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# **REFUGEE & IMMIGRANT TRANSITIONS**

## **FINANCIAL STATEMENTS**

**June 30, 2021**

**(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020)**

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**CROSBY & KANEDA**

Certified Public Accountants  
for Nonprofit Organizations

# REFUGEE & IMMIGRANT TRANSITIONS

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Refugee & Immigrant Transitions  
San Francisco, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of Refugee & Immigrant Transitions, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Refugee & Immigrant Transitions as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited the Refugee & Immigrant Transitions' June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 25, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Crosby & Lanida CPAs LLP*

Oakland, California

March 4, 2022

**REFUGEE & IMMIGRANT TRANSITIONS**

**Statement of Financial Position  
June 30, 2021  
(With Comparative Totals as of June 30, 2020)**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Assets		
Cash and cash equivalents	\$ 767,981	\$ 638,441
Accounts receivable	249,292	229,604
Contributions receivable	64,557	142,731
Prepaid expenses and deposits	25,839	25,392
Property and equipment, net	2,700	-
Total Assets	<u>\$ 1,110,369</u>	<u>\$ 1,036,168</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 122,560	\$ 101,036
Accrued vacation	62,742	39,713
PPP loan	-	92,912
Total Liabilities	<u>185,302</u>	<u>233,661</u>
Net Assets		
Without donor restrictions	885,067	759,007
With donor restrictions (Note 6)	40,000	43,500
Total Net Assets	<u>925,067</u>	<u>802,507</u>
Total Liabilities and Net Assets	<u>\$ 1,110,369</u>	<u>\$ 1,036,168</u>

## REFUGEE & IMMIGRANT TRANSITIONS

### Statement of Activities For the Year Ended June 30, 2021 (With Comparative Totals for the Year Ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2021	2020
<b>Support and Revenue</b>				
Individual contributions	\$ 435,924	\$ 500	\$ 436,424	\$ 443,338
Foundation and corporate support	319,751	100,000	419,751	482,823
Government contracts and grants	606,431		606,431	708,224
Paycheck Protection Program (Note 3)	92,912		92,912	-
Partner contract revenue	187,236		187,236	71,951
In-kind and other	1,447		1,447	659
Support provided by expiring time and purpose restrictions	104,000	(104,000)	-	-
Total Support and Revenue	1,747,701	(3,500)	1,744,201	1,706,995
<b>Expenses</b>				
Program	1,356,566		1,356,566	1,178,680
Management and general	108,461		108,461	114,397
Fundraising	156,614		156,614	160,670
Total Expenses	1,621,641	-	1,621,641	1,453,747
Change in Net Assets	126,060	(3,500)	122,560	253,248
Net Assets, beginning of year	759,007	43,500	802,507	549,259
Net Assets, end of year	\$ 885,067	\$ 40,000	\$ 925,067	\$ 802,507

See Notes to the Financial Statements

## REFUGEE & IMMIGRANT TRANSITIONS

### Statement of Cash Flows For the Year Ended June 30, 2021 (With Comparative Totals for the Year Ended June 30, 2020)

	2021	2020
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 122,560	\$ 253,248
Adjustments to reconcile change in net assets to cash provided (used) in operating activities:		
Forgiveness of PPP loan	(92,912)	-
Change in assets and liabilities:		
Accounts receivable	(19,688)	(102,979)
Contributions receivable	78,174	44,638
Prepaid expenses and deposits	(447)	5,232
Accounts payable and accrued expenses	21,524	58,430
Accrued vacation	23,029	10,415
Net cash provided (used) by operating activities	132,240	268,984
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(2,700)	-
Net cash provided (used) by investing activities	(2,700)	-
<b>Cash flows from financing activities:</b>		
Proceeds from PPP loan	-	92,912
Net cash provided (used) by financing activities	-	92,912
Net change in cash and cash equivalents	129,540	361,896
Cash and cash equivalents, beginning of year	638,441	276,545
Cash and cash equivalents, end of year	\$ 767,981	\$ 638,441

See Notes to the Financial Statements

**REFUGEE & IMMIGRANT TRANSITIONS**

**Statement of Functional Expenses  
For the Year Ended June 30, 2021  
(With Comparative Totals for the Year Ended June 30, 2020)**

	Program	Management and General	Fundraising	Total	
				2021	2020
Salaries	\$ 873,228	\$ 70,390	\$ 121,673	\$ 1,065,291	\$ 892,899
Retirement contributions	16,478	1,280	2,242	20,000	11,869
Other employee benefits	87,420	6,638	12,063	106,121	93,823
Payroll taxes	79,717	3,650	6,120	89,487	76,913
Total Personnel	<u>1,056,843</u>	<u>81,958</u>	<u>142,098</u>	<u>1,280,899</u>	<u>1,075,504</u>
Grants	29,345	-	-	29,345	-
Accounting fees	-	13,188	-	13,188	20,140
Program partnerships	140,121	-	-	140,121	124,885
Other fees for service	12,521	1,242	550	14,313	45,912
Advertising and promotion	39	-	623	662	32,762
Office expenses	19,016	3,544	4,118	26,678	32,891
Dues, licenses, service fees	2,326	1,931	224	4,481	1,129
Occupancy	88,782	3,786	8,139	100,707	95,971
Travel	1,775	227	69	2,071	5,381
Conferences and meetings	150	-	-	150	510
Insurance	5,648	2,285	793	8,726	10,524
Depreciation	-	300	-	300	-
Loss due to theft	-	-	-	-	8,138
Total Expenses	<u>\$ 1,356,566</u>	<u>\$ 108,461</u>	<u>\$ 156,614</u>	<u>\$ 1,621,641</u>	<u>\$ 1,453,747</u>



## REFUGEE & IMMIGRANT TRANSITIONS

### Notes to the Financial Statements For the Year Ended June 30, 2021 (With Comparative Totals for the Year Ended June 30, 2020)

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#### NOTE 1: NATURE OF ACTIVITIES

Refugee & Immigrant Transitions (RIT or the Organization), formerly Refugee Transitions, was founded in 1982 as the Refugee Women's Program. RIT is a 501(c)3 nonprofit agency providing free education, family engagement, and community leadership program services to people who have sought refuge in the U.S. Our students have experienced forced migration due to war, violence, persecution, and/or extreme poverty. Despite adversity and major challenges they face here in the U.S., our participants inspire us daily with their courage and commitment. We partner with our participants and help them adjust to their new lives in the U.S., as well as achieve their educational, employment, citizenship, and other goals. Through our work, RIT cultivates cross-cultural relationships, and creates leadership and employment opportunities.

Our mission is to welcome and partner with those who have sought refuge, employing strengths-based educational approaches and community supports so they may thrive in our shared communities. Our vision is to see all newcomers thrive and become full, participating members of our shared communities. We believe in the power of education to unlock opportunity. We are honored to share in the journeys of our students and firmly believe that refugees, asylees, and immigrants have the resilience and leadership potential to shape our world for the better.

#### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

##### **Basis of Accounting**

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

##### **Net Assets**

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

*Net assets without donor restrictions* – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

*Net assets with donor restrictions* – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the

## REFUGEE & IMMIGRANT TRANSITIONS

### Notes to the Financial Statements For the Year Ended June 30, 2021 (With Comparative Totals for the Year Ended June 30, 2020)

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financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor imposed restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

#### **Accounting for Contributions**

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

#### **Accounting for Revenue**

The Organization recognizes revenue as performance obligations are satisfied.

Revenue is recognized over time when any of the following conditions are met: The customer receives and consumes the benefits provided by the Organization's performance as the Organization performs.

Revenue is recognized over time for cost reimbursement contracts as eligible expenses are incurred if other conditions of the contract are satisfied. Revenue from agreements that include milestones and milestone payments are recognized over time as milestones are reached. If the Organization's efforts are expended evenly throughout the performance period, the Organization may recognize revenue on a straight-line basis over such a period.

Revenue is recognized at a point in time when goods or services are provided to customers and the Organization is not required to provide additional goods or services or if the above criteria are not met. As a practical expedient the Organization disregards the effects of potential financing components if the period between payment and performance is one year or less.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless related to a donor specified restriction for a particular purpose or future period.

#### **Government Contracts and Grants**

The Organization receives government funding on a cost reimbursement basis. Payment of amounts under such funding is conditioned on expenditure of funds on eligible costs and compliance with program terms and conditions. The Organization recognizes revenue from such government funding as related costs are incurred.

## REFUGEE & IMMIGRANT TRANSITIONS

### Notes to the Financial Statements For the Year Ended June 30, 2021 (With Comparative Totals for the Year Ended June 30, 2020)

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#### **Partner Contract Revenue**

The Organization receives partner contract revenue on a cost reimbursement or fixed rate basis. The Organization recognizes revenue from such contracts as related costs are incurred or as services are delivered.

#### **Accounts Receivable**

Accounts receivable are primarily unsecured non-interest bearing amounts due from grantors on a cost reimbursement or performance grants and customers on performance contracts. The Organization considers all accounts receivable to be fully collectible at June 30, 2021. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

#### **Contributions Receivable**

Contributions receivable including pledges and grants receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The Organization has evaluated the value of the discount and concluded that it was not material for recognition. The Organization considers all contributions receivable to be fully collectible at June 30, 2021. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

#### **Income Taxes**

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of June 30, 2021 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively, after they are filed.

#### **Contributed Services**

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no contributed services that met the criteria for recognition for the year ended June 30, 2021.

#### **Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements

## REFUGEE & IMMIGRANT TRANSITIONS

### Notes to the Financial Statements For the Year Ended June 30, 2021 (With Comparative Totals for the Year Ended June 30, 2020)

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and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### **Fair Value Measurements**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the assets or liability.

The Organization had no assets or liabilities recorded at fair value on June 30, 2021.

#### **Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

#### **Property and Equipment**

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$2,500; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Furniture and equipment	3-5 years
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Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

#### **Expense Recognition and Allocation**

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.

## REFUGEE & IMMIGRANT TRANSITIONS

### Notes to the Financial Statements For the Year Ended June 30, 2021 (With Comparative Totals for the Year Ended June 30, 2020)

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Occupancy, depreciation, office expenses and supplies, insurance, and other expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgments contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

All expenses and net losses are reported as decreases in net assets without donor restrictions.

#### **Changes in Accounting Principles**

The Organization adopted ASU 2014-09 – *Revenue from Contracts with Customers (Topic 606)* during the year ended June 30, 2021. This guidance requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of ASU 2014-09 did not result in a material change to timing of when revenue is recognized.

#### **Prior Year Summarized Information**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

#### **Reclassifications**

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

#### **NOTE 3: PAYCHECK PROTECTION PROGRAM**

During the year ended June 30, 2021, the Organization received notice of forgiveness for the full amount of its PPP loan totaling \$92,912.

**REFUGEE & IMMIGRANT TRANSITIONS**

**Notes to the Financial Statements  
For the Year Ended June 30, 2021  
(With Comparative Totals for the Year Ended June 30, 2020)**

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**NOTE 4: COMMITMENTS**

**Operating Leases**

The Organization is party to multiple lease agreements for office space with various expiration dates through April 2023. Future minimum operating lease payments are as follows for the years ended June 30:

2022	\$ 78,753
2023	40,726
2024	<u>34,780</u>
Total	<u>\$ 154,259</u>

Rent expense for the years ended June 30, 2021 and 2020 was \$86,695 and \$89,165, respectively.

**NOTE 5: CONTINGENCIES**

**Compliance with Donor Restrictions**

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization have complied with the terms of all grants.

**NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions of \$40,000 were available for program support as of June 30, 2021.

**NOTE 7: CONCENTRATIONS**

**Government Support**

The Organization receives approximately 34% of its support and revenue from government funders. A significant reduction in this support, if that were to occur, may have an impact on the Organization's activities.

**Concentration of Credit Risk**

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

**NOTE 8: RETIREMENT PLAN**

The Organization has a SIMPLE-IRA plan (the Plan) under section 408(p) of the Internal Revenue Code. The Plan covers all eligible employees who meet compensation requirements, with all benefits vesting immediately. The Organization makes matching contributions totaling 3% of employee elective deferrals. During the years ended June 30,

## REFUGEE & IMMIGRANT TRANSITIONS

### Notes to the Financial Statements For the Year Ended June 30, 2021 (With Comparative Totals for the Year Ended June 30, 2020)

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2021 and 2020, the Organization made contributions totaling \$20,000 and \$11,869, respectively.

#### NOTE 9: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and has concluded that as of March 4, 2022, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose other than the information noted below:

##### **Continuing Public Health Emergency**

In March 2020, the WHO classified the COVID-19 outbreak as a pandemic. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude of the effect that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact on its financial condition, liquidity, operations and workforce.

#### NOTE 10: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2021 are:

Cash and cash equivalents	\$ 767,981
Accounts receivable	249,292
Contributions receivable	64,557
Less purpose-restricted net assets	<u>(40,000)</u>
Total	<u>\$ 1,041,830</u>

As part of the Organization's liquidity management plan, the Organization invests funds in excess of daily requirements in cash and cash equivalents.