Inc.'s mission is to address the needs and rights of persons in forced or voluntary migration worldwide through advocacy for fair and humane public policy, to facilitate and provide direct professional services, and to promote the full participation of migrants in their new communities. Funding is derived primarily through government grants.

On August 30, 2016, U.S. Committee for Refugees and Immigrants, Inc. acquired all of the assets of International Service Center of Cleveland, Ohio (ISC), a not-for-profit corporation, including its membership interest in Discovering Homes, LLC, an Ohio for-profit limited liability company.

The consolidated financial statements include the accounts of Discovering Homes, LLC and the U.S. Committee for Refugees and Immigrants, Inc. (collectively referred to as USCRI). All significant transactions between the organizations have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements of USCRI have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Cash and Cash Equivalents

Cash and cash equivalents include operating cash accounts and all liquid investments with original maturities of three months or less, excluding money market funds held as part of investments.

Grants Receivable

Grants receivable consist of expenses incurred which are due to be reimbursed and per capita earnings based on the number of refugees and immigrants serviced under the terms of USCRI's federal grants. All grants receivable amounts are due within one year and are expected to be fully collectible.

Accounts Receivable

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

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

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

Notes to Consolidated Financial Statements

Investments

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

Money market funds held in the investment portfolios are considered investments, as the funds are not intended to be used for general operating purposes.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 27.5 years, or the lesser of the minimum lease period or the asset's useful life for leasehold improvements. Expenditures for major repairs and improvements above \$5,000 are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred.

Upon the retirement or disposal of assets, the cost and accumulated depreciation or amortization are eliminated from the respective accounts and the resulting gain or loss is included in revenue or expenses.

Impairment of Long-Lived Assets

USCRI reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced, by a charge to the consolidated statements of activities, to its current fair value.

Classification of Net Assets

The net assets of USCRI are reported as follows:

- Unrestricted board designated net assets represent the portion of expendable funds that are available for support of USCRI's operations.
- Temporarily restricted net assets represent funds which are specifically restricted by donors for various programs for future periods.
- Permanently restricted net assets consist of assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of USCRI. The restrictions stipulate that resources be maintained permanently but permit USCRI to expend the income generated in accordance with the provisions of the agreement.

USCRI had no permanently restricted net assets at September 30, 2017 or 2016.

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

Notes to Consolidated Financial Statements

Revenue and Support

USCRI reports grants and contributions as temporarily 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated statements of activities as net assets released from restrictions.

USCRI has grants with United States government agencies in exchange for services. Revenue from the grants is recognized as costs are incurred on the basis of direct costs plus allowable indirect costs and other grants are recognized on a per capita basis. Revenue recognized on federal grants for which payments have not been received is reflected as grants receivable in the accompanying consolidated statements of financial position.

USCRI recognizes 25% of International Organization for Migration (IOM) loan fees for administration of this program when loans are made to immigrants.

Federal Grants Subject to Audit

USCRI receives funds from federal sources that are subject to audit by the various awarding agencies. USCRI has not been informed of any intent to conduct an audit. In the event of such an audit, management does not believe that any material adjustments will be necessary.

Functional Allocation of Expenses

USCRI charges salaries to various programs and supporting services based upon the actual amount of time worked in each area. Fringe benefits are allocated to various programs and supporting services based on direct labor costs. Management and general expenses incurred are allocated to various programs and supporting services based upon total direct costs less agency payments.

Expenses

Expenses are recognized by USCRI during the period in which they are incurred. Expenses paid in advance are deferred to the applicable period.

Use of Estimates

The preparation of the consolidated financial statements in conformity U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of Risk

Financial instruments which potentially subject USCRI to concentrations of credit risk consist principally of cash and cash equivalents and investments held at creditworthy financial institutions. At September 30, 2017 and 2016 substantially, all of USCRI's cash and cash equivalents and investments were held at three financial institutions, in accounts over FDIC limits. USCRI has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents and investments.

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Credit risk with respect to receivables is limited because USCRI deals with a large number of donors over a wide geographic area.

USCRI receives a substantial portion of its revenue from the federal government. If a significant reduction in this revenue should occur, it may have an effect on USCRI's programs. During the years ended September 30, 2017 and 2016, USCRI earned revenue from government grants and program service fees of \$73,176,796 and \$54,028,086 from the federal government, which is 93% and 91% of the total revenue and support earned in each of these years, respectively.

These amounts are reflected in government grants and program service fees in the accompanying consolidated statements of activities.

Recently Adopted Authoritative Guidance

In August 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-15, *Presentation of Financial Statements - Going Concern Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern* (Subtopic 205-40). The update provides guidance about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern. The update also provides related disclosures. The guidance is effective for USCRI's fiscal year 2017. The adoption of this update had no impact on USCRI's consolidated financial statements.

Recent Accounting Pronouncements Not Yet Adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). The update establishes a comprehensive revenue recognition standard for virtually all industries under U.S. GAAP including those that previously followed industry-specific guidance. The principle of the update is that an entity should recognize revenue to depict the transfer of promised goods and services to customers under a contract in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance is effective for USCRI's fiscal year 2020. Management continues to evaluate the potential impact of this update on USCRI's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which is the leasing standard for both lessees and lessors. Under this update, a lessee will recognize lease assets and liabilities on the statement of financial position for all arrangements with terms longer than 12 months. Lessor accounting remains largely consistent with existing U.S. GAAP. The guidance is effective for USCRI's fiscal year 2021. Management is currently determining the impact that adoption of this guidance will have on USCRI's consolidated financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the

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disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. This ASU is effective for USCRI's consolidated financial statements for USCRI's fiscal year 2019. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. Management is currently evaluating the impact of this ASU on their consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows*. The update standardizes how certain transactions should be classified in the statement of cash flows. The guidance is effective for USCRI's fiscal year 2020. Presently, management does not anticipate that the adoption of this update will have a material impact on USCRI's consolidated financial statements.

2. ISC Acquisition

As discussed in Note 1, USCRI acquired the assets of ISC including a 100% interest in Discovering Homes, LLC. The purpose of the acquisition was to continue and expand the work done with refugees in the Cleveland, Ohio region. The effective date of the acquisition was August 30, 2016. Total assets acquired were \$304,900 which consisted primarily of buildings and land held by Discovery Homes, LLC. There were no liabilities assumed as part of the acquisition, however, USCRI assumed the remaining commitment on ISC's operating lease scheduled to expire on March 31, 2018. The net effect of the transaction was recorded in the statements of activities as a contribution received in the acquisition of ISC assets for \$304,900.

3. Investments

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

<i>September 30,</i>	2017	2016
Fixed income	\$ 1,843,602	\$ 1,844,084
Equities	2,244,747	1,909,111
Mutual funds	320,545	310,872
Money market funds	306,275	186,822
Total	\$ 4,715,169	\$ 4,250,889

Investment and interest and dividend income consist of the following:

<i>Years Ended September 30,</i>	2017	2016
Interest and dividend income	\$ 96,003	\$ 111,529
Investment gain, net	405,128	205,997
Total	\$ 501,131	\$ 317,526

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Investment expenses were \$35,817 and \$34,079 for the years ended September 30, 2017 and 2016, respectively, and are recorded in the consolidated statements of functional expenses as part of professional fees.

4. Fair Value Measurements

USCRI follows the provisions of FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, in accounting for fair value measurements. ASC 820 establishes a common definition for fair value to be applied under U.S. GAAP requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date. ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of USCRI. Unobservable inputs are inputs that reflect USCRI’s estimates about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Examples include corporate and municipal bonds, equities and preferred stock, money market funds, certificates of deposit and U.S. government obligations that are actively traded on a major exchange or over-the-counter markets.
- Level 2 - Valuations based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and reflect management’s best estimate of what market participants would use as fair value.

Shares held in fixed income, equities, mutual funds and money market funds are actively traded and are valued at net asset value as of September 30, 2017 and 2016. There was no change in valuation methodologies for years ended September 30, 2017 and 2016.

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The following tables disclose the fair value hierarchy of USCRI's investment assets at fair value as of September 30, 2017 and 2016.

	As of September 30, 2017		
	Level 1	Level 2	Total
Fixed income:			
Corporate bonds	\$ 882,815	\$ -	\$ 882,815
U.S. government obligations	668,777	-	668,777
Municipal securities	292,010	-	292,010
Equities:			
Basic materials	136,197	-	136,197
Communications	65,319	-	65,319
Consumer staples	218,888	-	218,888
Consumer discretionary	261,971	-	261,971
Energy	125,079	-	125,079
Financials	411,371	-	411,371
Health care	236,261	-	236,261
Industrials	288,608	-	288,608
Technology	330,112	-	330,112
Real estate	93,114	-	93,114
Utilities	77,827	-	77,827
Mutual funds - non- traditional	270,622	-	270,622
Mutual funds - fixed income	49,823	-	49,823
Money market funds	306,275	-	306,275
Total	\$ 4,715,169	\$ -	\$ 4,715,169

	As of September 30, 2016		
	Level 1	Level 2	Total
Fixed income:			
Corporate bonds	\$ 895,165	\$ -	\$ 895,165
U.S. government obligations	649,428	-	649,428
Municipal securities	299,491	-	299,491
Equities:			
Basic materials	115,548	-	115,548
Communications	61,335	-	61,335
Consumer staples	203,198	-	203,198
Consumer discretionary	221,203	-	221,203
Energy	109,414	-	109,414
Financials	321,516	-	321,516
Health care	207,353	-	207,353
Industrials	228,523	-	228,523
Technology	283,725	-	283,725
Real estate	87,057	-	87,057
Utilities	70,239	-	70,239
Mutual funds - non- traditional	260,529	-	260,529
Mutual funds - fixed income	50,343	-	50,343
Money market funds	186,822	-	186,822
Total	\$ 4,250,889	\$ -	\$ 4,250,889

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USCRI had no level 3 assets or liabilities for the years ended September 30, 2017 and 2016.

5. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following at:

<i>September 30,</i>		2017		2016
Democracy Fund	\$	82,153	\$	-
LDS Church		94,718		-
Nuevo Comienzo (New Beginning)		-		500,000
	\$	176,871	\$	500,000

6. Property and Equipment

USCRI held the following property and equipment at:

<i>September 30,</i>		2017		2016
Building and improvements	\$	974,512	\$	974,512
Furniture and equipment		495,517		464,537
Vehicles		119,428		119,428
Leasehold improvements		409,866		399,913
Land		109,850		109,850
Total property and equipment		2,109,173		2,068,240
Less: accumulated depreciation and amortization		(1,206,308)		(1,058,511)
Property and equipment, net	\$	902,865	\$	1,009,729

Depreciation and amortization expense for the years ended September 30, 2017 and 2016 was \$147,797 and \$141,794, respectively.

7. Commitments and Contingencies

Lease commitments

USCRI is committed under leases for office space that expire at various times through October 1, 2020.

The landlord for the headquarters location provided USCRI with an allowance for tenant improvements during the year ended September 30, 2016. The value of these improvements was \$266,630 and was included as an asset and a deferred rent liability in the consolidated statements of financial position. In addition, the lease has stated rent escalations and the effect of this has also been recorded as a deferred rent liability which is amortized over the lease term. As a security deposit, USCRI obtained a letter of credit for the benefit of the landlord amounting to \$223,964. No

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amounts were drawn against the letter of credit during 2017 and 2016. Total rental expense was \$1,396,979 and \$1,156,201 for years ended September 30, 2017 and 2016, respectively.

USCRI also assumed an office lease as part of the ISC asset purchase agreement that will expire on March 31, 2018.

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

Years ending September 30,

2018	\$	1,290,346
2019		1,306,502
2020		1,312,062
2021		254,560
<hr/>		
Total	\$	4,163,470

Contingencies

The Refugee and Placement (R&P) program is renewed annually and is based on the projected numbers of refugee arrivals as presented in the President's annual determination. During the last year of the Obama Administration (fiscal year 2017), the annual target for refugee arrivals was set at 110,000. This number was subsequently adjusted downward to 50,000 refugees and 10,000 Special Immigrant Visa (SIV) holders by the Trump Administration. The target for fiscal year 2018 is set at 45,000 refugees and 15,000 SIVs. Along with the decreased target, the Trump Administration has undertaken a series of R&P security process reviews across agencies, which have slowed down the number of actual arrivals. As of April 23, 2018, USCRI has resettled 2,653 refugee and SIV clients, representing 34 percent of its annual target of 7,919.

8. Grants Payable to Affiliated Agencies

USCRI distributes grants to affiliated agencies, who are working in partnership with USCRI to help refugees and other newcomers to become full contributing members of their new American communities. The balance payable to affiliated agencies as of September 30, 2017 and 2016 was \$4,871,067 and \$3,890,772, respectively, and is payable within one year.

9. Defined Contribution Pension Plan

USCRI sponsors a defined contribution retirement plan for all employees who have met certain age and length of service requirements. Annual contributions are made to the plan at a rate of 10% of each participant's annual compensation. Pension expense for the years ended September 30, 2017 and 2016 totals \$828,120 and \$637,115, respectively, and is included in fringe benefits in the accompanying consolidated statements of functional expenses.

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10. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code (IRC), USCRI is exempt from the payment of taxes on income other than net unrelated business income. As of September 30, 2017 and 2016, no provision for income taxes has been made, as USCRI had no net unrelated business income.

Discovering Homes, LLC is a single-member limited liability company. For tax purposes, a single member limited liability company is disregarded as an entity separate from its owner, absent an election otherwise. Activities of a single-member limited liability company are therefore treated as a division of the sole member, USCRI. The activities of Discovering Homes, LLC are consistent with the mission of USCRI and its activities are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Under ASC 740-10, *Accounting for Uncertainty in Income Taxes*, USCRI must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely than not that the position will be sustained on examination. USCRI does not believe there are any unrecognized tax benefits that should be recorded. For the years ended September 30, 2017 and 2016, there were no interest or penalties recorded or included in the consolidated statements of activities. USCRI is still open to examination by taxing authorities from 2014 forward.

11. Subsequent Events

The Department of Health and Human Services Office of Refugee Resettlement awarded USCRI a cooperative agreement to act as the Replacement Designee for Refugee Health Services in the State of Missouri and Kansas. To implement and successfully manage the grant, USCRI opened Field Offices in Kansas City, Missouri and St. Louis, Missouri. USCRI hired additional staff in both locations in order to execute agreements with medical providers.

USCRI evaluated subsequent events through April 23, 2018, which is the date the consolidated financial statements were available to be issued. There were no events noted that required adjustment to or disclosure in these consolidated financial statements, except as noted above.