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# **REFUGEE & IMMIGRANT TRANSITIONS**

**(FORMERLY REFUGEE TRANSITIONS)**

## **FINANCIAL STATEMENTS**

**June 30, 2020**

**(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2019)**

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**CROSBY & KANEDA**

Certified Public Accountants  
for Nonprofit Organizations

# REFUGEE & IMMIGRANT TRANSITIONS

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Refugee & Immigrant Transitions (formerly Refugee Transitions)  
San Francisco, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of Refugee & Immigrant Transitions (formerly Refugee Transitions), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

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

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

**Auditors' Responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Refugee & Immigrant Transitions as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited the Refugee & Immigrant Transitions' June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 2, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Crosby & Lameda CPAs LLP*

Oakland, California

February 25, 2021

**REFUGEE & IMMIGRANT TRANSITIONS**

**Statement of Financial Position  
June 30, 2020  
(With Comparative Totals as of June 30, 2019)**

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	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 638,441	\$ 276,545
Accounts receivable	229,604	126,625
Contributions receivable	142,731	187,369
Prepaid expenses and deposits	25,392	30,624
Total Assets	<u>\$ 1,036,168</u>	<u>\$ 621,163</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 101,036	\$ 42,606
Accrued vacation	39,713	29,298
Paycheck Protection Program loan (Note 3)	92,912	-
Total Liabilities	<u>233,661</u>	<u>71,904</u>
Net Assets		
Without donor restrictions	759,007	549,259
With donor restrictions (Note 6)	43,500	-
Total Net Assets	<u>802,507</u>	<u>549,259</u>
Total Liabilities and Net Assets	<u>\$ 1,036,168</u>	<u>\$ 621,163</u>

## REFUGEE & IMMIGRANT TRANSITIONS

### Statement of Activities For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2020	2019
<b>Support and Revenue</b>				
Individual contributions	\$ 438,338	\$ 5,000	\$ 443,338	\$ 309,806
Foundation and corporate support	341,223	141,600	482,823	448,502
Government contracts and grants	708,224		708,224	498,085
Partners agreements	71,951		71,951	46,776
In-kind and other	659		659	1,556
Support provided by expiring time and purpose restrictions	103,100	(103,100)	-	-
Total Support and Revenue	<u>1,663,495</u>	<u>43,500</u>	<u>1,706,995</u>	<u>1,304,725</u>
<b>Expenses</b>				
Program	1,178,680		1,178,680	1,005,012
Management and general	114,397		114,397	145,277
Fundraising	160,670		160,670	166,496
Total Expenses	<u>1,453,747</u>	<u>-</u>	<u>1,453,747</u>	<u>1,316,785</u>
Change in Net Assets	209,748	43,500	253,248	(12,060)
Net Assets, beginning of year	<u>549,259</u>	<u>-</u>	<u>549,259</u>	<u>561,319</u>
Net Assets, end of year	<u>\$ 759,007</u>	<u>\$ 43,500</u>	<u>\$ 802,507</u>	<u>\$ 549,259</u>

## REFUGEE & IMMIGRANT TRANSITIONS

### Statement of Cash Flows For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

	2020	2019
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 253,248	\$ (12,060)
Adjustments to reconcile change in net assets to cash provided (used) in operating activities:		
Change in assets and liabilities:		
Accounts receivable	(102,979)	(8,969)
Contributions receivable	44,638	(6,769)
Prepaid expenses and deposits	5,232	(4,441)
Accounts payable and accrued expenses	58,430	(4,100)
Accrued vacation	10,415	1,651
Net cash provided (used) by operating activities	268,984	(34,688)
<b>Cash flows from financing activities:</b>		
Proceeds from paycheck protection program loan	92,912	-
Net cash provided (used) by financing activities	92,912	-
Net change in cash and cash equivalents	361,896	(34,688)
Cash and cash equivalents, beginning of year	276,545	311,233
Cash and cash equivalents, end of year	\$ 638,441	\$ 276,545

**REFUGEE & IMMIGRANT TRANSITIONS**

**Statement of Functional Expenses  
For the Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)**

	Program	Management and General	Fundraising	Total	
				2020	2019
Salaries	\$ 736,917	\$ 62,006	\$ 93,976	\$ 892,899	\$ 807,488
Retirement contributions	9,783	841	1,245	11,869	12,954
Other employee benefits	77,233	6,569	10,021	93,823	109,195
Payroll taxes	69,279	3,116	4,518	76,913	66,165
Total Personnel	<u>893,212</u>	<u>72,532</u>	<u>109,760</u>	<u>1,075,504</u>	<u>995,802</u>
Donated legal services	-	-	-	-	1,140
Accounting fees	-	20,140	-	20,140	28,120
Program partnerships	124,885	-	-	124,885	78,440
Other fees for service	39,367	430	6,115	45,912	49,150
Advertising and promotion	90	249	32,423	32,762	21,932
Office expenses	23,941	4,167	4,783	32,891	24,025
Dues, licenses, service fees	296	732	101	1,129	1,864
Occupancy	86,345	3,663	5,963	95,971	91,537
Travel	3,138	1,898	345	5,381	7,983
Conferences and meetings	175	-	335	510	10,030
Insurance	7,231	2,448	845	10,524	6,762
Loss due to theft	-	8,138	-	8,138	-
Total Expenses	<u>\$ 1,178,680</u>	<u>\$ 114,397</u>	<u>\$ 160,670</u>	<u>\$ 1,453,747</u>	<u>\$ 1,316,785</u>



## REFUGEE & IMMIGRANT TRANSITIONS

### Notes to the Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

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#### NOTE 1: NATURE OF ACTIVITIES

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

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

#### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

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

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

##### **Net Assets**

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

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

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

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

## REFUGEE & IMMIGRANT TRANSITIONS

### Notes to the Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

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

#### **Classification of Transactions**

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

#### **Accounting for Contributions**

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

#### **Government Grants**

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

#### **Partner Contract Revenue**

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

#### **Accounts Receivable**

Accounts receivable are primarily unsecured non-interest bearing amounts due from grantors on a cost reimbursement or performance grants and customers on performance contracts. The Organization considers all accounts receivable to be fully collectible at June 30, 2020. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

## REFUGEE & IMMIGRANT TRANSITIONS

### Notes to the Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

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#### **Contributions Receivable**

Contributions receivable including pledges and grants receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The Organization has evaluated the value of the discount and concluded that it was not material for recognition. The Organization considers all contributions receivable to be fully collectible at June 30, 2020. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

#### **Income Taxes**

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of June 30, 2020 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively, after they are filed.

#### **Contributed Services**

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no contributed services that met the criteria for recognition for the year ended June 30, 2020.

#### **Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### **Fair Value Measurements**

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

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

## REFUGEE & IMMIGRANT TRANSITIONS

### Notes to the Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

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

Level 3 - Unobservable inputs for the assets or liability.

The Organization had no assets or liabilities recorded at fair value on June 30, 2020.

#### **Cash Equivalents**

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

#### **Property and Equipment**

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

Furniture and equipment	3-5 years
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Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. As of June 30, 2020, all property and equipment were fully depreciated.

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

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

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

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

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

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

## REFUGEE & IMMIGRANT TRANSITIONS

### Notes to the Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

#### Changes in Accounting Principles

The Organization adopted FASB ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). The ASU clarifies current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance. In addition, it increases the number of contributions that are likely to be considered conditional by removing guidance that a conditional promise to give is considered unconditional if the possibility that the condition will not be met is remote. The Adoption of this ASU did not result in a material change to the financials of the Organization.

#### Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

#### Reclassifications

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

#### NOTE 3: PAYCHECK PROTECTION PROGRAM LOAN

The Organization received a \$92,912 paycheck protection program (PPP) loan bearing interest of 1% and maturing May 1, 2022 which it accounts for under FASB 470 including interest accrual. Based on the guidance in FASB ASC 405-20-40-1, the proceeds from the loan will remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the Organization has been "legally released" or (2) the Organization pays off the loan. Future payments due under this loan are as follows:

2021	\$ 41,122
2022	<u>51,790</u>
Total	<u>\$ 92,912</u>

The Organization may be eligible for forgiveness of some or all of this loan.

**REFUGEE & IMMIGRANT TRANSITIONS**

**Notes to the Financial Statements  
For the Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)**

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**NOTE 4: COMMITMENTS**

**Operating Leases**

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

2021	\$ 88,875
2022	78,890
2023	<u>33,770</u>
Total	<u>\$ 201,535</u>

Rent expense for the years ended June 30, 2020 and 2019 was \$89,165 and \$81,589, respectively.

**NOTE 5: CONTINGENCIES**

**Compliance with Donor Restrictions**

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

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

Net assets with donor restrictions of \$43,500 were available for program support as of June 30, 2020.

**NOTE 7: CONCENTRATIONS**

**Government support**

The Organization receives approximately 41% of its support and revenue from government funders. A significant reduction in this support, if that were to occur, may have an impact on the Organization's activities.

**Concentration of Credit Risk**

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

**NOTE 8: RETIREMENT PLAN**

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

## REFUGEE & IMMIGRANT TRANSITIONS

### Notes to the Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

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2020 and 2019, the Organization made contributions totaling \$11,869 and \$12,954, respectively.

#### NOTE 9: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and has concluded that as of February 25, 2021, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose other than the information noted below:

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

In March 2020, the WHO classified the COVID-19 outbreak as a pandemic and the Organization and the area it operates in was subject to a public health order related to COVID-19 coronavirus which affected activities of the Organization. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude of the effect that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact on its financial condition, liquidity, operations and workforce.

#### NOTE 10: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2020 are:

Cash and cash equivalents	\$ 638,441
Accounts receivable	229,604
Contributions receivable	142,731
Less purpose-restricted net assets	<u>(43,500)</u>
Total	<u>\$ 967,276</u>

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