



**COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

REFUGEPPOINT, INC. AND AFFILIATES

Contents

December 31, 2023 and 2022

	<u>Pages</u>
Independent Auditor's Report	1 - 1A
Combined Financial Statements:	
Combined Statements of Financial Position	2
Combined Statements of Activities and Changes in Net Assets	3
Combined Statements of Cash Flows	4
Combined Statements of Functional Expenses	5 - 6
Notes to Combined Financial Statements	7 - 18

Independent Auditor's Report

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

Opinion

We have audited the combined financial statements of RefugePoint, Inc. (a Massachusetts nonprofit corporation) and Affiliates (RefugePoint International and RefugePoint Canada, non-governmental organizations registered in Kenya and Canada, respectively) (collectively, RefugePoint), which comprise the combined statements of financial position as of December 31, 2023 and 2022, 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 Affiliates as of December 31, 2023 and 2022, 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 of combined total assets at December 31, 2023 and 2022, 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 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 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 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.

Report on Comparative Information

We have previously audited RefugePoint's 2022 combined financial statements, and we expressed an unmodified opinion on those audited combined financial statements in our audit report dated June 5, 2023. Those combined financial statements did not include RefugePoint Canada, as the entity was formed subsequent to December 31, 2022, on February 14, 2023.

AATCPAs, Inc.

Westborough, Massachusetts
June 6, 2024

REFUGEPPOINT, INC. AND AFFILIATES

Combined Statements of Financial Position
December 31, 2023 and 2022

Assets	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Current Assets:						
Cash and cash equivalents	\$ 4,147,808	\$ 100,000	\$ 4,247,808	\$ 12,782,881	\$ -	\$ 12,782,881
Pledges and accounts receivable	369,899	750,000	1,119,899	272,341	1,040,000	1,312,341
Prepaid expenses and other	60,266	-	60,266	142,916	-	142,916
Total current assets	<u>4,577,973</u>	<u>850,000</u>	<u>5,427,973</u>	<u>13,198,138</u>	<u>1,040,000</u>	<u>14,238,138</u>
Pledges Receivable, net of current portion and discount	-	-	-	-	693,368	693,368
Investments	11,240,376	-	11,240,376	-	-	-
Property and Equipment, net	552,765	-	552,765	361,704	-	361,704
Right-of-Use Asset - Operating	369,955	-	369,955	471,287	-	471,287
Website and Software, net	<u>46,533</u>	<u>-</u>	<u>46,533</u>	<u>107,838</u>	<u>-</u>	<u>107,838</u>
Total assets	<u>\$ 16,787,602</u>	<u>\$ 850,000</u>	<u>\$ 17,637,602</u>	<u>\$ 14,138,967</u>	<u>\$ 1,733,368</u>	<u>\$ 15,872,335</u>
Liabilities and Net Assets						
Current Liabilities:						
Current portion of operating lease liability	\$ 114,685	\$ -	\$ 114,685	\$ 101,316	\$ -	\$ 101,316
Accounts payable and accrued expenses	501,059	-	501,059	473,382	-	473,382
Total current liabilities	<u>615,744</u>	<u>-</u>	<u>615,744</u>	<u>574,698</u>	<u>-</u>	<u>574,698</u>
Operating Lease Liability, net of current portion	<u>267,644</u>	<u>-</u>	<u>267,644</u>	<u>381,251</u>	<u>-</u>	<u>381,251</u>
Total liabilities	<u>883,388</u>	<u>-</u>	<u>883,388</u>	<u>955,949</u>	<u>-</u>	<u>955,949</u>
Net Assets:						
Without donor restrictions:						
Operating	15,467,900	-	15,467,900	12,789,751	-	12,789,751
Property and other	586,924	-	586,924	458,262	-	458,262
With donor restrictions	-	850,000	850,000	-	1,733,368	1,733,368
Cumulative adjustment for foreign currency translation	(150,610)	-	(150,610)	(64,995)	-	(64,995)
Total net assets	<u>15,904,214</u>	<u>850,000</u>	<u>16,754,214</u>	<u>13,183,018</u>	<u>1,733,368</u>	<u>14,916,386</u>
Total liabilities and net assets	<u>\$ 16,787,602</u>	<u>\$ 850,000</u>	<u>\$ 17,637,602</u>	<u>\$ 14,138,967</u>	<u>\$ 1,733,368</u>	<u>\$ 15,872,335</u>

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

Page 2

REFUGEPPOINT, INC. AND AFFILIATES

Combined Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue:						
Grants and contributions	\$ 12,906,029	\$ 221,632	\$ 13,127,661	\$ 12,280,125	\$ 146,540	\$ 12,426,665
Interest income and other	136,203	-	136,203	72,936	-	72,936
Donated services	119,431	-	119,431	84,504	-	84,504
Net assets released from restrictions:						
Time restrictions	1,000,000	(1,000,000)	-	1,778,042	(1,778,042)	-
Purpose restrictions	105,000	(105,000)	-	684,006	(684,006)	-
Total operating support and revenue	<u>14,266,663</u>	<u>(883,368)</u>	<u>13,383,295</u>	<u>14,899,613</u>	<u>(2,315,508)</u>	<u>12,584,105</u>
Operating Expenses:						
Program services	9,953,463	-	9,953,463	8,348,337	-	8,348,337
General and administrative	859,876	-	859,876	805,491	-	805,491
Fundraising	896,421	-	896,421	659,762	-	659,762
Total operating expenses	<u>11,709,760</u>	<u>-</u>	<u>11,709,760</u>	<u>9,813,590</u>	<u>-</u>	<u>9,813,590</u>
Changes in net assets from operations	<u>2,556,903</u>	<u>(883,368)</u>	<u>1,673,535</u>	<u>5,086,023</u>	<u>(2,315,508)</u>	<u>2,770,515</u>
Non-Operating Revenue (Expense):						
Net investment return	249,908	-	249,908	-	-	-
Paycheck Protection Program Loan forgiveness	-	-	-	393,431	-	393,431
Currency translation loss	(85,615)	-	(85,615)	(38,377)	-	(38,377)
Total non-operating revenue (expense)	<u>164,293</u>	<u>-</u>	<u>164,293</u>	<u>355,054</u>	<u>-</u>	<u>355,054</u>
Changes in net assets	<u>2,721,196</u>	<u>(883,368)</u>	<u>1,837,828</u>	<u>5,441,077</u>	<u>(2,315,508)</u>	<u>3,125,569</u>
Net Assets:						
Beginning of year	<u>13,183,018</u>	<u>1,733,368</u>	<u>14,916,386</u>	<u>7,741,941</u>	<u>4,048,876</u>	<u>11,790,817</u>
End of year	<u>\$ 15,904,214</u>	<u>\$ 850,000</u>	<u>\$ 16,754,214</u>	<u>\$ 13,183,018</u>	<u>\$ 1,733,368</u>	<u>\$ 14,916,386</u>

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

Page 3

REFUGEPPOINT, INC. AND AFFILIATES

Combined Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities:		
Changes in net assets	\$ 1,837,828	\$ 3,125,569
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	107,123	80,069
Paycheck Protection Program Loan forgiveness	-	(393,431)
Net realized/unrealized losses on investments	50,800	-
Change in pledge discount	(56,632)	56,632
Non-cash lease expense	1,094	11,280
Changes in operating assets and liabilities:		
Pledges and accounts receivable	942,442	1,840,833
Prepaid expenses and other	82,650	(15,521)
Accounts payable and accrued expenses	27,677	174,139
Conditional grant advance	-	(1,215,458)
Net cash provided by operating activities	<u>2,992,982</u>	<u>3,664,112</u>
Cash Flows from Investing Activities:		
Investment in website and software	-	(46,172)
Acquisition of property and equipment	(236,879)	(22,000)
Proceeds from sale of investments	2,381,639	-
Purchase of investments	<u>(13,672,815)</u>	<u>-</u>
Net cash used in investing activities	<u>(11,528,055)</u>	<u>(68,172)</u>
Net Change in Cash and Cash Equivalents	(8,535,073)	3,595,940
Cash and Cash Equivalents:		
Beginning of year	<u>12,782,881</u>	<u>9,186,941</u>
End of year	<u>\$ 4,247,808</u>	<u>\$ 12,782,881</u>

REFUGEPPOINT, INC. AND AFFILIATES

Combined Statement of Functional Expenses

For the Year Ended December 31, 2023

(With Summarized Comparative Totals for the Year Ended December 31, 2022)

	2023			2022
	Program Services	General and Adminis- trative	Fundraising	Total
				Total
Payroll and Related:				
Salaries	\$ 5,461,903	\$ 551,876	\$ 590,533	\$ 6,604,312
Payroll taxes and fringe benefits	<u>1,108,091</u>	<u>128,684</u>	<u>122,799</u>	<u>1,359,574</u>
Total payroll and related	<u>6,569,994</u>	<u>680,560</u>	<u>713,332</u>	<u>7,963,886</u>
				<u>6,615,927</u>
Other Expenses:				
Travel	1,922,175	17,209	45,765	1,985,149
Professional fees	424,170	52,449	54,975	531,594
Refugee assistance	371,359	-	-	371,359
Office supplies	227,295	17,404	18,242	262,941
Occupancy	158,325	13,628	14,284	186,237
Miscellaneous	44,885	70,048	37,177	152,110
Depreciation and amortization	107,123	-	-	107,123
Insurance	32,795	3,712	3,891	40,398
Telephone	36,147	638	669	37,454
Medical clinic supplies	30,195	-	-	30,195
Training	19,522	2,392	4,984	26,898
Postage, printing and delivery	9,478	1,836	3,102	14,416
Special events	-	-	-	<u>2,421</u>
Total other expenses	<u>3,383,469</u>	<u>179,316</u>	<u>183,089</u>	<u>3,745,874</u>
Total expenses	<u>\$ 9,953,463</u>	<u>\$ 859,876</u>	<u>\$ 896,421</u>	<u>\$ 11,709,760</u>
				<u>\$ 9,813,590</u>

REFUGEPPOINT, INC. AND AFFILIATES

Combined Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program Services	General and Adminis- trative	Fundraising	Total
Payroll and Related:				
Salaries	\$ 4,473,171	\$ 456,925	\$ 472,840	\$ 5,402,936
Payroll taxes and fringe benefits	<u>966,510</u>	<u>148,264</u>	<u>98,217</u>	<u>1,212,991</u>
Total payroll and related	<u>5,439,681</u>	<u>605,189</u>	<u>571,057</u>	<u>6,615,927</u>
Other Expenses:				
Travel	1,706,545	35,118	31,195	1,772,858
Professional fees	267,214	100,221	19,359	386,794
Refugee assistance	388,604	-	-	388,604
Office supplies	160,017	14,654	13,831	188,502
Occupancy	147,691	12,591	11,881	172,163
Miscellaneous	13,761	30,609	5,936	50,306
Depreciation and amortization	80,069	-	-	80,069
Insurance	22,343	2,627	2,479	27,449
Telephone	42,643	428	403	43,474
Medical clinic supplies	50,765	-	-	50,765
Training	21,108	2,510	1,302	24,920
Postage, printing and delivery	6,092	1,544	1,702	9,338
Special events	<u>1,804</u>	<u>-</u>	<u>617</u>	<u>2,421</u>
Total other expenses	<u>2,908,656</u>	<u>200,302</u>	<u>88,705</u>	<u>3,197,663</u>
Total expenses	<u><u>\$ 8,348,337</u></u>	<u><u>\$ 805,491</u></u>	<u><u>\$ 659,762</u></u>	<u><u>\$ 9,813,590</u></u>

REFUGEPOINT, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2023 and 2022

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 Boston, Massachusetts and maintains a presence in Nairobi, Kenya and Geneva, Switzerland. In addition, expert staff are 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.

Another affiliate of the Organization, RefugePoint Canada (the Canadian Organization), was incorporated in 2023 as a tax-exempt organization in Canada. This entity will help the Organization strengthen partnerships and programming in Canada and will leverage support from Canadian donors to further RefugePoint's efforts in finding lasting solutions for the world's most at-risk refugees.

The Organization, the Kenyan Organization, and the Canadian 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 all refugees can safely build stable, connected, and thriving lives.

Mission: RefugePoint partners with refugees to access life-changing solutions and transforms how the world supports them.

Approach: RefugePoint seeks to expand access to lasting solutions for refugees and increase the total number of refugees able to access those solutions, especially those facing vulnerabilities and who are underserved by aid systems. RefugePoint pursues these goals using three tactics: direct services, field building, and systems change. Through this three-pronged approach RefugePoint improves the lives of thousands of refugees, strengthens the capacity of other organizations to better serve refugees, and influences global policy and practice to transform refugee response systems.

RefugePoint focuses on refugee populations that are at-risk, particularly those that are chronically underserved by the larger aid systems including women, children, the LGBTQI+ community, those with special medical needs, survivors of violence, and urban refugees. Through its programs, RefugePoint delivers services for immediate protection and to support self-reliance, build sector-wide capacity by sharing knowledge and resources to expand solutions for refugees and influence global policy and practice to transform refugee response systems to drive large scale change by working simultaneously on direct services, field building, and systems change.

REFUGEPOINT, INC. AND AFFILIATES

Notes to Combined Financial Statements December 31, 2023 and 2022

1. OPERATIONS AND NONPROFIT STATUS (Continued)

OPERATIONS (Continued)

RefugePoint focuses on two key programmatic areas:

1. Self-Reliance (Host Country Solutions - HCS)

Through its self-reliance programs, RefugePoint helps refugees stabilize, build social and economic capital, and engage in dignified livelihoods in the countries to which they have fled so they can meet their own essential needs.

Through its Urban Refugee Protection Program (URPP) in Nairobi, Kenya, RefugePoint first provides a holistic set of supports tailored to families' needs, like housing support, mental health counseling, food support, school enrollment, and health care. These services help to stabilize the refugee household. RefugePoint then works with clients to support themselves by providing business training and small business grants so they have the tools they need to utilize their skills, contribute to their communities, and thrive.

The Refugee Self-Reliance Initiative (RSRI), co-founded by and housed within RefugePoint, is a catalytic global network that expands opportunities for refugees and other forcibly displaced populations to become self-reliant and achieve their goals. The RSRI aims to shift the paradigm of refugee assistance from 'care and maintenance' models that perpetuate cycles of dependence on aid to approaches that open opportunities for refugees to use their skills and talents to support themselves and their families, rebuild their lives in host countries, and meaningfully participate in decision making and policy influence spaces.

2. Resettlement and Other Pathways to Safety (Third Country Solutions - 3CS)

RefugePoint's 3CS programs help refugees who can't remain safely where they are to permanently and legally relocate to a safe, new country to rebuild their lives.

Resettlement: For many refugees, the ability to return home or safely remain in the country to which they've fled is not an option. RefugePoint helps refugees who can't remain safely where they are to permanently relocate to a safe, new country to rebuild their lives. RefugePoint supports refugees to access resettlement in three ways:

- Resettlement program in Nairobi where RefugePoint staff refer refugees directly to governments for resettlement consideration.
- A partnership with the UN Refugee Agency to place RefugePoint staff in their offices in key locations around the world to assist with the identification and referral of refugees for resettlement consideration by governments worldwide.
- The US-funded NGO Referrals Project (led by the Equitable Resettlement Access Consortium), where RefugePoint works in partnership with other NGOs to expand NGO capacity globally to make resettlement referrals to the US Refugee Admissions Program.

Other Pathways to Safety: In addition to the millions of refugees in need of resettlement each year, many others are eligible for a variety of other pathways to safety (often referred to collectively as "complementary pathways" to resettlement), including family reunification, labor mobility, sponsorship, and more. In recent years, RefugePoint has been a global leader in developing new programs to help refugees access these visa programs.

REFUGEPPOINT, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2023 and 2022

1. OPERATIONS AND NONPROFIT STATUS (Continued)

OPERATIONS (Continued)

2. Resettlement and Other Pathways to Safety (Third Country Solutions - 3CS) (Continued)

Family Reunification: Often, refugee families become separated during war and flight and many refugees may never see their family members again. Family unity is a basic human right, and RefugePoint strives to reunite refugee families no matter where they are located. RefugePoint Family Reunification staff identify unaccompanied children with relatives abroad, complete best interest assessments/determinations, provide case management and referrals to partners for legal services or other needs, and assist the child in navigating the immigration process to the point of departure. RefugePoint's Family Reunification experts also develop the tools, systems, and structures necessary to institutionalize family reunification in countries of asylum and provide training and capacity-building to other organizations to expand access.

Labor Mobility: Many refugees have skills that are in great demand in middle- and high-income countries, however, work visas are typically not available to refugees. RefugePoint's labor mobility program connects refugees to job opportunities that allow them to relocate to a safe, new country and obtain permanent residence.

Elevating Refugee Leadership: To ensure that its work and the field at large are informed by the real experiences and needs of refugees, RefugePoint creates space for and elevates refugee voices and leadership. RefugePoint is committed to working with refugees to: identify and implement appropriate and effective protection solutions; respond to their evolving needs; offer holistic support that prioritizes all aspects of their well-being; and include them in meaningful participation — ensuring they have a voice in the design, implementation and monitoring of programs, and are represented in global policy fora.

RefugePoint has long recognized the vital role that refugee-led organizations (RLOs) and community-based organizations (CBOs) play in responding to the needs of their own communities. Over the past few years, RefugePoint has prioritized actively and intentionally engaging with these groups. RefugePoint exchanges knowledge, skills, learning and resources to support and strengthen the important work these organizations are doing to elevate self-reliance programming in refugee communities, and also to inform and enrich its programs.

Directly, RefugePoint has referred over 140,000 refugees for resettlement or other pathways to a safe, third country. RefugePoint has also equipped thousands of refugees with the tools to support themselves and their families in the country to which they've fled. Through innovation, collaboration and influence, RefugePoint has helped lead the sector in expanding long-lasting, refugee-centered solutions, and instigated major sea changes in global practice.

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

RefugePoint prepares its 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).

REFUGEPOINT, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Combination

The combined financial statements include the accounts of the Kenyan Organization and the Canadian 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 Canadian Organization was formed in 2023 and had minimal activity. The Affiliates' financial statements as of December 31, 2023 and 2022, include total net assets in U.S. dollars as follows:

	2023	2022
Kenyan Organization	\$ 38,257	\$ 41,177
Canadian Organization	<u>38,886</u>	<u>-</u>
	<u>\$ 77,143</u>	<u>\$ 41,177</u>

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, 2023 and 2022. Foreign property and equipment have been translated at historical foreign exchange rates. All of the Kenyan Organization's and the Canadian Organization's revenue and expense amounts are converted from Kenyan shillings and Canadian dollars, respectively, to U.S. dollars at the average exchange rate for the year.

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.

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 RefugePoint. 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.

REFUGEPOINT, INC. AND AFFILIATES

Notes to Combined Financial Statements December 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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.

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.

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, 2023 and 2022. 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 as unpaid balances.

Investments

Investments consist of the Organization's holdings of marketable financial securities held for purposes of financial returns and classified as non-current assets based on management's intent to hold these assets for long-term purposes. The Organization records investments at fair value. If an investment is directly held by the Organization and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Bonds are valued using several factors, including credit rating relative to a corporate bond or government security with similar maturity or duration. Reported fair values of shares in mutual funds are based on share prices reported by the funds as of the last business day of the year. Interest, dividends, mutual fund distributions, and other income of these investments are recorded when earned or declared. Gains and losses are recognized as incurred on sale or based on fair value changes during the period.

REFUGEPOINT, INC. AND AFFILIATES

Notes to Combined Financial Statements December 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 seven years. Land is not depreciated.

RefugePoint accounts for the carrying value of its property and equipment in accordance with the requirements of ASC Topic, *Plant, Property, and Equipment*. As of December 31, 2023 and 2022, 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 include the cost of updates to RefugePoint's website, as well as a proprietary software designed to aid in the refugee assistance program. Amortization is computed using the straight-line method over an estimated three-year useful life.

Leases

The Organization currently has one lease agreement that is long-term with a right-of-use (ROU) asset and liability recognized under Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. A contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. The Organization recognizes a ROU asset - operating and an operating lease liability based on the present value of the minimum lease payments over the non-cancelable term of the lease.

The Organization uses the implicit rate when it is readily determinable and a risk-free rate when the implicit rate is not readily determinable. Lease expense is recognized on a straight-line basis over the lease term.

The Organization has certain leases that are for a period of twelve months or less or contain renewals for periods of twelve months or less. The Organization does not include short-term leases within the combined statement of financial position since it has elected the practical expedient to not include these leases within the operating lease ROU assets and liabilities. The Organization elected to account for lease agreements with lease and non-lease components and practical expedient to account for them as a single component was elected.

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. Non-operating activity includes net investment return, Paycheck Protection Program loan forgiveness, and currency translation loss.

REFUGEPPOINT, INC. AND AFFILIATES

Notes to Combined Financial Statements December 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

In accordance with ASC Subtopic 958-605 (Topic 958), *Revenue Recognition*, the Organization 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 the Organization 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 10).

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.

Expense Allocation

The combined financial statements present expenses by functional classification in accordance with the overall service mission of RefugePoint. Each functional classification presents all expenses related to the underlying operations by natural classification.

The combined financial statements report certain categories of expenses that are attributable to more than one program or supporting function and require an allocation on a reasonable basis that is consistently applied. Salaries, payroll taxes and fringe benefits are allocated based on estimates of time and effort spent on each program or support function. Occupancy and insurance expenses are allocated based on square footage occupied by programs or supporting services. All other expenses are charged on a direct basis to specific programs or functions.

Donated Services

RefugePoint receives contributed services which meet the criteria for recording and are reflected in the accompanying combined financial statements as donated services. RefugePoint recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

During the years ended December 31, 2023 and 2022, RefugePoint received donated legal services valued at \$119,431 and \$84,504, respectively. These amounts are included in professional fees in the accompanying combined statements of functional expenses.

RefugePoint also 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.

REFUGEPPOINT, INC. AND AFFILIATES

Notes to Combined Financial Statements December 31, 2023 and 2022

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 and other net assets** reflect the net book value of RefugePoint's property, equipment, website, software and ROU asset, net of related debt (if any) and lease liability.

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:

	<u>2023</u>	<u>2022</u>
Time	\$ 850,000	\$ 1,693,368
Purpose	<u>-</u>	<u>40,000</u>
	<u><u>\$ 850,000</u></u>	<u><u>\$ 1,733,368</u></u>

Cumulative Adjustment for Foreign Currency Translation Net Assets

This adjustment represents the cumulative effect of translating the Kenyan Organization's and the Canadian Organization's financial activities and net position into RefugePoint'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, 2023 and 2022.

Subsequent Events

Subsequent events have been evaluated through June 6, 2024, which is the date the combined financial statements were available to be issued. There were no events which met criteria for disclosures in the accompanying combined financial statements.

REFUGEPOINT, INC. AND AFFILIATES

Notes to Combined Financial Statements December 31, 2023 and 2022

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, 2023 and 2022, the accompanying combined statements of financial position include approximately \$47,000 and \$49,000, respectively, of cash held in Kenyan financial institutions.

The Canadian Organization maintains its cash in a bank in Canada, which is insured within the limits of the Canadian Deposit Insurance Corporation (CDIC). As of December 31, 2023, the accompanying combined statements of financial position include approximately \$39,000 of cash held in a Canadian bank which is under the CDIC threshold.

One and two donors comprise 67% and 87% of pledges and accounts receivable as of December 31, 2023 and 2022, respectively. Three and two donors comprise 82% and 76% of grants and contributions revenue for the years ended December 31, 2023 and 2022, respectively.

4. PROPERTY AND EQUIPMENT AND WEBSITE AND SOFTWARE

Property and equipment consist of the following at December 31:

	2023	2022
Land	\$ 329,109	\$ 329,109
Leasehold improvements	159,088	-
Motor vehicle	68,581	51,332
Furniture and fixtures	42,761	22,000
Computer	10,307	3,299
Office equipment	5,537	-
	<hr/> 615,383	<hr/> 405,740
Less - accumulated depreciation	<hr/> 62,618	<hr/> 44,036
	<hr/> <u>\$ 552,765</u>	<hr/> <u>\$ 361,704</u>

Website and software consist of the following at December 31:

	2023	2022
Website and software	\$ 405,099	\$ 405,099
Less - accumulated amortization	<hr/> 358,566	<hr/> 297,261
	<hr/> <u>\$ 46,533</u>	<hr/> <u>\$ 107,838</u>

Depreciation expense for the years ended December 31, 2023 and 2022, was \$45,818 and \$4,693, respectively. Amortization expense was \$61,305 and \$75,376 for the years ended December 31, 2023 and 2022, respectively. During 2007, RefugePoint purchased land in Kenya for \$329,109. This land is undeveloped (see Note 8).

REFUGEPPOINT, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2023 and 2022

5. LEASE COMMITMENTS

During 2022, the Organization signed a five-year lease agreement for a new office in Boston, Massachusetts. The lease requires escalating monthly payments through the end of the lease term, which is set to expire in May 2027. Under this agreement, the Organization is responsible for its proportionate share of operating expenses, which vary each month. The Organization uses the risk-free rate of 2.94% to discount its future lease liabilities to present value.

The Organization leased an office space in Cambridge, Massachusetts under an agreement which expired in April 2022. The lease required monthly payments of \$6,805 through the end of the lease term.

RefugePoint leases office space in Geneva, Switzerland as a tenant-at-will. The lease agreement requires RefugePoint to provide a three-month notice if it wishes to terminate the lease. The Kenyan Organization has two operating leases for its Nairobi clinic facilities as a tenant-at-will.

The following summarizes the lease expense, which is included in occupancy in the accompanying combined statements of functional expenses, for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Operating lease costs	\$ 113,900	\$ 93,662
Short-term lease costs	56,378	67,630
Variable lease costs	<u>11,593</u>	<u>8,897</u>
 Total lease costs	 <u>\$ 181,871</u>	 <u>\$ 170,189</u>

RefugePoint's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Remaining undiscounted future minimum lease payments are as follows:

2024	\$ 114,685
2025	117,908
2026	119,251
2027	<u>49,688</u>
 Total future undiscounted payments	 401,532
Less - present value discount	<u>(133,888)</u>
 Present value of long term lease obligations	 <u>\$ 267,644</u>

6. LINE OF CREDIT AGREEMENT

RefugePoint maintains a line of credit agreement with a bank which allows for borrowings up to \$500,000 at December 31, 2023 and 2022. Borrowings are payable on demand, bear interest at the bank's base lending rate (8.5% and 7.5% at December 31, 2023 and 2022, respectively), and are secured by all assets of RefugePoint. There was no outstanding balance under this line of credit at December 31, 2023 or 2022. 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.

REFUGEPOINT, INC. AND AFFILIATES

Notes to Combined Financial Statements December 31, 2023 and 2022

7. INVESTMENTS

During 2023, the Organization opened investment accounts and invested into stocks, bonds, and money market funds. Money market funds are insured through SIPC and Excess SIPC coverage from Lloyds of London. All other investments are not insured and are subject to ongoing market fluctuations. The funds may be used at the discretion of the Board of Directors. The following table presents the Organization's investments, by level within the valuation framework, as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 10,661,660	\$ -	\$ -	\$ 10,661,660
Bond funds	300,275	-	-	300,275
Stock and exchange traded funds	269,970	-	-	269,970
Cash and cash equivalents	<u>8,471</u>	<u>-</u>	<u>-</u>	<u>8,471</u>
	<u>\$ 11,240,376</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,240,376</u>

8. CONTINGENCIES

In the ordinary course of RefugePoint's business, RefugePoint is from time-to-time involved in disputes concerning business and employment matters of RefugePoint. While damages in connection with these disputes are possible, RefugePoint denies any wrongdoing 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.

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 allegedly false documentation. No settlement has been formally reached as of June 6, 2024, and RefugePoint is unable to estimate the financial impact of any potential settlement.

9. RETIREMENT PLANS

RefugePoint 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. RefugePoint makes matching contributions to the plan as determined by the Board of Directors. Contribution expense under the plan was \$124,966 and \$102,685 for the years ended December 31, 2023 and 2022, 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 \$49,242 and \$48,236 for the years ended December 31, 2023 and 2022, respectively, and is included in payroll taxes and fringe benefits in the accompanying combined statements of functional expenses.

10. CONDITIONAL GRANTS

RefugePoint has been awarded conditional grants from certain funders. Payment of these grants is conditional upon RefugePoint meeting certain progress benchmarks, and the submission and approval of specific financial reports, as well as availability of funds as defined in the grant agreements. Accordingly, \$16,909,989 and \$345,000 representing the remaining balances of these grants, have not been earned or recognized as revenue in the accompanying combined financial statements as of December 31, 2023 and 2022, respectively.

REFUGEPPOINT, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2023 and 2022

11. PLEDGES RECEIVABLE

RefugePoint receives pledges from various donors. As of December 31, 2023 and 2022, pledges receivable are expected to be collected as follows:

	2023	2022
Amounts due in:		
Less than one year	\$ 750,000	\$ 1,040,000
One to three years	-	750,000
	750,000	1,790,000
Less - discount	-	56,632
Less - current portion	<u>750,000</u>	<u>1,040,000</u>
Non-current pledges receivable	<u>\$ -</u>	<u>\$ 693,368</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 was 4.81% during 2022.

12. LIQUIDITY

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

	2023	2022
Cash and cash equivalents without donor restrictions	\$ 4,147,808	\$ 12,782,881
Time restricted pledges to be collected within a year	750,000	1,000,000
Pledges and accounts receivable without donor restrictions	369,899	272,341
Time restricted cash to be spent within a year	<u>100,000</u>	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,367,707</u>	<u>\$ 14,055,222</u>

RefugePoint has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2023 and 2022, RefugePoint has financial assets equal to approximately five and sixteen 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. In addition, RefugePoint has approximately \$11,200,000 in investments as of December 31, 2023, that are being held for long-term growth and sustainability (see Note 7). At any given time, these investments could be liquidated to meet ongoing obligations with prior approval of the Board of Directors. RefugePoint also has a \$500,000 line of credit which can be used to fund operations (see Note 6).

13. PAYCHECK PROTECTION PROGRAM LOANS

During 2021, RefugePoint applied for and was awarded a forgivable loan of \$393,431 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. There were no covenants with which to comply, and the loan was not secured by any collateral. RefugePoint applied for and was awarded full forgiveness of the loan during 2022, and accordingly, recognized \$393,431 of loan forgiveness in the accompanying combined statement of activities and changes in net assets.