



U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

Consolidated Financial Statements,
Supplemental Information, Schedule of
Expenditures of Federal Awards, and
Independent Auditor's Reports Required by
Government Auditing Standards and the
Uniform Guidance
Years Ended September 30, 2018 and 2017

U.S. Committee for Refugees and
Immigrants, Inc. and Related Entity

Consolidated Financial Statements, Supplemental Information,
Schedule of Expenditures of Federal Awards, and Independent
Auditor's Reports Required by *Government Auditing Standards*
and the Uniform Guidance
Years Ended September 30, 2018 and 2017

U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

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Independent Auditor's Report

To the Board of Directors
U.S. Committee for Refugees and Immigrants, Inc. and
Related Entity
Arlington, Virginia

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of U.S. Committee for Refugees and Immigrants, Inc. and Related Entity, which comprise the consolidated statements of financial position as of September 30, 2018 and 2017, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of U.S. Committee for Refugees and Immigrants, Inc. and Related Entity as of September 30, 2018 and 2017, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The supplemental schedules of fringe benefit and salary expenditures, overhead and general and administrative expenses and determination of indirect cost rates and the related notes to these schedules are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2019 on our consideration of U.S. Committee for Refugees and Immigrants, Inc. and Related Entity's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of U.S. Committee for Refugees and Immigrants, Inc. and Related Entity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering U.S. Committee for Refugees and Immigrants, Inc. and Related Entity's internal control over financial reporting and compliance.

BDO USA, LLP

May 21, 2019

Consolidated Financial Statements

U.S. Committee for Refugees and Immigrants and Related Entity

Consolidated Statements of Financial Position

<i>September 30,</i>	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 5,558,665	\$ 3,883,189
Grants receivable	5,230,679	7,012,580
Accounts receivable, net of allowance for uncollectible accounts of \$181,962 in 2018 and \$131,522 in 2017	858,043	905,922
Prepaid expenses	245,453	370,562
Advances and other assets	70,369	99,917
Total current assets	11,963,209	12,272,170
Noncurrent assets		
Investments	4,854,432	4,715,169
Property and equipment, net	1,151,182	902,865
Total noncurrent assets	6,005,614	5,618,034
Total assets	\$ 17,968,823	\$ 17,890,204
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	1,424,096	1,064,557
Grants payable to affiliated agencies	3,166,739	4,871,067
Deferred revenue	553,819	847,676
IOM liability	380,625	435,609
Deferred rent liability	169,457	152,681
Total current liabilities	5,694,736	7,371,590
Noncurrent liabilities		
Deferred rent liability	-	522,757
Total liabilities	5,694,736	7,894,347
Commitments and contingencies		
Net assets		
Unrestricted	12,211,938	9,818,986
Temporarily restricted	62,149	176,871
Total net assets	12,274,087	9,995,857
Total liabilities and net assets	\$ 17,968,823	\$ 17,890,204

See accompanying notes to consolidated financial statements.

U.S. Committee for Refugees and Immigrants and Related Entity

Consolidated Statement of Activities

Year ended September 30, 2018

	Unrestricted	Temporarily Restricted	Total
Revenue and support			
Government grants	\$ 50,461,476	\$ -	\$ 50,461,476
Foundation grants and other contributions	2,054,102	-	2,054,102
IOM collection fees	1,757,004	-	1,757,004
Program service fees	1,806,486	-	1,806,486
Investment return	175,122	-	175,122
Member agency dues	211,800	-	211,800
Other revenue	366,309	-	366,309
Net assets released from restrictions	114,722	(114,722)	-
Total revenue and support	56,947,021	(114,722)	56,832,299
Expenses			
Program services			
Refugee Services Division	26,117,256	-	26,117,256
MRD Programs	15,606,740	-	15,606,740
Vermont programs	2,030,454	-	2,030,454
Des Moines programs	1,657,099	-	1,657,099
Erie programs	1,645,741	-	1,645,741
Raleigh programs	1,536,956	-	1,536,956
Cleveland programs	1,286,892	-	1,286,892
Albany programs	1,255,232	-	1,255,232
Legal	868,168	-	868,168
Dearborn programs	755,048	-	755,048
International Organization for Migration	472,956	-	472,956
Rutland Program	67,571	-	67,571
Discovering Homes	25,287	-	25,287
Total program services	53,325,400	-	53,325,400
Supporting services			
Management and general	812,893	-	812,893
Fundraising	415,776	-	415,776
Total supporting services	1,228,669	-	1,228,669
Total expenses	54,554,069	-	54,554,069
Change in net assets	2,392,952	(114,722)	2,278,230
Net assets, beginning of year	9,818,986	176,871	9,995,857
Net assets, end of year	\$ 12,211,938	\$ 62,149	\$ 12,274,087

See accompanying notes to consolidated financial statements.

U.S. Committee for Refugees and Immigrants and Related Entity

Consolidated Statement of Activities

Year ended September 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenue and support			
Government grants	\$ 73,176,796	\$ -	\$ 73,176,796
Foundation grants and other contributions	1,221,059	320,000	1,541,059
IOM collection fees	1,913,761	-	1,913,761
Program service fees	1,487,865	-	1,487,865
Investment return	501,131	-	501,131
Member agency dues	101,700	-	101,700
Other revenue	125,986	-	125,986
Net assets released from restrictions	643,129	(643,129)	-
Total revenue and support	79,171,427	(323,129)	78,848,298
Expenses			
Program services			
Refugee Services Division	35,952,249	-	35,952,249
MRD Programs	24,851,983	-	24,851,983
Vermont programs	2,634,006	-	2,634,006
Erie programs	2,369,506	-	2,369,506
Raleigh programs	2,230,327	-	2,230,327
Des Moines programs	2,155,273	-	2,155,273
Albany programs	2,059,065	-	2,059,065
Cleveland programs	1,865,486	-	1,865,486
Dearborn programs	1,814,132	-	1,814,132
International Organization for Migration	480,597	-	480,597
Rutland Program	118,568	-	118,568
Discovering Homes	11,044	-	11,044
Total program services	76,542,236	-	76,542,236
Supporting services			
Management and general	1,053,349	-	1,053,349
Fundraising	329,149	-	329,149
Total supporting services	1,382,498	-	1,382,498
Total expenses	77,924,734	-	77,924,734
Change in net assets	1,246,693	(323,129)	923,564
Net assets, beginning of year	8,572,293	500,000	9,072,293
Net assets, end of year	\$ 9,818,986	\$ 176,871	\$ 9,995,857

See accompanying notes to consolidated financial statements.

U. S. Committee for Refugees and Immigrants and Related Entity

Consolidated Statement of Functional Expenses

Year ended September 30, 2018	Program Services														Supporting Services			Total
	Refugee Services Division	MRD Programs	Vermont Programs	Des Moines Programs	Erie Programs	Raleigh Programs	Cleveland Programs	Albany Programs	Legal	Dearborn Programs	International Organization for Migration	Rutland Program	Discovering Homes	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Agency / contractual payments	\$ 21,482,716	\$ 13,174,336	\$ 20,423	\$ 1,004	\$ 109,679	\$ -	\$ 11,118	\$ (1,460)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,797,816	\$ -	\$ -	\$ -	\$ 34,797,816
Direct refugee assistance	31,017	-	260,393	456,873	258,518	335,977	257,879	288,769	(294)	172,896	-	-	-	2,062,028	26,689	-	26,689	2,088,717
Salaries	2,273,784	1,119,984	959,217	633,423	661,258	644,789	444,151	581,584	418,131	280,095	205,504	35,203	1,943	8,259,066	2,230,945	286,123	2,517,068	10,776,134
Fringe benefits	494,394	248,778	273,572	170,850	232,218	179,552	114,733	109,544	113,262	103,291	52,244	9,671	-	2,102,109	404,252	64,492	468,744	2,570,853
Occupancy	264,402	179,649	99,989	50,997	28,769	54,893	55,845	48,424	33,112	32,233	7,764	4,398	3,401	863,876	576	6,860	7,436	871,312
Training and staff development	11,217	7,301	98	86	1,521	378	55	49	93	49	18	6	-	20,871	7,696	15	7,711	28,582
Professional fees	61,491	33,317	19,507	22,626	18,143	11,866	71,554	13,599	19,008	7,429	7,617	1,032	-	287,189	463,334	21,178	484,512	771,701
Advertising	1,958	730	101	100	9	668	186	310	381	6	2	1	-	4,452	3,602	1,845	5,447	9,899
Printing and reproduction	34,731	29,597	30,904	10,182	8,738	15,837	21,074	12,071	4,483	6,865	23,711	1,177	-	199,370	59,516	8,934	68,450	267,820
Equipment rental and repair	18,058	9,630	11,478	3,717	10,672	2,008	3,318	9,163	5,249	864	875	21	1,221	76,274	44,351	1,708	46,059	122,333
Telephone and communications	48,675	13,388	21,523	18,637	19,059	22,886	11,496	12,436	8,489	8,917	1,186	1,664	-	188,356	26,917	1,984	28,901	217,257
Postage and shipping	8,596	1,733	1,279	3,020	1,978	2,823	1,584	1,563	6,871	194	61,578	-	-	91,219	11,205	3,648	14,853	106,072
Insurance	22,156	10,056	16,469	11,422	17,584	7,818	10,861	8,538	13,276	4,946	2,081	921	-	126,128	71,583	2,055	73,638	199,766
Travel	147,966	125,970	49,599	31,907	13,759	19,137	34,600	16,616	16,437	4,174	-	1,400	-	461,565	36,632	140	36,772	498,337
Conferences and meetings	90,128	27,735	1,707	2,279	3,886	3,854	1,962	4,032	305	1,702	84	-	-	137,674	20,583	295	20,878	158,552
Bank and finance charges	10,060	-	90	-	786	2	1,577	72	3,022	-	106,853	-	-	122,462	56,208	3,828	60,036	182,498
Provision for bad debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	374,838	-	374,838	374,838
Outside services and consulting	107,437	47,410	12,283	5,367	6,981	8,691	1,206	3,452	10,372	7,881	932	86	-	212,098	54,425	2,419	56,844	268,942
Miscellaneous expenses	797	-	4,611	2,031	47,905	(14,565)	3,114	(14,832)	277	(17,399)	-	-	10,539	22,478	(61,291)	50	(61,241)	(38,763)
Subscriptions and references	-	-	4,236	4,988	3,770	4,689	16,253	2,356	8,733	1,777	2,507	244	88	49,641	74,649	10,202	84,851	134,492
Childcare food	12,386	25,683	-	-	-	-	-	-	-	-	-	-	-	38,069	-	-	-	38,069
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	-	8,095	8,095	100,747	-	100,747	108,842
Total before overhead allocation	25,121,969	15,055,297	1,787,479	1,429,509	1,445,233	1,301,303	1,062,566	1,096,286	661,207	615,920	472,956	55,824	25,287	50,130,836	4,007,457	415,776	4,423,233	54,554,069
Overhead allocation	995,287	551,443	242,975	227,590	200,508	235,653	224,326	158,946	206,961	139,128	-	11,747	-	3,194,564	(3,194,564)	-	(3,194,564)	-
Total expenses, after overhead allocation	\$ 26,117,256	\$ 15,606,740	\$ 2,030,454	\$ 1,657,099	\$ 1,645,741	\$ 1,536,956	\$ 1,286,892	\$ 1,255,232	\$ 868,168	\$ 755,048	\$ 472,956	\$ 67,571	\$ 25,287	\$ 53,325,400	\$ 812,893	\$ 415,776	\$ 1,228,669	\$ 54,554,069

See accompanying notes to consolidated financial statements.

U. S. Committee for Refugees and Immigrants, Inc. and Related Entity

Consolidated Statement of Functional Expenses

Program Services														Supporting Services			
Year ended September 30, 2017	Refugee Services Division	MRD Programs	Vermont Programs	Erie Programs	Raleigh Programs	Des Moines Programs	Albany Programs	Cleveland Programs	Dearborn Programs	International Organization for Migration	Rutland Program	Discovering Homes	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Agency / contractual payments	\$ 30,078,855	\$ 22,096,406	14,343	\$ 112,458	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,302,062	-	\$ -	\$ -	\$ 52,302,062
Direct refugee assistance	27,791	-	602,156	601,235	552,794	747,508	688,224	461,031	814,680	-	25,650	-	4,521,069	55,055	-	55,055	4,576,124
Salaries	2,729,146	710,070	973,468	783,545	859,642	715,198	707,431	589,360	457,761	205,504	47,532	-	8,778,657	2,621,109	182,188	2,803,297	11,581,954
Fringe benefits	645,036	144,331	287,912	299,443	282,109	201,177	153,818	178,022	194,747	52,424	7,050	-	2,446,069	680,539	48,488	729,027	3,175,096
Occupancy	464,820	147,437	104,455	26,092	80,519	72,244	70,960	80,941	47,189	36,518	5,869	-	1,137,044	228,579	31,356	259,935	1,396,979
Training and staff development	23,442	960	-	432	160	386	-	-	-	-	-	-	25,380	4,766	-	4,766	30,146
Professional fees	172,926	67,077	27,626	69,203	28,511	21,248	39,984	78,777	10,830	5,311	1,219	-	522,712	357,594	8,046	365,640	888,352
Advertising	1,220	1,545	-	90	1,200	300	270	-	-	-	270	-	4,895	18,215	945	19,160	24,055
Printing and reproduction	67,585	1,028,847	45,394	17,907	15,265	11,042	15,553	17,005	11,380	39,115	9,017	150	1,278,260	132,299	14,896	147,195	1,425,455
Equipment rental and repair	43,853	26,579	1,086	27,438	8,773	10,428	10,450	11,509	280	1,257	1,210	1,810	144,673	42,485	3,081	45,566	190,239
Telephone and communications	61,143	13,939	26,832	19,153	33,025	22,017	17,137	16,649	13,179	2,148	5,958	-	231,180	44,526	2,327	46,853	278,033
Postage and shipping	8,665	1,486	1,608	1,545	3,843	1,753	2,147	1,898	83	40,756	19	-	63,803	11,253	12,574	23,827	87,630
Insurance	35,135	17,164	8,268	20,893	17,281	12,572	9,456	45,276	8,360	1,965	504	-	176,874	25,676	2,273	27,949	204,823
Travel	138,981	103,421	64,276	13,970	42,218	47,217	18,107	46,800	12,141	-	3,935	-	491,066	97,684	3,873	101,557	592,623
Conferences and meetings	3,514	3,805	(2,424)	(2,853)	1,331	682	(2,644)	602	257	196	-	-	2,466	75,020	1,114	76,134	78,600
Bank and finance charges	12,734	-	556	1,026	-	-	(1,104)	3,177	-	99,788	-	53	116,230	59,315	2,733	62,048	178,278
Provision for bad debt	(438)	70,635	258	6,022	(10,036)	(22,445)	(11,737)	9,786	(2,470)	-	-	-	39,575	246,753	-	246,753	286,328
Outside services and consulting	1,080	847	5,446	9,912	579	426	323	11,042	256	897	38	-	30,846	138,664	2,208	140,872	171,718
Miscellaneous expenses	86,719	2,740	9,970	5,998	4,123	4,528	3,159	3,425	5,660	(10,033)	325	262	116,876	(25,323)	718	(24,605)	92,271
Subscriptions and references	52,251	-	2,377	6,972	2,788	3,456	1,718	1,909	1,180	4,751	199	-	77,601	126,241	12,329	138,570	216,171
Childcare food	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	8,769	8,769	139,028	-	139,028	147,797
Total before overhead allocation	34,654,458	24,437,289	2,173,607	2,020,481	1,924,125	1,849,737	1,723,252	1,557,209	1,575,513	480,597	108,795	11,044	72,516,107	5,079,478	329,149	5,408,627	77,924,734
Overhead allocation	1,297,791	414,694	460,399	349,025	306,202	305,536	335,813	308,277	238,619	-	9,773	-	4,026,129	(4,026,129)	-	(4,026,129)	-
Total expenses, after overhead allocation	\$ 35,952,249	\$ 24,851,983	\$ 2,634,006	\$ 2,369,506	\$ 2,230,327	\$ 2,155,273	\$ 2,059,065	\$ 1,865,486	\$ 1,814,132	\$ 480,597	\$ 118,568	\$ 11,044	\$ 76,542,236	\$ 1,053,349	\$ 329,149	\$ 1,382,498	\$ 77,924,734

See accompanying notes to consolidated financial statements.

U.S. Committee for Refugees and Immigrants and Related Entity

Consolidated Statements of Cash Flows

<i>Years ended September 30,</i>	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 2,278,230	\$ 923,564
Adjustments to reconcile change in net assets		
to net cash provided by (used in) operating activities:		
Depreciation and amortization	108,842	147,797
Investment gain	(66,822)	(405,128)
Change in allowance for doubtful accounts	50,440	114,565
Bad debt expense	324,398	171,763
Donated assets	(201,556)	-
(Increase) decrease in assets		
Grants receivable	1,781,901	(2,368,335)
Accounts receivable	531,084	205,525
Prepaid expenses	125,109	15,551
Advances and other assets	29,548	13,310
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	359,539	(171,656)
Grants payable to affiliated agencies	(1,704,328)	980,295
Deferred revenue	(293,857)	(979,665)
IOM liability	(54,984)	128,569
Deferred rent liability	(505,981)	(99,046)
Net cash provided by (used in) operating activities	2,761,563	(1,322,891)
Cash flows from investing activities		
Purchases of investments	(108,243)	(94,969)
Proceeds from sale of investments	35,802	35,817
Purchases of property and equipment	(155,603)	(40,933)
Net cash used in investing activities	(228,044)	(100,085)
Net increase (decrease) in cash and cash equivalents	2,533,519	(1,422,976)
Cash and cash equivalents, beginning of year	3,883,189	5,306,165
Cash and cash equivalents, end of year	\$ 6,416,708	\$ 3,883,189

See accompanying notes to consolidated financial statements.

U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

Notes to Consolidated Financial Statements

1. Organization and Summary of Significant Accounting Policies

Organization Purpose and Consolidation

U.S. Committee for Refugees and Immigrants, Inc. is an international, non-profit, nonsectarian organization incorporated during 1917 that provides services to refugees, immigrants, and other people in migration both in the United States and abroad. U.S. Committee for Refugees and Immigrants, Inc.'s mission is to address the needs and rights of persons in forced or voluntary migration worldwide through advocacy for fair and humane public policy, to facilitate and provide direct professional services, and to promote the full participation of migrants in their new communities. Funding is derived primarily through government grants.

On August 30, 2016, U.S. Committee for Refugees and Immigrants, Inc. acquired all of the assets of International Service Center of Cleveland, Ohio (ISC), a not-for-profit corporation, including its membership interest in Discovering Homes, LLC, an Ohio for-profit limited liability company.

The consolidated financial statements include the accounts of Discovering Homes, LLC and the U.S. Committee for Refugees and Immigrants, Inc. (collectively referred to as USCRI). All significant transactions between the organizations have been eliminated in consolidation.

Basis of Accounting

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

Cash and Cash Equivalents

Cash and cash equivalents include operating cash accounts and all liquid investments with original maturities of three months or less, excluding money market funds held as part of investments.

Grants Receivable

Grants receivable consist of expenses incurred which are due to be reimbursed and per capita earnings based on the number of refugees and immigrants serviced under the terms of USCRI's federal grants. All grants receivable amounts are due within one year and are expected to be fully collectible.

Accounts Receivable

Accounts receivable that are expected to be collected within one year are recorded at their net realizable value.

An allowance for doubtful accounts is provided based on management's evaluation of potential uncollectible accounts receivable at year-end. Accounts receivable are written off if reasonable collection efforts prove unsuccessful. All accounts receivable amounts are due within one year.

U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

Notes to Consolidated Financial Statements

Investments

Investments consist of money market funds held for long-term investment purposes, U.S. government obligations, corporate and municipal bonds and equities. Changes in the market value of investments are included in investment return in the accompanying consolidated statements of activities.

Money market funds held in the investment portfolios are considered investments, as the funds are not intended to be used for general operating purposes.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 27.5 years, or the lesser of the minimum lease period or the asset's useful life for leasehold improvements. Expenditures for major repairs and improvements above \$5,000 are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred.

Upon the retirement or disposal of assets, the cost and accumulated depreciation or amortization are eliminated from the respective accounts and the resulting gain or loss is included in revenue or expenses.

Impairment of Long-Lived Assets

USCRI reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced, by a charge to the consolidated statements of activities, to its current fair value.

Classification of Net Assets

The net assets of USCRI are reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for support of USCRI's operations.
- Temporarily restricted net assets represent funds which are specifically restricted by donors for various programs for future periods.

Revenue and Support

USCRI reports grants and contributions as temporarily restricted support if they are received with donor or grantor stipulations that limit the use of the donated assets. When a donor 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 accompanying consolidated statements of activities as net assets released from restrictions.

USCRI has grants with United States government agencies in exchange for services. Revenue from the grants is recognized as costs are incurred on the basis of direct costs plus allowable indirect costs and other grants are recognized on a per capita basis. Revenue recognized on federal grants for which payments have not been received is reflected as grants receivable in the accompanying consolidated statements of financial position.

U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

Notes to Consolidated Financial Statements

USCRI recognizes 25% of International Organization for Migration (IOM) loan fees for administration of this program when loans are made to immigrants.

Federal Grants Subject to Audit

USCRI receives funds from federal sources that are subject to audit by the various awarding agencies. These federal awarding agencies make periodic site visits and monitor the progress of USCRI's federal programs. USCRI has not been informed of any adjustments as a result of such site visits and management does not believe that any material adjustments will be necessary.

Functional Allocation of Expenses

USCRI charges salaries to various programs and supporting services based upon the actual amount of time worked in each area. Fringe benefits are allocated to various programs and supporting services based on direct labor costs. Management and general expenses incurred are allocated to various programs and supporting services based upon total direct costs less agency payments.

Expenses

Expenses are recognized by USCRI during the period in which they are incurred. Expenses paid in advance are deferred to the applicable period.

Use of Estimates

The preparation of the consolidated financial statements in conformity U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of Risk

Financial instruments which potentially subject USCRI to concentrations of credit risk consist principally of cash and cash equivalents and investments held at creditworthy financial institutions. At September 30, 2018 and 2017, substantially all of USCRI's cash and cash equivalents and investments were held at three financial institutions in accounts over FDIC limits. Historically, USCRI has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents and investments.

Credit risk with respect to receivables is limited because USCRI deals with a large number of donors over a wide geographic area.

USCRI receives a substantial portion of its revenue from the federal government. If a significant reduction in this revenue should occur, it may have a material adverse effect on USCRI's programs. During the years ended September 30, 2018 and 2017, USCRI earned revenue from the federal and state government under government grants of \$50,461,476 and \$73,176,796, which is 89% and 93% of the total revenue and support earned in each of these years, respectively.

These amounts are reflected in government grants in the accompanying consolidated statements of activities.

U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

Notes to Consolidated Financial Statements

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). The update establishes a comprehensive revenue recognition standard for virtually all industries under U.S. GAAP including those that previously followed industry-specific guidance. The principle of the update is that an entity should recognize revenue to depict the transfer of promised goods and services to customers under a contract in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance is effective for USCRI's fiscal year 2020. Management continues to evaluate the potential impact of this update on USCRI's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which is the leasing standard for both lessees and lessors. Under this update, a lessee will recognize lease assets and liabilities on the statement of financial position for all arrangements with terms longer than 12 months. Lessor accounting remains largely consistent with existing U.S. GAAP. The guidance is effective for USCRI's fiscal year 2021. Management is currently determining the impact that adoption of this guidance will have on USCRI's consolidated financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. This ASU is effective for USCRI's consolidated financial statements for USCRI's fiscal year 2019. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. Management is currently evaluating the impact of this ASU on their consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows*. The update standardizes how certain transactions should be classified in the statement of cash flows. The guidance is effective for USCRI's fiscal year 2020. Presently, management does not anticipate that the adoption of this update will have a material impact on USCRI's consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves current guidance by providing 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 the revenue recognition and other applicable standards. The update also provides a more robust framework for determining whether a contribution is conditional or

U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

Notes to Consolidated Financial Statements

unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The guidance is effective for the USCRI's fiscal year 2020. Management is currently evaluating the impact of this ASU on their consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The update modifies certain disclosure requirements in Topic 820, *Fair Value Measurement*. The guidance is effective for the USCRI's fiscal year 2021. Presently, management does not anticipate that the adoption of this update will have a material effect on the consolidated financial statements.

2. Investments

Investments, at fair value, consist of the following at:

<i>September 30,</i>	2018	2017
Fixed income	\$ 1,824,166	\$ 1,843,602
Equities	2,460,645	2,244,747
Mutual funds	327,399	320,545
Money market funds	242,222	306,275
Total	\$ 4,854,432	\$ 4,715,169

Investment and interest and dividend income consist of the following:

<i>Years Ended September 30,</i>	2018	2017
Interest and dividend income	\$ 108,300	\$ 96,003
Investment gain	66,822	405,128
Total	\$ 175,122	\$ 501,131

Investment expenses were \$35,802 and \$35,817 for the years ended September 30, 2018 and 2017, respectively, and are recorded in the consolidated statements of functional expenses as part of professional fees.

3. Fair Value Measurements

USCRI follows the provisions of FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, in accounting for fair value measurements. ASC 820 establishes a common definition for fair value to be applied under U.S. GAAP requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements.

U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

Notes to Consolidated Financial Statements

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date. ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of USCRI. Unobservable inputs are inputs that reflect USCRI’s estimates about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Examples include corporate and municipal bonds, equities and preferred stock, money market funds, certificates of deposit and U.S. government obligations that are actively traded on a major exchange or over-the-counter markets.
- Level 2 - Valuations based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and reflect management’s best estimate of what market participants would use as fair value.

Fixed income securities, equities, mutual funds and money market funds shown in the following tables are actively traded and are valued at net asset value as of September 30, 2018 and 2017. There was no change in valuation methodologies for years ended September 30, 2018 and 2017.

U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

Notes to Consolidated Financial Statements

The following tables disclose the fair value hierarchy of USCRI's investment assets at fair value as of September 30, 2018 and 2017.

	As of September 30, 2018		
	Level 1	Level 2	Total
Fixed income:			
Corporate bonds	\$ 898,260	\$ -	\$ 898,260
U.S. government obligations	691,841	-	691,841
Municipal securities	234,065	-	234,065
Equities:			
Basic materials	152,326	-	152,326
Communications	168,883	-	168,883
Consumer staples	238,423	-	238,423
Consumer discretionary	264,914	-	264,914
Energy	145,448	-	145,448
Financials	400,682	-	400,682
Health care	281,726	-	281,726
Industrials	321,718	-	321,718
Technology	316,878	-	316,878
Real estate	94,503	-	94,503
Utilities	75,144	-	75,144
Mutual funds - non- traditional	287,905	-	287,905
Mutual funds - fixed income	30,519	-	30,519
Mutual funds - equities	8,975	-	8,975
Money market funds	242,222	-	242,222
Total	\$ 4,854,432	\$ -	\$ 4,854,432

U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

Notes to Consolidated Financial Statements

	As of September 30, 2017		
	Level 1	Level 2	Total
Fixed income:			
Corporate bonds	\$ 882,815	\$ -	\$ 882,815
U.S. government obligations	668,777	-	668,777
Municipal securities	292,010	-	292,010
Equities:			
Basic materials	136,197	-	136,197
Communications	65,319	-	65,319
Consumer staples	218,888	-	218,888
Consumer discretionary	261,971	-	261,971
Energy	125,079	-	125,079
Financials	411,371	-	411,371
Health care	236,261	-	236,261
Industrials	288,608	-	288,608
Technology	330,112	-	330,112
Real estate	93,114	-	93,114
Utilities	77,827	-	77,827
Mutual funds - non- traditional	270,722	-	270,722
Mutual funds - fixed income	49,823	-	49,823
Money market funds	306,275	-	306,275
Total	\$ 4,715,169	\$ -	\$ 4,715,169

USCRI had no level 3 assets or liabilities for the years ended September 30, 2018 and 2017.

4. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following at:

<i>September 30,</i>	2018	2017
Democracy Fund	\$ -	\$ 82,153
LDS Church	62,149	94,718
	\$ 62,149	\$ 176,871

U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

Notes to Consolidated Financial Statements

5. Property and Equipment

USCRI held the following property and equipment at:

<i>September 30,</i>	2018	2017
Building and improvements	\$ 1,066,952	\$ 974,512
Furniture and equipment	749,536	495,517
Vehicles	119,428	119,428
Leasehold improvements	409,866	409,866
Land	120,550	109,850
Total property and equipment	2,466,332	2,109,173
Less: accumulated depreciation and amortization	(1,315,150)	(1,206,308)
Property and equipment, net	\$ 1,151,182	\$ 902,865

Depreciation and amortization expense for the years ended September 30, 2018 and 2017 was \$108,842 and \$147,797, respectively.

6. Commitments and Contingencies

Lease commitments

USCRI is committed under leases for office space that expire at various times through October 31, 2030.

In December 2017, USCRI extended their lease with the landlord for the headquarters location through October 31, 2030. This lease included rent abatements recorded as deferred rent liability in the consolidated statements of financial position. In addition, the lease has stated rent escalations and the effect of this has also been recorded as a deferred rent liability which is amortized over the lease term. As a security deposit, USCRI obtained a letter of credit for the benefit of the landlord amounting to \$43,249. No amounts were drawn against the letter of credit during 2018 and 2017. Total rental expense was \$871,312 and \$1,396,979 for years ended September 30, 2018 and 2017, respectively.

U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

Notes to Consolidated Financial Statements

Future minimum rental payments, by year and in aggregate, under operating leases are as follows:

Years ending September 30,

2019	\$	851,424
2020		957,011
2021		874,821
2022		791,419
2023		733,608
Thereafter		5,346,130
<hr/>		
Total	\$	9,554,413

Contingencies

The Reception and Placement (R&P) program funding is awarded annually. It is based on the annual Presidential Determination for refugee admission and proposed projection for Special Immigrant Visa (SIV) holders. The FY 2019 refugee admission projection is 30,000 refugees and 10,000 SIV arrivals for a total of 40,000. Of this, USCRI is approved to resettle 5,841 refugees and SIVs. As of May 9, 2019, USCRI has resettled 2,899 refugee and SIV clients, representing 50 percent of USCRI's approved projected resettlements.

7. Grants Payable to Affiliated Agencies

USCRI distributes grants to affiliated agencies, who are working in partnership with USCRI to help refugees and other newcomers to become full contributing members of their new American communities. The balance payable to affiliated agencies as of September 30, 2018 and 2017 was \$3,166,739 and \$4,871,067, respectively, and is payable within one year.

8. Defined Contribution Pension Plan

USCRI sponsors a defined contribution retirement plan for all employees who have met certain age and length of service requirements. Annual contributions are made to the plan at a rate of 10% of each participant's annual compensation. Effective July 2017, the Plan was amended and the USCRI's contributions were reduced to 5% of each participant's compensation. The Plan was also amended in July 2017 to stop USCRI's safe harbor contributions from August 2017 to December 2017. Pension expense for the years ended September 30, 2018 and 2017 totals \$293,702 and \$828,120, respectively, and is included in fringe benefits in the accompanying consolidated statements of functional expenses.

9. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code (IRC), USCRI is exempt from the payment of taxes on income other than net unrelated business income. As of September 30, 2018 and 2017, no provision for income taxes has been made, as USCRI had no net unrelated business income.

U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

Notes to Consolidated Financial Statements

Discovering Homes, LLC is a single-member limited liability company. For tax purposes, a single member limited liability company is disregarded as an entity separate from its owner, absent an election otherwise. Activities of a single-member limited liability company are therefore treated as a division of the sole member, USCRI. The activities of Discovering Homes, LLC are consistent with the mission of USCRI and its activities are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Under ASC 740-10, *Accounting for Uncertainty in Income Taxes*, USCRI must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely than not that the position will be sustained on examination. USCRI does not believe there are any unrecognized tax benefits that should be recorded. For the years ended September 30, 2018 and 2017, there were no interest or penalties recorded or included in the consolidated statements of activities. USCRI is still open to examination by taxing authorities from 2015 forward.

10. Subsequent Events

In 2019 USCRI plans to open a residential care facility in Lake Worth, Florida for unaccompanied minor children. The facility includes a dining room, living room, library, private visitation/phone space, 66 bedrooms, and multiple offices and private counseling/clinic spaces. The structure is situated on one floor, making it easily accessible to people with disabilities. USCRI has signed a three year lease commitment with the option to cancel the lease on a yearly basis if government funding ends.

USCRI evaluated subsequent events through May 21, 2019, which is the date the consolidated financial statements were available to be issued. There were no events noted that required adjustment to or disclosure in these consolidated financial statements, except as noted above.

Schedule of Expenditures of Federal Awards

U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

Schedule of Expenditures of Federal Awards

Year ended September 30, 2018

Federal Grantor/Pass-Through/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services, Administration for Children and Families				
<i>Office of Refugee Resettlement:</i>				
Direct Representation Project and Child Advocate Service	93.676	N/A	\$ 1,115,994	\$ 1,861,611
USCRI's Home Study and Post Release Services for Unaccompanied Children	93.676	N/A	1,562,391	2,606,256
<i>Subtotal: CFDA 93.676</i>			2,678,385	4,467,867
Matching Grant Program	93.567	N/A	5,728,800	7,755,736
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	N/A	964,026	1,925,913
FGC-Related Health Care Services	93.088	N/A	109,679	310,515
Self-Sufficiency of Victims of Trafficking	93.598	N/A	3,921,285	4,397,696
Wilson Fish Program	93.583	N/A	-	295,635
<i>Subtotal: Office of Refugee Resettlement</i>			13,402,175	19,153,362
<i>Refugee and Entrant Assistance - Discretionary Grants:</i>				
Preferred Communities	93.576	N/A	1,034,796	1,984,650
Refugee Microenterprise Development Program	93.576	N/A	-	108,213
Refugee Agriculture Program - Cleveland	93.576	N/A	11,096	107,071
Refugee Agriculture Program - Cleveland	93.576	N/A	-	96,453
Refugee Health Promotion - Year 1	93.576	N/A	14,935	129,489
Refugee Health Promotion - Year 2	93.576	N/A	-	15,527
<i>Pass-through from State of New York:</i>				
New York State Office of Temporary and Disability Assistance	93.576	C021707	-	82,058
<i>Pass-through from State of Vermont:</i>				
Rutland Refugee Resettlement Services	93.576	03400-USCRI-TAG-3RS- TAGD-FY18	-	41,053
Employability Services to Refugees	93.576	03400-USCRI-EMPLCHIT- FY18	-	57,626
Job Upgrade Services	93.576	03400-USCRI-JOB-TAGD- FY18	-	112,026
<i>Pass-through from State of Iowa:</i>				
Targeted Assistance	93.576	REF-14-001	-	92,719
<i>Subtotal: Refugee and Entrant Assistance - Discretionary Grants</i>			1,060,827	2,826,885
<i>Pass-through from State of Vermont:</i>				
Vermont Agency of Human Services				
Refugee Social Service Program	93.566	03400-USCRI-EMPL2018-SS- FY17	-	58,692
Refugee English Language Training	93.566	03400-USCRI-ELT2018-SS- FY17	-	80,689
<i>Office of Refugee Resettlement:</i>				
Refugee Cash and Medical Assistance Program- Texas	93.566	N/A	11,588,017	14,816,315
Refugee Cash and Medical Assistance Program- Maine	93.566	N/A	59,760	240,396
Refugee Cash and Medical Assistance Program- Kansas	93.566	N/A	117,237	188,647
Refugee Cash and Medical Assistance Program- Missouri	93.566	N/A	46,457	228,961
<i>Pass-through from State of New York:</i>				
New York State Office of Temporary and Disability Assistance	93.566	TDA01-C0023GC-341000	-	14,504

U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

Schedule of Expenditures of Federal Awards

Year ended September 30, 2018

Federal Grantor/Pass-Through/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
<i>Pass-through from Catholic Charities, Diocese of Cleveland:</i>				
Refugee Social Services Program	93.566	G-1819-17-1149	-	37,071
<i>Subtotal: CFDA 93.566</i>			11,811,471	15,665,275
<i>TANF Cluster</i>				
<i>Pass-through from State of Vermont:</i>				
Reach Up - TANF Cluster	93.558	03441-10107-18	-	87,995
<i>Pass-through from State of Iowa Department of Justice:</i>				
Victims of Crime Assistance	16.575	2018-V2-GX-0057	-	61,989
Victims of Crime Assistance	16.575	2017-V2-GX-0057	-	131,968
<i>Subtotal: CFDA 16.575</i>			-	193,957
<i>Pass-through from State of Vermont:</i>				
Citizenship Education and Training	97.010	2016-CS-010-000003	-	53,077
<i>Pass-through from State of New York:</i>				
New York State Office of Temporary and Disability Assistance	93.584	TDA01-C00196GG-3410000	-	57,496
<i>Pass-through from State of North Carolina:</i>				
North Carolina Division of Social Service				
Refugee and Entrant Assistance	93.584	16TANCRTAG AND 17TAGNCRTAG	-	78,144
Refugee and Entrant Assistance	93.584	17TANCRTAG AND 18TAGNCRTAG	-	131,402
<i>Pass-through from Ohio Department of Jobs Targeted Assistance Program</i>	93.584	G-1819-17-0081	-	52,703
<i>Subtotal: CFDA 93.584</i>			-	319,745
Total U.S. Department of Health and Human Services, Administration for Children and Families			26,274,473	38,300,296
U.S. Department of State, Bureau of Population, Refugees and Migration				
Reception and Placement Program	19.510	N/A	7,155,425	11,140,856*
Total Expenditures of Federal Awards			\$ 33,429,898	\$ 49,441,152

See notes to the schedule of expenditures of federal awards.

*This grant is paid to USCRI on a per capita basis. Therefore, the amount reflected represents actual federal funds received.

U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of USCRI under programs of the federal government for the year ended September 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of USCRI, it is not intended to and does not present the financial position, changes in net assets or cash flows of USCRI.

The reimbursement of indirect costs reflected in the accompanying consolidated financial statements as federal grants revenue is subject to final approval by federal grantors and could be adjusted upon the results of these reviews. Management believes that the results of any such adjustment will not be material to USCRI's consolidated financial position or change in net assets.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

USCRI has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Reconciliation of Schedule of Expenditures of Federal Awards to Consolidated Financial Statements

Expenditures per Schedule of Expenditures of Federal Awards	\$ 49,441,152
Reconciling item:	
Other state awards	1,020,324
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Expenditures per the consolidated financial statements	\$ 50,461,476

Independent Auditor's
Reports Required by *Government Auditing
Standards* and the Uniform Guidance



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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Directors
U.S. Committee for Refugees and Immigrants, Inc. and Related Entity
Arlington, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of U.S. Committee for Refugees and Immigrants, Inc. and Related Entity (USCRI), which comprise the consolidated statement of financial position as of September 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 21, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered USCRI's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of USCRI's internal control. Accordingly, we do not express an opinion on the effectiveness of USCRI's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether USCRI's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with



which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering USCRI's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

May 21, 2019



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Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
U.S. Committee for Refugees and Immigrants, Inc. and Related Entity
Arlington, Virginia

Report on Compliance for Each Major Federal Program

We have audited U.S. Committee for Refugees and Immigrants, Inc. and Related Entity's (USCRI) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of USCRI's major federal programs for the year ended September 30, 2018. USCRI's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for USCRI's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about USCRI's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of USCRI's compliance.



Opinion on Each Major Federal Program

In our opinion, USCRI complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

Report on Internal Control Over Compliance

Management of USCRI is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered USCRI's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of USCRI's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

May 21, 2019

U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

Schedule of Findings and Questioned Costs Year Ended September 30, 2018

Section I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance for the major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes X no

Identification of major federal programs:

<u>CFDA Number/Grant / Contract Number</u>	<u>Name of Federal Program or Cluster</u>
93.567	Refugee and Entrant Assistance - Voluntary Agency Programs - Matching Grant Program
93.676	Direct Representation Project and Child Advocate Service
93.676	USCRI's Home Study and Post Release Services for Unaccompanied Children

U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

Schedule of Findings and Questioned Costs Year Ended September 30, 2018

<u>CFDA Number/Grant / Contract Number</u>	<u>Name of Federal Program or Cluster</u>
93.598	Services to Victims of a Severe Form of Trafficking
93.576	Refugee and Entrant Assistance - Discretionary Grants
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 1,483,234
Auditee qualified as low-risk auditee?	<u> X </u> yes <u> </u> no

Section II - FINANCIAL STATEMENT FINDINGS

There were no findings related to the consolidated financial statements which are required to be reported in accordance with generally accepted government auditing standards (GAGAS).

Section III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings and questioned costs for Federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance that were required to be reported.

U.S. Committee for Refugees and Immigrants and Related Entity

Schedule of Fringe Benefit and Salary Expenditures

Year ended September 30, 2018

Type of Fringe Benefit

Health insurance	\$	1,381,971
Life insurance		53,378
Payroll taxes		841,802
Pension		293,702

Total Type of Fringe Benefit Expenditures	\$	2,570,853
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Fringe Benefits

Program services	\$	2,102,109
Management and general		404,252
Fundraising		64,492

Total Fringe Benefit Expenditures	\$	2,570,853
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Salaries

Program services	\$	8,259,066
Management and general		2,230,945
Fundraising		286,123

Total Salary Expenditures	\$	10,776,134
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U.S. Committee for Refugees and Immigrants and Related Entity

Schedule of Overhead and General and Administrative Expenses

Year ended September 30, 2018

Direct refugee assistance	\$	26,689
Salaries		2,230,945
Fringe benefits		404,252
Occupancy		576
Training and staff development		7,696
Professional fees		463,334
Advertising		3,602
Printing and reproduction		59,516
Equipment rental and repair		44,351
Telephone and communications		26,917
Postage and shipping		11,205
Insurance		71,583
Travel		36,632
Conferences and meetings		20,583
Bank and finance charges		56,208
Provision for bad debt		374,838
Outside services and consulting		54,425
Miscellaneous credit		(61,291)
Subscriptions and references		74,649
Depreciation and amortization		100,747
Total		4,007,457
Less: Fringe benefits		(404,252)
Total overhead and administrative costs	\$	3,603,205

U.S. Committee for Refugees and Immigrants and Related Entity

Schedule of Determination of Indirect Cost Rates

Year ended September 30, 2018

Fringe Benefits Rate Calculation

Numerator

Total fringe benefits per audited financial statements	\$ 2,570,853
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Denominator

Total salaries per audited financial statements	\$ 10,776,134
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Fringe benefits rate	23.86%
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Overhead and General and Administrative Rate Calculation

Numerator

Indirect costs per audited financial statements	\$ 812,893
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Plus: Indirect costs recovery charged to programs and fundraising	3,194,564
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Less: Fringe benefits charged as overhead	(404,252)
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Subtotal	3,603,205
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Plus: Fringe benefits applied at 23.86% of \$2,230,945 in management and general salaries	532,303
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Total indirect costs	\$ 4,135,508
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Denominator

Program services expense per audited financial statements	53,325,400
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Fundraising expense per audited financial statements	415,776
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Subtotal	53,741,176
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Plus: Fringe benefits applied at 23.86% of \$8,545,189 in program and fundraising salaries	2,038,882
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Less: Subrecipient grants (agency payments)	(34,797,816)
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Indirect costs recovery charged to programs	(3,194,564)
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Fringe benefits charged to programs and management and general	(2,506,361)
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Direct refugee assistance	(2,088,717)
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Total	\$ 13,192,600
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Overhead and general and administrative rate	31.35%
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U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

Notes to Schedule of Determination of Indirect Cost Rates

1. Summary of Cost Structure

The U.S. Committee for Refugees and Immigrants, Inc. and Related Entity (USCRI) uses the total direct cost allocation method for the allocation of indirect costs as permitted under the cost principles contained in Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. USCRI treats all costs as direct costs except management and general expenses. Management and general expenses included in the indirect cost pool include only those costs incurred at USCRI's headquarters. Management and general expenses are considered to be overhead and general and administrative expenses for purposes of calculating an overhead and general and administrative (indirect cost) rate. USCRI separates its costs into three basic categories: program services, management and general, and fundraising. A brief description of expenses charged to those categories is as follows:

Program Services

Program service expenses reflect direct costs and some allocated costs incurred in performing activities and projects under federal awards and other foundation or private sector grants. Such direct costs are identified specifically with a particular award, project, service, or other direct activity of USCRI.

Management and General

Management and general expenses are associated with the operation of USCRI's headquarters and are related to the essential activities associated with the administration of the organization. They are identified by the nature of the expense, and include certain salaries and related expenses, occupancy costs, postage and shipping, telephone and communications, general use of supplies and equipment, professional services, printing, depreciation and amortization, and other general administrative expenses.

Fundraising

Fundraising expenses are associated with activities that relate to the solicitation of financial support, including financial campaigns, federal funding, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or to obtain contributions. Fundraising services and materials are also included.

2. Allocation Method

USCRI uses a tiered method of allocating costs for supplies, insurance, occupancy, equipment, depreciation and amortization and telephone. The first tier consists of those general costs which are accumulated in an indirect cost pool and directly allocated to program services using square footage as a base. These directly allocated costs are further allocated to specific activities within program service functions using direct labor as the sub allocation base.

The second tier consists of the remaining indirect costs which are then charged to programs and projects based on the ratio of these indirect costs to total direct costs.

U.S. Committee for Refugees and Immigrants, Inc. and Related Entity

Notes to Schedule of Determination of Indirect Cost Rates

3. Fringe Benefits

Fringe benefits consist of health insurance, life insurance, pension and payroll taxes. The fringe benefits rate is the ratio of total fringe benefits to total salaries which is first applied to direct salaries charged to program services and then to salaries included in management and general and fundraising costs.