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# **REFUGEE TRANSITIONS**

## **FINANCIAL STATEMENTS**

**June 30, 2018**

**(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2017)**

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**CROSBY & KANEDA**  
Certified Public Accountants

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Dedicated to Nonprofit Organizations

# **REFUGEE TRANSITIONS**

## **Contents**

Independent Auditors' Report	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to the Financial Statements	7-11

## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Refugee Transitions  
San Francisco, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Refugee Transitions, which comprise the statement of financial position as of June 30, 2018, 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 Transitions as of June 30, 2018, 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 Transitions' June 30, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 2, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Crooby & Kaneda CPAs LLP". The signature is written in a cursive, flowing style.

Oakland, California

January 23, 2019

## REFUGEE TRANSITIONS

### Statement of Financial Position June 30, 2018 (With Comparative Totals as of June 30, 2017)

	2018	2017
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 294,211	\$ 272,262
Investments (Note 3)	17,022	7,841
Accounts receivable	298,256	247,312
Prepaid expenses	19,369	15,738
Total Current Assets	<u>628,858</u>	<u>543,153</u>
Property and equipment, net	-	790
Deposits	<u>6,814</u>	<u>4,083</u>
Total Assets	<u><u>\$ 635,672</u></u>	<u><u>\$ 548,026</u></u>
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 46,706	\$ 42,835
Accrued vacation	<u>27,647</u>	<u>30,039</u>
Total Liabilities	<u>74,353</u>	<u>72,874</u>
Commitments and Contingencies (Notes 4 and 5)		
Net Assets		
Unrestricted	529,819	433,152
Temporarily restricted (Note 6)	<u>31,500</u>	<u>42,000</u>
Total Net Assets	<u>561,319</u>	<u>475,152</u>
Total Liabilities and Net Assets	<u><u>\$ 635,672</u></u>	<u><u>\$ 548,026</u></u>

See Notes to the Financial Statements

## REFUGEE TRANSITIONS

### Statement of Activities For the Year Ended June 30, 2018 (With Comparative Totals for the Year Ended June 30, 2017)

	Unrestricted	Temporarily Restricted	Total 2018	2017
<b>Support and Revenue</b>				
Support				
Individual contributions	\$ 311,895	\$ 18,033	\$ 329,928	\$ 315,956
Foundation and corporate support	395,144	102,000	497,144	413,407
Government grants	229,925		229,925	221,761
In-kind contributions (Note 8)	34,603		34,603	-
Total Support	<u>971,567</u>	<u>120,033</u>	<u>1,091,600</u>	<u>951,124</u>
Revenue				
Partners and government contracts	307,508		307,508	344,120
Investment activity	1,764		1,764	1,836
Other income	684		684	-
Total Revenue	<u>309,956</u>	<u>-</u>	<u>309,956</u>	<u>345,956</u>
Net assets released from donor restriction (Note 6)	<u>130,533</u>	<u>(130,533)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>1,412,056</u>	<u>(10,500)</u>	<u>1,401,556</u>	<u>1,297,080</u>
<b>Expenses</b>				
Program	1,044,662		1,044,662	909,244
Management and general	129,139		129,139	64,342
Fundraising	141,588		141,588	131,157
Total Expenses	<u>1,315,389</u>	<u>-</u>	<u>1,315,389</u>	<u>1,104,743</u>
Change in Net Assets	96,667	(10,500)	86,167	192,337
Net Assets, beginning of year	<u>433,152</u>	<u>42,000</u>	<u>475,152</u>	<u>282,815</u>
Net Assets, end of year	<u>\$ 529,819</u>	<u>\$ 31,500</u>	<u>\$ 561,319</u>	<u>\$ 475,152</u>

See Notes to the Financial Statements

## REFUGEE TRANSITIONS

### Statement of Cash Flows For the Year Ended June 30, 2018 (With Comparative Totals for the Year Ended June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 86,167	\$ 192,337
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:		
Donated stock	(7,417)	(6,005)
Investment activity	(1,764)	(1,836)
Depreciation	790	1,261
Change in assets and liabilities:		
Accounts receivable	(50,944)	(116,685)
Prepaid expenses	(3,631)	(3,594)
Accounts payable and accrued expenses	3,871	27,728
Accrued vacation	(2,392)	10,849
Deposits	(2,731)	1,198
Net cash provided (used) by operating activities	<u>21,949</u>	<u>105,253</u>
Net change in cash and cash equivalents	21,949	105,253
Cash and cash equivalents, beginning of year	<u>272,262</u>	<u>167,009</u>
Cash and cash equivalents, end of year	<u><u>\$ 294,211</u></u>	<u><u>\$ 272,262</u></u>
<b>Supplemental Information:</b>		
Non-cash transaction		
Donated stock	<u><u>\$ 7,417</u></u>	<u><u>\$ 6,005</u></u>

See Notes to the Financial Statements

## REFUGEE TRANSITIONS

### Statement of Functional Expenses For the Year Ended June 30, 2018 (With Comparative Totals for the Year Ended June 30, 2017)

	Program	Management and General	Fundraising	Total	
				2018	2017
Salaries	\$ 646,085	\$ 36,682	\$ 88,573	\$ 771,340	\$ 549,707
Retirement contributions	9,027	665	1,229	10,921	5,322
Other employee benefits	75,702	3,313	10,493	89,508	75,778
Payroll taxes	53,330	3,299	7,226	63,855	42,510
Total Personnel	<u>784,144</u>	<u>43,959</u>	<u>107,521</u>	<u>935,624</u>	<u>673,317</u>
Pro Bono Legal Services	-	34,603	-	34,603	-
Accounting fees	-	34,780	-	34,780	18,118
Other fees for service	146,719	331	3,184	150,234	279,128
Advertising and promotion	-	-	21,403	21,403	14,082
Office expenses	35,527	5,015	2,984	43,526	37,364
Information technology	-	-	-	-	157
Dues, licenses, service fees	450	1,044	7	1,501	1,007
Occupancy	66,384	2,854	5,554	74,792	62,479
Travel	4,959	1,538	185	6,682	8,156
Conferences and meetings	1,020	2,085	-	3,105	1,266
Depreciation	-	790	-	790	1,261
Insurance	5,459	2,140	750	8,349	7,983
Miscellaneous	-	-	-	-	425
Total Expenses	<u>\$ 1,044,662</u>	<u>\$ 129,139</u>	<u>\$ 141,588</u>	<u>\$ 1,315,389</u>	<u>\$ 1,104,743</u>

See Notes to the Financial Statements



## REFUGEE TRANSITIONS

### Notes to the Financial Statements For the Year Ended June 30, 2018 (With Comparative Totals for the Year Ended June 30, 2017)

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#### NOTE 1: NATURE OF ACTIVITIES

Refugee Transitions (RT or the Organization) is a California community-based nonprofit agency serving high-need, low income newcomers from 50 countries who have sought refuge in the U.S. Based in the San Francisco Bay Area, RT provides education, family engagement, and community leadership programs that help newcomers become self-sufficient and successful in their new communities. Key components of our work over the past 35+ years have been fostering cross-cultural relationships between receiving and newcomer communities, as well as multiplying newcomer students' capacity to help their own communities.

Our students come to the U.S. with multiple skills, such as multilingualism, and a wealth of diverse knowledge and experience. RT's vision is to see all newcomers thrive and become full, participating members of our shared communities. Our mission is to assist refugee, asylee, and immigrant newcomers in becoming self-sufficient in the U.S. by providing services that help them attain the English language, life, job, and academic skills they need to succeed in their new communities. We believe in the power of education to unlock opportunity, and we provide solutions that are transformative for students and volunteers alike. We believe that refugee, asylee, and immigrant newcomers have the resiliency 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).

##### **Basis of Presentation**

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

*Unrestricted net assets* – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

*Temporarily restricted net assets* – represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

*Permanently restricted net assets* – represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization, other asset enhancements and diminishments subject to the same kinds of stipulations or reclassifications from or to other classes of net assets as a consequence of donor-imposed stipulations. There were no permanently restricted net assets as of June 30, 2018.

## **REFUGEE TRANSITIONS**

### **Notes to the Financial Statements For the Year Ended June 30, 2018 (With Comparative Totals for the Year Ended June 30, 2017)**

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#### **Contributions**

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

#### **Accounts Receivable**

The Organization considers all accounts receivable to be fully collectible at June 30, 2018. 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 Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of June 30, 2018 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.

#### **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.

## **REFUGEE TRANSITIONS**

### **Notes to the Financial Statements For the Year Ended June 30, 2018 (With Comparative Totals for the Year Ended June 30, 2017)**

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#### **Fair Value Measurements**

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

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

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

Level 3 - Unobservable inputs for the assets or liability.

The Organization had no assets or liabilities recorded at fair value on June 30, 2018.

#### **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.

#### **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.

#### **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.

#### **Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### **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

## REFUGEE TRANSITIONS

### Notes to the Financial Statements For the Year Ended June 30, 2018 (With Comparative Totals for the Year Ended June 30, 2017)

be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, 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.

#### Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of January 23, 2019 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

#### NOTE 3: INVESTMENTS

Investments consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 17,022	\$ 6,023
Equity	<u>-</u>	<u>1,818</u>
Total	<u>\$ 17,022</u>	<u>\$ 7,841</u>

#### NOTE 4: COMMITMENTS

##### Operating Leases

The Organization is party to a lease for office space in San Francisco, California which expires in April 2023. Future minimum operating lease payments are as follows for the years ended June 30:

2019	\$ 36,180
2020	37,266
2021	38,386
2022	39,534
2023	<u>33,770</u>
Total	<u>\$ 185,136</u>

Rent expense for the years ended June 30, 2018 and 2017 was \$63,842 and 55,365, 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.

## REFUGEE TRANSITIONS

### Notes to the Financial Statements For the Year Ended June 30, 2018 (With Comparative Totals for the Year Ended June 30, 2017)

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#### NOTE 6: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Bridge-2-Success Youth Development	\$ 30,500	\$ 12,000
Social Adjustment Services	1,000	-
Adult English Language and Literacy Program	<u>-</u>	<u>30,000</u>
Total	<u>\$ 31,500</u>	<u>\$ 42,000</u>

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Bridge-2-Success Youth Development	\$ 42,500	\$ 23,000
Newcomers Community Engagement	20,000	65,000
Women's Initiative	38,033	-
Adult English Language and Literacy Program	<u>30,000</u>	<u>38,500</u>
Total	<u>\$ 130,533</u>	<u>\$ 126,500</u>

#### NOTE 7: CONDITIONAL PROMISES TO GIVE

In addition to the activity reflected on the Organization's statement of activity, the Organization received certain conditional promises to give as of June 30, 2018:

<u>Grant</u>	<u>Condition</u>	<u>Amount</u>
Burma Refugee Family Network	Program performance and reporting	\$13,278

The Organization recognizes such promises to give as support once the related conditions are satisfied and expects all conditions to be met through June 2019.

#### NOTE 8: IN-KIND CONTRIBUTIONS

During the year ended June 30, 2018, the Organization received donated legal services valued at \$34,603.

#### NOTE 9: 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, 2018 and 2017, the Organization made contributions totaling \$10,921 and \$5,322, respectively.