



A LIFELINE FOR FORGOTTEN REFUGEES

AND AFFILIATE

COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

REFUGEPPOINT, INC. AND AFFILIATE**Contents****December 31, 2021 and 2020**

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Independent Auditor's Report

To the Board of Directors of
RefugePoint, Inc. and Affiliate:

Opinion

We have audited the combined financial statements of RefugePoint, Inc. (a Massachusetts nonprofit corporation) and Affiliate, RefugePoint International (a non-governmental organization registered in Kenya) (collectively, RefugePoint), which comprise the combined statements of financial position as of December 31, 2021 and 2020, and the related combined statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the combined financial statements.

In our opinion, based on our audits and the report of the other auditors, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of RefugePoint, Inc. and Affiliate as of December 31, 2021 and 2020, 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.

We did not audit the financial statements of RefugePoint International, an affiliated organization, which statements reflect total assets constituting one percent and two percent of combined total assets at December 31, 2021 and 2020, respectively, and total revenues constituting less than one percent of combined total revenues, for the years then ended. Those statements, which were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, were audited by other auditors, whose report has been furnished to us. We have applied audit procedures on a conversion adjustment to the financial statements of RefugePoint International, for the financial statements to conform to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amounts included for RefugePoint International, prior to this conversion adjustment, is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of RefugePoint 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 Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Combined Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 RefugePoint'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about RefugePoint'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.

AAPCPAs, Inc.

Westborough, Massachusetts
June 2, 2022

REFUGEPPOINT, INC. AND AFFILIATE

Combined Statements of Financial Position

December 31, 2021 and 2020

Assets	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Current Assets:						
Cash and cash equivalents	\$ 8,941,190	\$ 245,751	\$ 9,186,941	\$ 4,865,408	\$ 309,051	\$ 5,174,459
Pledges and accounts receivable	43,200	1,773,441	1,816,641	141,828	684,905	826,733
Prepaid expenses and other	184,244	-	184,244	109,296	-	109,296
Total current assets	<u>9,168,634</u>	<u>2,019,192</u>	<u>11,187,826</u>	<u>5,116,532</u>	<u>993,956</u>	<u>6,110,488</u>
Pledges Receivable, net of current portion and discount	-	2,029,684	2,029,684	-	-	-
Property and Equipment, net	344,397	-	344,397	343,933	-	343,933
Website and Software, net	<u>137,042</u>	<u>-</u>	<u>137,042</u>	<u>185,647</u>	<u>-</u>	<u>185,647</u>
Total assets	<u><u>\$ 9,650,073</u></u>	<u><u>\$ 4,048,876</u></u>	<u><u>\$ 13,698,949</u></u>	<u><u>\$ 5,646,112</u></u>	<u><u>\$ 993,956</u></u>	<u><u>\$ 6,640,068</u></u>
Liabilities and Net Assets						
Current Liabilities:						
Accounts payable and accrued expenses	\$ 299,243	\$ -	\$ 299,243	\$ 269,835	\$ -	\$ 269,835
Conditional grant advance	<u>1,215,458</u>	<u>-</u>	<u>1,215,458</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>1,514,701</u>	<u>-</u>	<u>1,514,701</u>	<u>269,835</u>	<u>-</u>	<u>269,835</u>
Paycheck Protection Program Loan	<u>393,431</u>	<u>-</u>	<u>393,431</u>	<u>314,500</u>	<u>-</u>	<u>314,500</u>
Total liabilities	<u><u>1,908,132</u></u>	<u><u>-</u></u>	<u><u>1,908,132</u></u>	<u><u>584,335</u></u>	<u><u>-</u></u>	<u><u>584,335</u></u>
Net Assets:						
Without donor restrictions:						
Operating	7,287,120	-	7,287,120	4,526,082	-	4,526,082
Property, equipment, website and software	<u>481,439</u>	<u>-</u>	<u>481,439</u>	<u>529,580</u>	<u>-</u>	<u>529,580</u>
With donor restrictions	-	4,048,876	4,048,876	-	993,956	993,956
Cumulative adjustment for foreign currency translation	<u>(26,618)</u>	<u>-</u>	<u>(26,618)</u>	<u>6,115</u>	<u>-</u>	<u>6,115</u>
Total net assets	<u><u>7,741,941</u></u>	<u><u>4,048,876</u></u>	<u><u>11,790,817</u></u>	<u><u>5,061,777</u></u>	<u><u>993,956</u></u>	<u><u>6,055,733</u></u>
Total liabilities and net assets	<u><u>\$ 9,650,073</u></u>	<u><u>\$ 4,048,876</u></u>	<u><u>\$ 13,698,949</u></u>	<u><u>\$ 5,646,112</u></u>	<u><u>\$ 993,956</u></u>	<u><u>\$ 6,640,068</u></u>

The accompanying notes are an integral part of these combined statements.

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REFUGEPPOINT, INC. AND AFFILIATE

Combined Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue:						
Grants and contributions	\$ 7,596,950	\$ 5,172,330	\$ 12,769,280	\$ 5,467,574	\$ 2,200,422	\$ 7,667,996
Donated services	80,615	-	80,615	175,061	-	175,061
Interest income and other	9,935	-	9,935	5,358	-	5,358
Net assets released from restrictions:						
Time restrictions	750,000	(750,000)	-	240,000	(240,000)	-
Purpose restrictions	1,367,410	(1,367,410)	-	2,263,287	(2,263,287)	-
Total operating support and revenue	9,804,910	3,054,920	12,859,830	8,151,280	(302,865)	7,848,415
Operating Expenses:						
Program services	6,211,594	-	6,211,594	5,478,286	-	5,478,286
General and administrative	667,334	-	667,334	776,589	-	776,589
Fundraising	527,585	-	527,585	548,693	-	548,693
Total operating expenses	7,406,513	-	7,406,513	6,803,568	-	6,803,568
Changes in net assets from operations	2,398,397	3,054,920	5,453,317	1,347,712	(302,865)	1,044,847
Non-Operating Revenue (Expense):						
Paycheck Protection Program Loan forgiveness	314,500	-	314,500	-	-	-
Capital grants	-	-	-	-	36,084	36,084
Capital grants released from restriction	-	-	-	36,084	(36,084)	-
Currency translation loss	(32,733)	-	(32,733)	(38,986)	-	(38,986)
Total non-operating revenue (expense)	281,767	-	281,767	(2,902)	-	(2,902)
Changes in net assets	2,680,164	3,054,920	5,735,084	1,344,810	(302,865)	1,041,945
Net Assets:						
Beginning of year	5,061,777	993,956	6,055,733	3,716,967	1,296,821	5,013,788
End of year	\$ 7,741,941	\$ 4,048,876	\$ 11,790,817	\$ 5,061,777	\$ 993,956	\$ 6,055,733

The accompanying notes are an integral part of these combined statements.

REFUGEPPOINT, INC. AND AFFILIATE

Combined Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities:		
Changes in net assets	\$ 5,735,084	\$ 1,041,945
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	98,580	76,236
Paycheck Protection Program Loan forgiveness	(314,500)	-
Capital grants	-	(36,084)
Discount on pledges receivable	10,316	-
Changes in operating assets and liabilities:		
Pledges and accounts receivable	(3,029,908)	216,073
Prepaid expenses and other	(74,948)	27,393
Accounts payable and accrued expenses	29,408	(116,838)
Conditional grant advance	<u>1,215,458</u>	-
Net cash provided by operating activities	<u>3,669,490</u>	<u>1,208,725</u>
Cash Flows from Investing Activities:		
Investment in website and software	(47,140)	(36,084)
Acquisition of property and equipment	<u>(3,299)</u>	-
Net cash used in investing activities	<u>(50,439)</u>	<u>(36,084)</u>
Cash Flows from Financing Activities:		
Proceeds from Paycheck Protection Program loan	393,431	314,500
Capital grants	<u>-</u>	<u>36,084</u>
Net cash provided by financing activities	<u>393,431</u>	<u>350,584</u>
Net Change in Cash and Cash Equivalents	4,012,482	1,523,225
Cash and Cash Equivalents:		
Beginning of year	<u>5,174,459</u>	<u>3,651,234</u>
End of year	<u><u>\$ 9,186,941</u></u>	<u><u>\$ 5,174,459</u></u>

REFUGEPPOINT, INC. AND AFFILIATE

Combined Statement of Functional Expenses

For the Year Ended December 31, 2021

(With Summarized Comparative Totals for the Year Ended December 31, 2020)

	2021			2020
	Program Services	General and Administrative	Fundraising	Total
Payroll and Related:				
Salaries	\$ 3,470,564	\$ 437,192	\$ 384,889	\$ 4,292,645
Payroll taxes and fringe benefits	752,800	114,618	87,170	954,588
Total payroll and related	4,223,364	551,810	472,059	5,247,233
Other Expenses:				
Travel	966,048	4,484	2,617	973,149
Refugee assistance	312,825	-	-	312,825
Professional fees	192,033	41,011	16,354	249,398
Occupancy	130,487	11,988	10,256	152,731
Office supplies	122,362	11,426	9,775	143,563
Depreciation and amortization	98,580	-	-	98,580
Training	42,517	6,162	4,623	53,302
Miscellaneous	5,646	36,830	6,742	49,218
Medical clinic supplies	47,645	-	-	47,645
Telephone	38,540	624	534	39,698
Postage, printing and delivery	16,105	902	2,831	19,838
Insurance	15,442	2,097	1,794	19,333
Total other expenses	1,988,230	115,524	55,526	2,159,280
Total expenses	\$ 6,211,594	\$ 667,334	\$ 527,585	\$ 7,406,513
				\$ 6,803,568

The accompanying notes are an integral part of these combined statements.

REFUGEPOINT, INC. AND AFFILIATE

Combined Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services	General and Adminis- trative	Fundraising	Total
Payroll and Related:				
Salaries	\$ 2,909,930	\$ 423,341	\$ 398,267	\$ 3,731,538
Payroll taxes and fringe benefits	<u>711,101</u>	<u>163,346</u>	<u>79,972</u>	<u>954,419</u>
Total payroll and related	<u>3,621,031</u>	<u>586,687</u>	<u>478,239</u>	<u>4,685,957</u>
Other Expenses:				
Travel	741,138	7,827	2,383	751,348
Refugee assistance	344,637	-	-	344,637
Professional fees	292,697	132,712	27,430	452,839
Occupancy	139,763	12,655	11,871	164,289
Office supplies	122,303	7,763	7,282	137,348
Depreciation and amortization	76,236	-	-	76,236
Training	5,301	4,699	385	10,385
Miscellaneous	21,696	21,072	12,688	55,456
Medical clinic supplies	47,070	-	-	47,070
Telephone	35,691	596	559	36,846
Postage, printing and delivery	17,874	636	6,034	24,544
Insurance	<u>12,849</u>	<u>1,942</u>	<u>1,822</u>	<u>16,613</u>
Total other expenses	<u>1,857,255</u>	<u>189,902</u>	<u>70,454</u>	<u>2,117,611</u>
Total expenses	<u><u>\$ 5,478,286</u></u>	<u><u>\$ 776,589</u></u>	<u><u>\$ 548,693</u></u>	<u><u>\$ 6,803,568</u></u>

REFUGEPOINT, INC. AND AFFILIATE

Notes to Combined Financial Statements
December 31, 2021 and 2020

1. OPERATIONS AND NONPROFIT STATUS

OPERATIONS

RefugePoint, Inc. (the Organization) is a not-for-profit organization incorporated on December 27, 2004. The Organization is based in Cambridge, Massachusetts and maintains a presence in Nairobi, Kenya and Geneva, Switzerland. In addition, expert staff is placed in locations worldwide, with an emphasis on Africa, to deliver services and influence policy and systems in the humanitarian field.

The Organization's Affiliate, RefugePoint International, is a non-governmental Kenyan organization (the Kenyan Organization). The Kenyan Organization was established with a mission to offer health care, counseling, social services, protection, livelihood support, and resettlement assistance to refugees registered with The Office of the United Nations High Commissioner for Refugees (UNHCR) in Kenya. The address of its registered office and principal place of business is in Nairobi, Kenya.

The Organization and the Kenyan Organization are related through common control and management and are collectively referred to as RefugePoint throughout these combined financial statements.

Vision: RefugePoint envisions an inclusive world where refugees are supported to rebuild their lives, reach their full potential and contribute to their communities.

Mission: RefugePoint advances lasting solutions for at-risk refugees and supports the humanitarian community to do the same.

Approach: RefugePoint identifies refugees facing the greatest risk, including children, survivors of torture and trauma, women and girls, etc., and delivers services for their immediate protection while seeking lasting solutions, builds capacity with operational partners for program replication and expansion, and works with global decision-makers to improve humanitarian policies, practices, and systems.

RefugePoint works towards two main solutions for refugees:

1. Third Country Solutions

For refugees that cannot remain safely in their countries of first asylum, RefugePoint connects them with opportunities to relocate safely and legally to third countries. This includes through resettlement programs and other pathways such as work/education-based visas or family reunification. This occurs both through direct referrals to governments and in partnership with UNHCR.

With UNHCR, RefugePoint places staff in key locations to assist with the identification, screening, and processing of refugees eligible for resettlement. Beyond positions funded by UNHCR, RefugePoint adds private funds to extend capacity to locations where unmet needs are identified. In addition to resettlement, staff also engage in child protection assessments to determine the best course of action for minors who are in need of protection, enabling some to qualify for resettlement. While many of the interventions are direct service in nature, RefugePoint also places staff to build the capacity of partner agencies and humanitarian support systems.

REFUGEPOINT, INC. AND AFFILIATE

Notes to Combined Financial Statements December 31, 2021 and 2020

1. OPERATIONS AND NONPROFIT STATUS (Continued)

OPERATIONS (Continued)

1. Third Country Solutions (Continued)

Since 2005, RefugePoint has directly helped more than 100,000 refugees to access resettlement and other pathways. On average, refugees wait more than 20 years before finding a solution to their situation. It is often refugees caught in these protracted situations with whom RefugePoint works. Since 2005, RefugePoint has worked in 250 locations in 52 countries.

RefugePoint has influenced global resettlement policy by focusing attention on the pervasive inequitable distribution of resettlement opportunities. RefugePoint has dedicated its own resources to improving equity of access, building resettlement infrastructure in under-reached locations and influencing larger actors to do the same. The vision is that at-risk refugees should have relatively equal access to resettlement opportunities regardless of where they are located.

In recent years, RefugePoint has been at the forefront of testing other legal pathways for refugees to safely relocate to third countries, including piloting an economic mobility program to Canada and assisting minors in Africa to reunite with relatives in Europe (and beyond) through family-based immigration. The vision is to eventually embed these pathways as regular opportunities for which refugees are referred worldwide.

2. Host Country Solutions (Refugee Self-Reliance)

The vast majority of refugees are not able to access resettlement or return home. It is therefore critical to help equip them to improve their quality of life and increase their self-reliance in their host countries. RefugePoint has established the Urban Refugee Protection Program in Nairobi, Kenya to demonstrate the value in supporting refugees as they work to regain stability and self-reliance. More than half of the world's refugees live in urban areas rather than refugee camps. Most receive little or no humanitarian aid and face numerous risks and impediments due to their refugee status and lack of rights/legal protections in their host countries.

In Nairobi, Kenya, the Urban Refugee Protection Program (URPP) supports refugee households to become stable and to progress towards self-reliance. With a core caseload of approximately 1,500 individuals, our social workers and case managers work with clients to develop individualized action plans. Skilled staff delivers an integrated array of services/supports including food, shelter, individual and group counseling, healthcare and education assistance, livelihoods training and small business grants. Over 3,500 clients have "graduated" from this program with earnings sufficient to cover their basic needs. RefugePoint uses the URPP as a demonstration project and learning hub, sharing its successful approaches and tools to enhance the work of other partners.

REFUGEPOINT, INC. AND AFFILIATE

Notes to Combined Financial Statements
December 31, 2021 and 2020

1. OPERATIONS AND NONPROFIT STATUS (Continued)

OPERATIONS (Continued)

RefugePoint values collaboration and is committed to increasing positive outcomes for refugees through partnership. The Organization does not intend to greatly expand its footprint in terms of direct programming, but rather works to add value through partnerships and influencing broader policy and practice. Over the past several years, a key initiative that highlights this approach is the global Refugee Self-Reliance Initiative (RSRI), co-created and led by RefugePoint and the Women's Refugee Commission. Participants include representatives from government and non-governmental organizations, community-based organizations led by refugees, UNHCR, foundations, academia, and others. The group jointly created and launched the Self-Reliance Index - the first global tool to measure the progress of refugee households towards self-reliance. Since launching in May 2020, the tool has been downloaded over 900 times; many agencies have begun using it and many more are being trained to begin using it. It will enable the field to collectively identify effective program approaches for replication and scale. With this as an essential foundation for building accountability, the group will begin looking at elements of successful self-reliance programming.

RefugePoint works to impact Third Country and Host Country Solutions through the use of the following tactics:

- Direct services - providing services to meet the needs of individuals and households.
- Field building - supporting other organizations to accelerate and expand programs reaching refugee populations.
- Systems change - influencing policy and decision-makers to drive large-scale change.

A focus on protecting refugee children underpins all of RefugePoint's work.

NONPROFIT STATUS

The Organization is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization is also exempt from state income taxes. Donors may deduct contributions made to the Organization within IRC requirements.

2. SIGNIFICANT ACCOUNTING POLICIES

The Organization and the Kenyan Organization prepare their combined financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Principles of Combination

The combined financial statements include the accounts of the Organization and the Kenyan Organization. All significant intercompany transactions and balances have been eliminated. The Kenyan Organization prepares separate financial statements, which are combined with the Organization's financial statements. The Kenyan Organization's financial statements include total net assets in U.S. Dollars of \$(9,640) and \$60,076 as of December 31, 2021 and 2020, respectively.

REFUGEPPOINT, INC. AND AFFILIATE

Notes to Combined Financial Statements
December 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

RefugePoint follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that RefugePoint would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

RefugePoint uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs.

Foreign Currency Translation

All cash balances in foreign accounts, other foreign assets, except for property and equipment, and liabilities have been translated at foreign exchange rates in effect at December 31, 2021 or 2020. Foreign property and equipment have been translated at historical foreign exchange rates. All of the Kenyan Organization's revenue and expense amounts are converted from Kenyan shillings to United States dollars at the average exchange rate for the year.

Use of Estimates

The preparation of combined financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

REFUGEPPOINT, INC. AND AFFILIATE

Notes to Combined Financial Statements
December 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purpose of the combined statements of cash flows, management considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Pledges and Accounts Receivable and Allowance for Doubtful Accounts

Pledges receivable are recorded as unconditionally committed and are stated at unpaid balances, less an allowance for doubtful accounts, if any. The allowance for doubtful accounts is recorded based on management's analysis of specific accounts and their estimate of amounts that may be uncollectible, if any. There was no allowance for doubtful accounts as of December 31, 2021 and 2020. Pledges receivable that are promised to be received more than one year after the combined statement of financial position date are discounted at an appropriate discount rate commensurate with the risks involved. Accounts receivable relate to reimbursements and are stated at unpaid balances.

Property and Equipment and Depreciation

Property and equipment with a value of \$2,500 or more and a useful life greater than one year are recorded at cost, if purchased, or at fair value at the time of donation. Renewals and betterments are capitalized, while repairs and maintenance are expensed as they are incurred. Depreciation is computed using the straight-line method over three to five years.

Land is not depreciated.

RefugePoint accounts for the carrying value of its property and equipment in accordance with the requirements of ASC Topic *Impairment and Disposal of Long-Lived Assets*. As of December 31, 2021 and 2020, RefugePoint has not recognized any reduction in the carrying value of its property and equipment in consideration of the requirement.

Website and Software and Amortization

Website and software includes the cost of updates to RefugePoint's website, as well as a proprietary software designed to aid in the refugee assistance program. The software was being developed through a three-phase process. Phases one and two were completed and placed in service during 2020 and phase three was completed and placed in service during 2021. The cost related to software not yet placed in service as of December 31, 2020, was \$75,510, and is included in website and software in the accompanying 2020 combined statement of financial position. Amortization is computed using the straight-line method over an estimated three-year useful life.

Combined Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating support and revenue and operating expenses in the accompanying combined statements of activities and changes in net assets. Peripheral or incidental transactions are reported as non-operating revenue (expense). Non-operating revenue (expense), consistent with industry practice, includes revenue and gains related to paycheck protection loan forgiveness, capital activity and currency translation losses.

REFUGEPPOINT, INC. AND AFFILIATE

Notes to Combined Financial Statements December 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

In accordance with ASC Subtopic 958-605 (Topic 958), *Revenue Recognition*, RefugePoint must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that RefugePoint should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met (see Note 12).

Grants and contributions without donor restrictions are recorded as revenue when received or unconditionally pledged. Grants and contributions with donor restrictions are recorded as revenue and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as program costs are incurred or time restrictions lapse. All other revenue is recorded when earned.

Donated Services

RefugePoint receives volunteer services relating to its mission. The nature of these services does not meet the criteria for recording under U.S. GAAP. Accordingly, no value is reflected in the accompanying combined financial statements for these services.

RefugePoint also receives contributed services which meet the criteria for recording and are reflected in the accompanying combined financial statements as donated services. These services are recorded based upon the estimated value assigned to them by the donating volunteers, agencies, or by management. These services consist of donated legal services and software amounting to \$80,615 and \$175,061 for the years ended December 31, 2021 and 2020, respectively, and is included in professional fees in the accompanying combined statements of functional expenses. A member of the Board of Directors of the Organization is a partner in one of the law firms that provides donated legal services.

Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are allocated to programs based upon management's estimate of the percentage attributable to each function.

The combined financial statements contain certain categories of expenses that are attributable to program and supporting functions. The expenses which are allocated include salaries and payroll taxes and fringe benefits, which are allocated on the basis of estimates of time and effort; and occupancy and insurance, which are allocated based on square footage occupied.

Marketing and Advertising Costs

RefugePoint expenses marketing and advertising costs as they are incurred.

REFUGEPOINT, INC. AND AFFILIATE

Notes to Combined Financial Statements
December 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by RefugePoint. RefugePoint has grouped its net assets without donor restrictions into the following categories:

- **Operating net assets** represent funds available to carry on the operations of RefugePoint.
- **Property, equipment, website and software net assets** reflect the net book value of RefugePoint's property, equipment, website and software, net of related debt, if any.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent contributions that are designated by donors for specific purposes or time periods. These contributions are recorded as net assets with donor restrictions until they are expended for their designated purpose or over their designated time period. Net assets were restricted as follows at December 31:

	2021	2020
Time	\$ 3,519,684	\$ -
Purpose	<u>529,192</u>	<u>993,956</u>
	<u>\$ 4,048,876</u>	<u>\$ 993,956</u>

Cumulative adjustment for foreign currency translation net assets represent the cumulative effect of translating the Kenyan Organization's financial activities and net position into the Organization's reporting currency (U.S. Dollars).

Income Taxes

RefugePoint accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the combined financial statements regarding a tax position taken or expected to be taken in a tax return. RefugePoint has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the accompanying combined financial statements at December 31, 2021 and 2020.

Subsequent Events

Subsequent events have been evaluated through June 2, 2022, which is the date the combined financial statements were available to be issued. See Note 8 for an event which met the criteria for disclosure in the accompanying combined financial statements.

REFUGEPOINT, INC. AND AFFILIATE

Notes to Combined Financial Statements
December 31, 2021 and 2020

3. CONCENTRATIONS

The Organization maintains its cash balances in a bank in Massachusetts, which is insured within the limits of the Federal Deposit Insurance Corporation (FDIC). At certain times during the year, cash balances exceeded the FDIC insured amounts. Any amounts over the FDIC limit are further insured through the Massachusetts Depositors Insurance Fund (DIF).

The Kenyan Organization maintains cash and cash equivalents required for program operations with Kenyan financial institutions, which are not insured. As of December 31, 2021 and 2020, the accompanying combined statements of financial position include approximately \$7,000 and \$18,000, respectively, of cash held in Kenyan financial institutions.

Two donors comprise 84% and 88% of pledges and accounts receivable as of December 31, 2021 and 2020, respectively. Three and four donors comprise 80% and 67% of grants and contributions revenue for the years ended December 31, 2021 and 2020, respectively.

4. PROPERTY AND EQUIPMENT AND WEBSITE AND SOFTWARE

Property and equipment consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 329,109	\$ 329,109
Motor vehicle	51,332	51,332
Computer	3,299	-
	<u>383,740</u>	<u>380,441</u>
Less - accumulated depreciation	39,343	36,508
	<u><u>\$ 344,397</u></u>	<u><u>\$ 343,933</u></u>

Website and software consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Website and software	\$ 358,927	\$ 311,787
Less - accumulated amortization	221,885	126,140
	<u><u>\$ 137,042</u></u>	<u><u>\$ 185,647</u></u>

Depreciation expense for the years ended December 31, 2021 and 2020, was \$2,835 and \$2,508, respectively. Amortization expense was \$95,745 and \$73,728 for the years ended December 31, 2021 and 2020, respectively. During 2007, the Organization purchased land in Kenya for \$329,109. This land is undeveloped (see Note 6).

5. LEASE COMMITMENTS

The Organization leased office space in Cambridge, Massachusetts under an agreement which expired in April 2022, as amended. The lease required monthly payments of \$6,805 through the end of the lease term. Under the agreement, the Organization was responsible for its proportionate share of common area and shared utility costs. The Organization is in the process of extending this lease for a two-month period and also looking at other new office space options.

REFUGEPPOINT, INC. AND AFFILIATE

Notes to Combined Financial Statements December 31, 2021 and 2020

5. LEASE COMMITMENTS (Continued)

The Organization leases office space in Geneva, Switzerland which continues for an indefinite duration as a tenant-at-will. The lease agreement requires the Organization to provide a three-month notice if it wishes to terminate the lease. The lease requires monthly payments of approximately \$700.

The Kenyan Organization was obligated under an operating lease for its Nairobi clinic facilities through February 2022. The lease required monthly payments of approximately \$1,900. In addition to the base rent, the Kenyan Organization is responsible for its prorated share of operating expenses. The Kenyan Organization is in the process of renewing this lease.

The Kenyan Organization has a second lease for additional space in the same complex as its clinic facilities through October 2023. The lease requires monthly payments of approximately \$1,700, which increase by 10% in August every two years, as defined in the agreement. In addition to the base rent, the Kenyan Organization is responsible for its prorated share of operating expenses.

Remaining future minimum lease payments are as follows:

2022	\$ 52,228
2023	\$ 18,713

Rent expense for the years ended December 31, 2021 and 2020, was \$146,515 and \$157,759, respectively, and is included in occupancy in the accompanying combined statements of functional expenses.

6. CONTINGENCIES

RefugePoint has brought suit to enjoin certain parties from trespassing on land purchased in Nairobi, Kenya (see Note 4). The defendants in this action have contested RefugePoint's legal ownership on the basis of false documentation. No settlement has been formally reached as of June 2, 2022, and RefugePoint is unable to estimate the financial impact of any potential settlement.

In the ordinary course of the Organization's business, the Organization is from time-to-time involved in disputes concerning business and employment matters of the Organization. While damages in connection with these disputes are possible, the Organization denies any wrong doing in these cases and is taking the appropriate legal steps in defense of these disputes. It is management's opinion that any potential settlement would not be material to the accompanying combined financial statements.

The COVID-19 outbreak in the United States has caused disruption and a reduction in economic activity. While the disruption is expected to be temporary, there is considerable uncertainty around the duration and the continued economic impacts. Any financial impact cannot be reasonably estimated at this time.

7. LINE OF CREDIT AGREEMENT

The Organization maintains a line of credit agreement with a bank which allows for borrowings up to \$200,000. Borrowings are payable on demand, bear interest at the bank's base lending rate (4.00% at December 31, 2021 and 2020), and are secured by all assets of the Organization. There was no outstanding balance under this line of credit at December 31, 2021 or 2020. The line of credit has no stated maturity date and the bank conducts an annual review of the credit relationship on an annual basis, upon receipt of the audited combined financial statements.

REFUGEPPOINT, INC. AND AFFILIATE

Notes to Combined Financial Statements December 31, 2021 and 2020

8. PAYCHECK PROTECTION PROGRAM LOANS

During 2020, the Organization applied for and was awarded a forgivable loan of \$314,500 from the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) through a bank. The funds were used to pay certain payroll costs, including benefits as well as rent and utilities during the covered period as defined in the CARES Act. A portion of these funds may be forgiven, as defined in the agreement, at the end of the covered period and the remainder of the funds will be due over a two-year period with interest at 1%. Any repayment will be deferred until the Small Business Administration (SBA) notifies the lender of the amount of the loan that will be forgiven, provided that the Organization submits the application for forgiveness within ten months after the completion of the covered period. The balance of note if not forgiven, plus interest, would be due in equal monthly payments through the maturity date as defined by the bank. There were no covenants with which to comply, and the note was not secured by any collateral as of December 31, 2020. There was no accrued interest on the note payable as of December 31, 2020, as it would be immaterial to the overall combined financial statements. The Organization applied for and was awarded full forgiveness of the loan during 2021, and accordingly, recognized \$314,500 of revenue which is reflected as Paycheck Protection Program loan forgiveness in the accompanying 2021 combined statement of activities and changes in net assets.

During 2021, the Organization applied for and was awarded a second draw PPP loan totaling \$393,431. The second draw PPP loan has the same general loan terms as the first draw PPP loan. A portion of these funds may be forgiven, as defined in the agreement, at the end of the covered period and the remainder of the funds will be due over a five-year period with interest at 1%. In March 2022, the Organization received notice from SBA and the bank that the full loan balance and related accrued interest were forgiven.

9. RETIREMENT PLANS

The Organization maintains an IRC Section 401(k) Retirement Plan for all eligible United States employees. Employees may make contributions to the plan up to the maximum allowed by law. The Organization makes matching contributions to the plan as determined by the Board of Directors. Contribution expense under the plan was \$88,202 and \$62,874 for the years ended December 31, 2021 and 2020, respectively, and is included in payroll taxes and fringe benefits in the accompanying combined statements of functional expenses.

The Kenyan Organization maintains a retirement plan for Kenyan-based employees. Employees may contribute to the plan and the Kenyan Organization provides a matching contribution of up to 5% of eligible employees' salaries. The Kenyan Organization's contribution expense under the plan was \$41,378 and \$42,614 for the years ended December 31, 2021 and 2020, respectively, and is included in payroll taxes and fringe benefits in the accompanying combined statements of functional expenses.

10. LIQUIDITY

Financial assets available for use by RefugePoint within one year from the combined statements of financial position date are as follows:

	2021	2020
Cash and cash equivalents without donor restrictions	\$ 8,941,190	\$ 4,865,408
Time restricted pledges to be collected within twelve months of the combined statement of financial position date	1,530,000	-
Pledges and accounts receivable without donor restrictions	<u>43,200</u>	<u>141,828</u>
Total	<u><u>\$ 10,514,390</u></u>	<u><u>\$ 5,007,236</u></u>

REFUGEPPOINT, INC. AND AFFILIATE

Notes to Combined Financial Statements December 31, 2021 and 2020

10. LIQUIDITY (Continued)

RefugePoint has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2021 and 2020, RefugePoint has financial assets equal to approximately seventeen and nine months of operating expenses, respectively. The majority of operating expenses are funded by donor restricted grants which are made available for operations as expenses are incurred. RefugePoint also expects to have access to \$200,000 in a line of credit to fund operations (see Note 7).

11. PLEDGES RECEIVABLE

The Organization receives pledges from various donors. As of December 31, 2021 and 2020, pledges receivable are expected to be collected as follows:

	<u>2021</u>	<u>2020</u>
Amounts due in:		
Less than one year	\$ 1,773,441	\$ 684,905
One to five years	<u>2,040,000</u>	<u>-</u>
	3,813,441	684,905
Less - discount	10,316	-
Less - current portion	<u>1,773,441</u>	<u>684,905</u>
Non-current pledges receivable	<u>\$ 2,029,684</u>	<u>\$ -</u>

Pledges receivable have been discounted to their net present value using the U.S. Department of the Treasury rate at the time of the award plus an internal risk rate of 0.05%. The discount rate used during 2021 was 0.24%.

12. CONDITIONAL GRANTS

The Organization has been awarded conditional grants from certain foundations. Payment of these grants is conditional upon the Organization meeting certain progress benchmarks, and the submission and approval of specific financial reports, as defined in the grant agreements. Accordingly, \$3,679,703 representing the remaining balances of these grants, has not been earned or recognized as revenue in the accompanying combined financial statements as of December 31, 2021. The Organization received advance payments totaling \$1,215,458 which were not earned, and accordingly, are reflected as conditional grant advance liability in the accompanying 2021 combined statement of financial position. There are no conditional grants as of December 31, 2020.

13. RECLASSIFICATIONS

Certain amounts in the 2020 combined financial statements have been reclassified to conform with 2021 presentation.