

**International Refugee Assistance
Project, Inc. and Subsidiary**

Consolidated Financial Statements

August 31, 2023 and 2022

Independent Auditors' Report

Board of Directors International Refugee Assistance Project, Inc. and Subsidiary

Opinion

We have audited the accompanying consolidated financial statements of International Refugee Assistance Project, Inc. and Subsidiary ("IRAP" or the "Organization"), which comprise the consolidated statements of financial position as of August 31, 2023 and 2022 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of August 31, 2023 and 2022, and the consolidated changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Policy

As discussed in Note 2 to the financial statements the Organization adopted Financial Accounting Standards Board ("FASB") Topic 842, Leases, using the effective date method with September 1, 2022, as the date of initial adoption. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules on pages 21 and 22 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such 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.

Board of Directors
International Refugee Assistance Project, Inc.
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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.

PKF O'Connor Davies, LLP

June 7, 2024

International Refugee Assistance Project, Inc. and Subsidiary

Consolidated Statements of Financial Position

	August 31	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 42,553,696	\$ 35,635,224
Contributions receivable, net	23,812,367	31,224,794
Investments	-	4,995,694
Prepaid expenses and other assets	546,579	358,585
Security deposits	251,900	-
Right of use asset	1,990,041	-
Property and equipment, net	953,789	131,823
	\$ 70,108,372	\$ 72,346,120
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 2,241,579	\$ 1,323,909
Lease liability	2,129,807	-
Deferred rent	-	112,606
Total Liabilities	4,371,386	1,436,515
Net Assets		
Without donor restrictions	15,381,419	15,551,388
With donor restrictions	50,355,567	55,358,217
Total Net Assets	65,736,986	70,909,605
	\$ 70,108,372	\$ 72,346,120

See notes to consolidated financial statements

International Refugee Assistance Project, Inc. and Subsidiary

Consolidated Statements of Activities

	Year Ended August 31					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions	\$ 13,467,184	\$ 5,879,577	\$ 19,346,761	\$ 7,072,246	\$ 57,223,170	\$ 64,295,416
In-kind donations - legal	856,804	-	856,804	849,940	-	849,940
Paycheck Protection Program loan forgiveness	-	-	-	1,155,217	-	1,155,217
Settlement agreement fees	50,978	-	50,978	530,792	-	530,792
Interest and dividend income	1,650,722	-	1,650,722	232,791	-	232,791
Net assets released from restrictions	<u>10,882,227</u>	<u>(10,882,227)</u>	<u>-</u>	<u>7,573,178</u>	<u>(7,573,178)</u>	<u>-</u>
Total Support and Revenue	<u>26,907,915</u>	<u>(5,002,650)</u>	<u>21,905,265</u>	<u>17,414,164</u>	<u>49,649,992</u>	<u>67,064,156</u>
EXPENSES						
Program services	19,114,635	-	19,114,635	15,916,911	-	15,916,911
Supporting services	<u>7,932,582</u>	<u>-</u>	<u>7,932,582</u>	<u>2,457,117</u>	<u>-</u>	<u>2,457,117</u>
Total Expenses	<u>27,047,217</u>	<u>-</u>	<u>27,047,217</u>	<u>18,374,028</u>	<u>-</u>	<u>18,374,028</u>
Foreign currency translation loss	<u>(30,667)</u>	<u>-</u>	<u>(30,667)</u>	<u>(210,859)</u>	<u>-</u>	<u>(210,859)</u>
Change in Net Assets	(169,969)	(5,002,650)	(5,172,619)	(1,170,723)	49,649,992	48,479,269
NET ASSETS						
Beginning of year	<u>15,551,388</u>	<u>55,358,217</u>	<u>70,909,605</u>	<u>16,722,111</u>	<u>5,708,225</u>	<u>22,430,336</u>
End of year	<u>\$ 15,381,419</u>	<u>\$ 50,355,567</u>	<u>\$ 65,736,986</u>	<u>\$ 15,551,388</u>	<u>\$ 55,358,217</u>	<u>\$ 70,909,605</u>

See notes to consolidated financial statements

International Refugee Assistance Project, Inc. and Subsidiary

Consolidated Statement of Functional Expenses Year Ended August 31, 2023

	Program Services					Supporting Services				Total
	Communications	Legal Services	Litigation	Policy	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salary expense	\$ 569,323	\$ 6,306,248	\$ 1,330,063	\$ 918,292	\$ 904,238	\$ 10,028,164	\$ 664,556	\$ 1,019,624	\$ 1,684,180	\$ 11,712,344
Employee benefits	247,834	2,301,465	597,023	324,770	301,099	3,772,191	447,713	330,873	778,586	4,550,777
Total Personnel Costs	<u>817,157</u>	<u>8,607,713</u>	<u>1,927,086</u>	<u>1,243,062</u>	<u>1,205,337</u>	<u>13,800,355</u>	<u>1,112,269</u>	<u>1,350,497</u>	<u>2,462,766</u>	<u>16,263,121</u>
Depreciation	4,805	85,925	15,856	8,649	2,402	117,637	3,844	7,207	11,051	128,688
Insurance	2,696	116,202	21,718	4,195	9,392	154,203	3,216	3,595	6,811	161,014
Occupancy expense	17,077	293,844	57,151	25,820	24,940	418,832	12,998	29,137	42,135	460,967
Bank and credit card fees	-	8,267	11	18	60	8,356	15,830	18,873	34,703	43,059
Client assistance and court fees	-	54,550	3,873	-	-	58,423	-	-	-	58,423
Materials and supplies	12,517	202,394	42,189	23,072	8,410	288,582	37,367	20,040	57,407	345,989
Travel and meals	20,263	380,276	91,692	58,556	75,831	626,618	9,966	47,294	57,260	683,878
Membership/subscriptions	28,733	214,760	59,989	69,385	24,620	397,487	107,402	35,411	142,813	540,300
Professional development	3,687	52,695	21,700	7,906	3,359	89,347	29,787	7,993	37,780	127,127
Non-utility office expenses	9,133	329,231	30,442	13,699	14,308	396,813	6,849	15,677	22,526	419,339
Telecommunications	5,328	53,738	18,508	8,647	3,689	89,910	3,279	8,607	11,886	101,796
Accounting and audit	-	16,099	-	-	-	16,099	159,900	-	159,900	175,999
Design and development	17,200	2,453	-	-	-	19,653	2,473	5,500	7,973	27,626
Interpretation	673	148,977	5,393	111	18,747	173,901	-	-	-	173,901
Legal services	-	136,549	-	-	159,135	295,684	291,668	-	291,668	587,352
Payroll service and retirement plan fees	1,616	17,935	5,332	2,908	808	28,599	90,829	2,424	93,253	121,852
Other consultants	-	425,886	200	12,455	78,793	517,334	521,510	7,000	528,510	1,045,844
Recruiting and strategic planning	23,505	476,558	77,567	42,309	11,753	631,692	18,804	35,258	54,062	685,754
Resiliency, DEIA	6,395	70,981	21,103	11,510	3,197	113,186	5,116	9,592	14,708	127,894
In-kind services - legal	-	856,804	-	-	-	856,804	-	-	-	856,804
Bad debt expense	-	-	-	-	-	-	3,876,982	-	3,876,982	3,876,982
Other business expenses	<u>613</u>	<u>12,383</u>	<u>948</u>	<u>288</u>	<u>888</u>	<u>15,120</u>	<u>17,361</u>	<u>1,027</u>	<u>18,388</u>	<u>33,508</u>
Total Expenses	<u>\$ 971,398</u>	<u>\$ 12,564,220</u>	<u>\$ 2,400,758</u>	<u>\$ 1,532,590</u>	<u>\$ 1,645,669</u>	<u>\$ 19,114,635</u>	<u>\$ 6,327,450</u>	<u>\$ 1,605,132</u>	<u>\$ 7,932,582</u>	<u>\$ 27,047,217</u>

See notes to consolidated financial statements

International Refugee Assistance Project, Inc. and Subsidiary

Consolidated Statement of Functional Expenses Year Ended August 31, 2022

	Program Services					Supporting Services				Total
	Communications	Legal Services	Litigation	Policy	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salary expense	\$ 509,779	\$ 5,329,672	\$ 1,300,048	\$ 912,519	\$ 782,128	\$ 8,834,146	\$ 554,970	\$ 797,524	\$ 1,352,494	\$ 10,186,640
Employee benefits	183,919	1,782,560	515,123	297,471	241,427	3,020,500	90,380	266,794	357,174	3,377,674
Total Personnel Costs	693,699	7,112,232	1,815,171	1,209,990	1,023,555	11,854,646	645,350	1,064,318	1,709,668	13,564,314
Depreciation	3,695	59,475	12,195	6,652	1,848	83,865	2,956	5,543	8,499	92,364
Insurance	2,428	102,863	18,537	3,776	8,336	135,940	4,161	3,237	7,398	143,338
Occupancy expense	31,349	438,085	104,047	47,347	39,623	660,451	3,629	16,215	19,844	680,295
Bank and credit card fees	-	10,202	-	-	20	10,222	4,225	41,621	45,846	56,068
Client assistance and court fees	-	56,509	4,654	-	-	61,163	-	-	-	61,163
Materials and supplies	4,826	66,240	12,035	6,244	2,442	91,787	11,437	9,305	20,742	112,529
Travel and meals	10,554	241,752	29,723	34,244	22,077	338,350	4,412	15,568	19,980	358,330
Membership/subscriptions	44,864	124,344	45,161	40,068	29,416	283,853	54,423	37,783	92,206	376,059
Professional development	2,515	38,217	13,683	4,563	1,868	60,846	8,627	11,206	19,833	80,679
Accounting and audit	7,698	75,471	15,395	7,698	15,395	121,657	86,561	28,444	115,005	236,662
Design and development	378,312	-	-	-	-	378,312	-	32,960	32,960	411,272
Interpretation	-	125,463	4,727	823	18,323	149,336	965	18	983	150,319
Legal services	-	185,176	608	-	100,835	286,619	481	-	481	287,100
Payroll service and retirement plan fees	2,301	14,689	7,964	3,717	1,239	29,910	64,064	3,717	67,781	97,691
Other consultants	-	100,681	1,550	200	96,610	199,041	224,404	8,268	232,672	431,713
Recruiting and strategic planning	14,779	164,044	48,770	26,602	7,389	261,584	11,823	25,929	37,752	299,336
Resiliency, DEIA	1,848	21,710	6,098	3,326	924	33,906	1,478	6,567	8,045	41,951
In-kind services - legal	-	849,940	-	-	-	849,940	-	-	-	849,940
Other business expenses	1,957	16,474	4,714	1,618	720	25,483	13,021	4,401	17,422	42,905
Total Expenses	\$ 1,200,824	\$ 9,803,567	\$ 2,145,032	\$ 1,396,868	\$ 1,370,620	\$ 15,916,911	\$ 1,142,017	\$ 1,315,100	\$ 2,457,117	\$ 18,374,028

See notes to consolidated financial statements

International Refugee Assistance Project, Inc. and Subsidiary

Consolidated Statements of Cash Flows

	Year Ended August 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (5,172,619)	\$ 48,479,269
Adjustments to reconcile change in net assets to net cash from operating activities		
Discount on multi-year contributions	(1,171,487)	2,576,772
Bad debt expense	3,876,982	-
Realized and unrealized (gain) loss on investments	(246)	28,759
Depreciation	128,688	92,364
Deferred rent	-	27,161
Paycheck Protection Program loan forgiveness	-	(1,155,217)
Amortization of right of use asset	373,484	-
Change in operating assets and liabilities		
Contributions receivable	4,706,932	(32,221,876)
Prepaid expenses and other assets	(187,994)	(57,682)
Security deposits	(251,900)	-
Accounts payable and accrued expenses	917,670	271,452
Payments on lease liability	(346,324)	-
Net Cash from Operating Activities	2,873,186	18,041,002
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturity of investments	5,079,241	-
Purchase of investments	(83,301)	(17,223)
Purchase of property and equipment	(950,654)	(29,972)
Net Cash from Investing Activities	4,045,286	(47,195)
Change in Cash and cash equivalents	6,918,472	17,993,807
CASH AND CASH EQUIVALENTS		
Beginning of year	35,635,224	17,641,417
End of year	\$ 42,553,696	\$ 35,635,224

See notes to consolidated financial statements

International Refugee Assistance Project, Inc. and Subsidiary

Notes to Consolidated Financial Statements
August 31, 2023 and 2022

1. Organization and Tax Status

The International Refugee Assistance Project, Inc. (“IRAP”) is a global legal aid and advocacy organization working to create a world where refugees and all people seeking safety are empowered to claim their right to freedom of movement and a path to lasting refuge.

Through legal aid and information, impact litigation, policy advocacy, strategic communication, and partner capacity-building, IRAP is purpose-built to improve outcomes for millions of displaced people facing urgent situations and resettlement needs. IRAP is powered by displaced people, staff, pro bono partners, student advocates, and a network of partners around the world to innovate smart, durable, and scalable solutions for migrants everywhere to have agency over their journeys to safety.

In the fall of 2021, IRAP launched a six-year growth project with the support of multi-year funding through The Audacious Project, a collaborative funding initiative housed at TED, to serve 2.5 million forced migrants worldwide by 2027 and strengthen refugee-led and local partner organizations around the globe. With forced migration rising, IRAP’s scale-up will comprise building out the world’s most robust and accessible virtual legal information platform for displaced people, investing resources into capacity-building for frontline partners, and extending presence, partnerships, and systemic change work throughout the world. In support of this project, IRAP was granted a total of \$53M to be utilized over six years (2022-2027).

With offices in New York City, Washington, D.C., Berlin, Germany, Amman, Jordan, and Beirut, Lebanon, IRAP delivers free, high-quality legal services to displaced people, regardless of where they reside.

Legal Services: IRAP has an innovative model of mobilizing legal resources to provide direct client services and advocate for refugees and displaced persons. IRAP assures safe passage to destination countries and shape thought and practice in the United States and around the globe to ensure fair and humane treatment of forced migrants.

Systemic Advocacy: Utilizing the lessons learned in individual casework, IRAP advocates for systemic change that benefit broader refugee populations. IRAP’s team finds creative ways to partner with broad coalitions to push for global refugee protections.

Litigation: IRAP’s litigation department brings systemic litigation to help refugees, asylum-seekers, and others in need of a safe place to call home. The litigation team leverages IRAP’s relationships with thousands of clients, expertise in providing direct client services, and connections to advocates around the world to advance the rights of all people to safe passage and to the opportunity to thrive.

Western Hemisphere migration: This program is focused on supporting safe, legal pathways to safety for displaced populations from Latin America and the Caribbean, and includes legal aid, legal information, and systemic advocacy.

International Refugee Assistance Project, Inc. and Subsidiary

Notes to Consolidated Financial Statements
August 31, 2023 and 2022

1. Organization and Tax Status *(continued)*

Policy and Climate: This program supports the development of safe legal policies and pathways for people displaced by climate impacts.

Communications: This program is focused on promoting pro-refugee messaging in the media and for policy makers.

Human Rights Defender: This program supports the development of safe legal pathways for individuals, including activists, academics, or journalists, who may be at risk due to their human rights work.

Fellowships Stipends: This line supports individuals, typically recent law school graduates, who participate in IRAP's work on a time-limited legal fellowship (typically for one or two years).

IRAP was incorporated in New York in 2017. IRAP was originally named the Iraqi Refugee Assistance Project and was founded as a student organization at Yale Law School in 2008. IRAP later became a project of the Urban Justice Center (UJC.) IRAP officially separated from UJC on December 23, 2018 and agreed upon separating funds held by UJC raised by or on behalf of IRAP as of October 31, 2018.

International Refugee Assistance Project Berlin GGMBH was organized in Berlin Germany in October 2020 and is a wholly owned subsidiary of IRAP. International Refugee Assistance Project Germany was created to pursue non-profit or charitable purposes in Germany.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of International Refugee Assistance Project, Inc. and International Refugee Assistance Project Berlin GGMBH, collectively the "Organization". All material intercompany accounts and transactions are eliminated in consolidation.

Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code ("IRC") and corresponding state provisions.

2. Summary of Significant Accounting Policies

Basis of Accounting

The consolidated financial statements of the Organization 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").

International Refugee Assistance Project, Inc. and Subsidiary

Notes to Consolidated Financial Statements
August 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Change in Accounting Policy

Leases

The Organization adopted Financial Accounting Standards Board (“FASB”) Topic 842, Leases, using the effective date method with September 1, 2022, as the date of initial adoption. In adopting Topic 842, the Organization elected to use the modified retrospective transition method, which applies the provisions of the standard at the effective date without any adjustment to the comparative periods presented. The Organization adopted the following practical expedients and elected the following accounting policies related to this standard: Carry forward of historical lease classifications and accounting treatment.

Accordingly, the Organization will recognize lease payments on a straight-line basis over the lease term and variable payments in the period when the corresponding obligation is incurred.

As a result of the adoption of the new lease accounting guidance, on September 1, 2022, the Organization recognized a lease liability of \$2,401,061 that represents the present value of the remaining operating lease payments of \$2,695,875, discounted using the normalized risk-free rate of 3.36% and a right-of-use asset of \$2,288,455 which represents the lease liability less deferred rent of \$112,606. Adoption of the standard had a material impact on the Organization’s consolidated statement of financial position, but did not have a material impact on the consolidated statements of activities and cash flows. The most significant impact was the recognition of the right-of-use asset and lease liability for operating leases.

Net Asset Presentation

The Organization is required to report information regarding its consolidated financial position and activities according to two classes of net assets: those without donor restrictions and those with donor restrictions. Net assets without donor restrictions are those net assets that are not subject to donor-imposed restrictions. Net assets with donor restrictions are subject to donor stipulations that limit the use of their contributions, which either expire by the passage of time or when used for specified purposes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the consolidated statements of activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with 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.

International Refugee Assistance Project, Inc. and Subsidiary

Notes to Consolidated Financial Statements
August 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements

The Organization follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, cash held in United States (U.S.) and foreign bank accounts, cash maintained in a U.S. money market mutual fund, and cash maintained in a U.S. sweep account.

Credit Risk Concentration

Financial instruments that potentially subject the Organization to concentrations of credit and market risk consist principally of receivables which are expected to be collected in the normal course of business and cash and cash equivalents on deposit with financial institutions. Deposits held at financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At times balances may exceed the FDIC limit.

Contributions Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable are recorded at net realizable value if expected to be collected in one year and, if material, multiyear receivables are recorded at the present value of their estimated future cash flow using an interest rate commensurate with the risk involved. Amortization of the discount is included in contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. Bad debt for the year ended August 31, 2023 is comprised of direct write offs of approximately \$3,120,000 and \$757,00 for the establishment of a general reserve. There were no significant contributions that management deemed to be uncollectible as of August 31, 2022.

Investments Valuation and Income Recognition

The Organization considers short-term securities to be investments which are carried at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

International Refugee Assistance Project, Inc. and Subsidiary

Notes to Consolidated Financial Statements
August 31, 2023 and 2022

2. Summary of Significant Accounting Policies *(continued)*

Property and Equipment

Property and equipment are stated at cost if purchased, or if acquired in-kind, at their fair value at the date of the gift. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method:

Furniture and fixtures	7 years
Computers and equipment	3-5 years
Leasehold improvements	5 years

Contributions Revenue

Contribution revenue, including promises to give and donated securities, are recognized when received.

Donated contributions of services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

Settlement Agreement Fees

Settlement agreement fees are the litigation reimbursements to the Organization from United States federal agencies, for those costs incurred by the Organization when pursuing legal claims or litigation on behalf of the refugees.

Foreign Currency Translation

The Organization's functional currency is the United States Dollar. As such, assets and liabilities denominated in foreign currencies are translated at year-end exchange rates and revenue and expenses are translated at average exchange rates during the year. Gains and losses from foreign currency translation for the period are included in the consolidated statement of activities.

Functional Allocation of Expenses

The costs of providing programs and supporting services have been summarized on a functional basis in the consolidated statements of activities. Some costs are directly charged to each service area as they are clearly identified as program services or supporting services. Indirect costs are allocated to the different programs and supporting service areas benefited based on annual employee time allocations and full time equivalent that have been calculated and reviewed by management.

International Refugee Assistance Project, Inc. and Subsidiary

Notes to Consolidated Financial Statements
August 31, 2023 and 2022

2. Summary of Significant Accounting Policies *(continued)*

Functional Allocation of Expenses

Other programs expenses reflected in the August 31, 2023 consolidated statement of functional expenses include expenses for the following programs: Legal Strategy, Climate, and Monitoring, Evaluation and Learning. In fiscal year 2022, IRAP initiated the following program activities: Diversity, Equity, Inclusion and Accessibility (“DEIA”), resiliency, strategic planning and recruitment activities.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Based on time and effort
Occupancy	Based on personnel location/department
Insurance	Based on personnel location/department

Leases

As of September 1, 2022, the Organization has leases for office space and determines if the arrangement is a lease at inception. The operating lease is included in operating lease right-of-use asset (“ROU asset”) and lease liability on the accompanying consolidated statement of financial position.

ROU asset represents the right to use an underlying asset for the lease term and lease liability represents the obligation to make lease payments arising from the lease. Operating lease ROU asset and liability are recognized at the lease commencement date based on the present value of lease payments over the lease term. When a lease does not provide an implicit borrowing rate, the Organization uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset includes any lease payments made and excludes lease incentives. The lease terms may include options to extend the lease and when it is reasonably certain that the Organization will exercise that option, such amounts are included in ROU assets and lease liabilities. Lease expense for the lease payments is recognized on a straight-line basis of the lease term.

The Organization’s lease agreement does not contain any material residual value guarantees or material restrictive covenants.

For the year ended June 30, 2022, operating lease payments were charged to occupancy expense, following Topic 840, Lease guidance. Occupancy expense was recorded on a straight-line basis over the life of the lease, unless another systematic and rational basis was more representative of the time pattern in which the benefit is derived from leased property, in which case that basis was used.

International Refugee Assistance Project, Inc. and Subsidiary

Notes to Consolidated Financial Statements
August 31, 2023 and 2022

2. Summary of Significant Accounting Policies *(continued)*

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. Periods since the initial tax filing for the year ended August 31, 2020 remain open to examination.

Evaluation of Subsequent Events by Management

Management has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through the date that the consolidated financial statements were available to be issued, which date is June 7, 2024.

3. Liquidity and Availability of Resources

Financial assets available for general expenditures, that is, without donor restrictions limiting their use, within one year of the statement of financial position date were as follows at August 31:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 42,553,696	\$ 35,635,224
Contributions receivable, net	23,812,367	31,224,794
Investments	<u>-</u>	<u>4,995,694</u>
Total Financial Assets	<u>66,366,063</u>	<u>71,855,712</u>
Less those unavailable for general expenditure within one year, due to:		
Restricted cash - standby letter of credit	(514,625)	(514,524)
Contractual or donor-imposed restricted amounts:		
Restricted by donor with time or purpose restrictions	<u>(50,355,567)</u>	<u>(55,358,217)</u>
	<u>(50,870,192)</u>	<u>(55,872,741)</u>
Add next year's release of donor restrictions	<u>8,763,658</u>	<u>8,027,239</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 24,259,529</u>	<u>\$ 24,010,210</u>

As part of the Organization's liquidity management, it has the goal of having assets on hand to meet twelve months of normal operating expenses, which are, on average, \$1,800,000 per month. This goal is not a required minimum and spending of this reserve is made at management's discretion. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations become due.

International Refugee Assistance Project, Inc. and Subsidiary

Notes to Consolidated Financial Statements August 31, 2023 and 2022

4. Investments

Investments bought, sold and held were valued using level 1 inputs under the fair value hierarchy and consist of cash in the amount of \$1,080,632, and United States Treasury Notes aggregating \$3,915,062 as of August 31, 2022.

5. Contributions Receivable

Contributions receivable consisted of the following as of August 31:

	2023	2022
Amount due in less than one year	\$ 8,763,658	\$ 8,027,239
Amount due from one to five years	17,216,667	25,780,000
Total Contributions Receivable	25,980,325	33,807,239
Discount on multi-year contributions receivable at 4.75%	(1,410,958)	(2,582,445)
Allowance for doubtful accounts	(757,000)	-
Contributions Receivable, net	<u>\$ 23,812,367</u>	<u>\$ 31,224,794</u>

During the years ended August 31, 2023 and 2022, approximately 37% and 41% of the Organization's contributions were from three donors. On August 31, 2023 and 2022, approximately 65% and 42% of the Organization's contributions receivable were from four and two donors.

6. Property and Equipment

Property and equipment consist of the following as of August 31:

	2023	2022
Furniture and fixtures	\$ 655,836	\$ 84,904
Computers and equipment	456,020	272,885
Leasehold improvements	196,587	-
	1,308,443	357,789
Less: Accumulated depreciation	(354,654)	(225,966)
	<u>\$ 953,789</u>	<u>\$ 131,823</u>

Depreciation expense was \$128,688 and \$92,364 for the years ended August 31, 2023, and 2022 and is presented in the consolidated statements of functional expenses.

International Refugee Assistance Project, Inc. and Subsidiary

Notes to Consolidated Financial Statements August 31, 2023 and 2022

7. Loan Payable

On March 13, 2021, the Organization received a Paycheck Protection Program loan (the “PPP Loan”) from the Small Business Administration (“SBA”) in the amount of \$1,155,217. The PPP Loan has an interest rate of 1.00% per annum. If certain conditions are met, the loan may be forgiven.

In February 2022, the defined conditions were met, and as a result, the SBA notified the Organization that their PPP loan was forgiven. Under requirements contained in ASU 2018-08, “Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made,” the Organization recognized the full amount of the proceeds from the PPP loan as PPP loan forgiveness in the 2022 consolidated statement of activities.

8. Net Assets with Donor Restrictions

The following summarizes the changes in net assets with donor restrictions and the related purposes for the years ended August 31, 2023 and 2022:

Program	September 1, 2022	Contributions	from Restrictions	August 31, 2023
Subject to expenditure for specified purpose:				
Western Hemisphere migration	\$ -	\$ 500,000	\$ -	\$ 500,000
Policy and Climate	-	252,000	49,010	202,990
Communications	-	400,000	-	400,000
Human Rights Defender	-	294,277	-	294,277
Supervising Attorney Salary	123,222	-	123,222	-
Fellowship Stipends	117,500	-	117,500	-
Subject to passage of time:				
Program services	<u>55,117,495</u>	<u>4,433,300</u>	<u>10,592,495</u>	<u>48,958,300</u>
Total Net Assets with Donor Restrictions	<u>\$ 55,358,217</u>	<u>\$ 5,879,577</u>	<u>\$ 10,882,227</u>	<u>\$ 50,355,567</u>
Program	Balance, September 1, 2021	Contributions	Released from Restrictions	Balance, August 31, 2022
Subject to expenditure for specified purpose:				
Supervising Attorney Salary	\$ 123,222	\$ -	\$ -	\$ 123,222
Fellowship Stipends	117,500	-	-	117,500
Subject to passage of time:				
Program services	<u>5,467,503</u>	<u>57,223,170</u>	<u>7,573,178</u>	<u>55,117,495</u>
Total Net Assets with Donor Restrictions	<u>\$ 5,708,225</u>	<u>\$ 57,223,170</u>	<u>\$ 7,573,178</u>	<u>\$ 55,358,217</u>

International Refugee Assistance Project, Inc. and Subsidiary

Notes to Consolidated Financial Statements
August 31, 2023 and 2022

9. In-Kind Contributions

The Organization received donated legal services amounting to \$856,804 and \$849,940 for the years ended August 31, 2023 and 2022. Such services are valued based on current rates of legal services provided by a law firm and are not restricted. These services are reflected as revenue and legal program expenses in the accompanying consolidated statements of activities.

10. Commitments

Leases

The Organization leases office space in Manhattan, New York under a non-cancelable operating lease set to expire August 31, 2029. In lieu of a security deposit for the New York office lease, the Organization was required to provide the landlord with a standby letter of credit issued by a bank in the amount of \$514,625 and \$514,524 as of August 31, 2023 and 2022, secured by the balance held in the Organization's bank account.

Deferred rent payable of \$112,606 at August 31, 2022 is the difference between the cumulative amounts recorded for occupancy expense on a straight-line basis over the term of the lease, as compared to the cumulative required amounts paid under the lease as of August 31, 2022. Upon the adoption of Topic 842, deferred rent was netted with the ROU asset.

The Organization leases office space in Jordan, Lebanon and Germany. The Jordan lease was renewed in 2023 through 2028. The Lebanon and Germany leases are renewed on an annual basis.

The components of occupancy expense on the accompanying statement of functional expenses for the year ended June 30, 2023 are shown below:

Lease expense	
Operating lease cost	\$ 373,484
Short-term lease cost	<u>87,483</u>
	<u>\$ 460,967</u>

Occupancy expense was approximately \$680,000 for the year ended August 31, 2022.

International Refugee Assistance Project, Inc. and Subsidiary

Notes to Consolidated Financial Statements
August 31, 2023 and 2022

10. Commitments (continued)

Leases (continued)

The right-of-use asset and corresponding liability associated with future lease payments on the above noted lease as of August 31, 2023 are shown below:

Right-of-use asset	\$ 1,990,041
Lease liability	2,129,807
Weighted Average:	
Discount rate	3.36%
Remaining lease term in years	5.92

ROU asset is net of \$373,484 accumulated amortization at August 31, 2023.

Future minimum rental payments under the lease arrangement are as follows:

2024	\$ 346,300
2025	407,400
2026	407,400
2027	407,400
2028	407,400
Thereafter	<u>373,650</u>
Total Future Minimum Lease Payments	2,349,550
Less Imputed Interest	<u>(219,743)</u>
Total Operating Lease Liability	<u><u>\$ 2,129,807</u></u>

Supplemental cash flow information related to operating leases was as follows for the year ended August 31, 2023:

Cash paid for amounts included in the measurement of operating lease liabilities	\$ 271,253
ROU assets recognized upon adoption of new lease guidance	2,288,455

International Refugee Assistance Project, Inc. and Subsidiary

Notes to Consolidated Financial Statements
August 31, 2023 and 2022

11. Employee Benefits

Effective February 1, 2019, the Organization provides access to Regular and Roth 401(k) retirement plans for eligible employees. The Organization provides a matching contribution equal to 100% of an eligible employee's deferral contributions not to exceed the first 3% of the employee's compensation, plus 50% of an eligible employee's deferral contributions after the first 3% of contributions, up to a maximum contribution not to exceed 4% of the employee's compensation. The amount contributed to the plans was approximately \$296,000 and \$247,000 for the years ended August 31, 2023 and 2022.

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**International Refugee Assistance
Project, Inc. and Subsidiary**

Supplementary Financial Information

August 31, 2023

International Refugee Assistance Project, Inc. and Subsidiary

Consolidating Statement of Financial Position

	<u>International Refugee Assistance Project Inc.</u>	<u>International Refugee Assistance Project Germany</u>	<u>Eliminating Entries</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 42,354,697	\$ 198,999	\$ -	\$ 42,553,696
Contributions receivable, net	23,812,367	-	-	23,812,367
Prepaid expenses and other assets	305,139	241,440	-	546,579
Security deposits	251,900	-	-	251,900
Right of use asset	1,990,041	-	-	1,990,041
Property and equipment, net	<u>483,637</u>	<u>470,152</u>	-	<u>953,789</u>
	<u>\$ 69,197,781</u>	<u>\$ 910,591</u>	<u>\$ -</u>	<u>\$ 70,108,372</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	\$ 2,158,058	\$ 83,521	\$ -	\$ 2,241,579
Lease liability	<u>2,129,807</u>	<u>-</u>	<u>-</u>	<u>2,129,807</u>
Total Liabilities	<u>4,287,865</u>	<u>83,521</u>	<u>-</u>	<u>4,371,386</u>
Net Assets				
Without donor restrictions	14,554,349	827,070	-	15,381,419
With donor restrictions	<u>50,355,567</u>	<u>-</u>	<u>-</u>	<u>50,355,567</u>
Total Net Assets	<u>64,909,916</u>	<u>827,070</u>	<u>-</u>	<u>65,736,986</u>
	<u>\$ 69,197,781</u>	<u>\$ 910,591</u>	<u>\$ -</u>	<u>\$ 70,108,372</u>

See notes to consolidated financial statements

International Refugee Assistance Project, Inc. and Subsidiary

Consolidating Statement of Activities

	International Refugee Assistance Project, Inc.			International Refugee Assistance Project Germany	Eliminating Entries	Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions		
SUPPORT AND REVENUE						
Contributions	\$ 13,467,184	\$ 5,879,577	\$ 19,346,761	\$ 2,981,304	\$ (2,981,304)	\$ 19,346,761
In-kind donations - legal	856,804	-	856,804	-	-	856,804
Settlement agreement fees	50,978	-	50,978	-	-	50,978
Interest and dividend income	1,650,722	-	1,650,722	-	-	1,650,722
Net assets released from restrictions	<u>10,882,227</u>	<u>(10,882,227)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>26,907,915</u>	<u>(5,002,650)</u>	<u>21,905,265</u>	<u>2,981,304</u>	<u>(2,981,304)</u>	<u>21,905,265</u>
EXPENSES						
Program services	20,527,180	-	20,527,180	1,568,759	(2,981,304)	19,114,635
Supporting services	<u>7,254,644</u>	<u>-</u>	<u>7,254,644</u>	<u>677,938</u>	<u>-</u>	<u>7,932,582</u>
Total Expenses	<u>27,781,824</u>	<u>-</u>	<u>27,781,824</u>	<u>2,246,697</u>	<u>(2,981,304)</u>	<u>27,047,217</u>
Foreign currency translation (loss) gain	<u>(68,233)</u>	<u>-</u>	<u>(68,233)</u>	<u>37,566</u>	<u>-</u>	<u>(30,667)</u>
Change in Net Assets	(942,142)	(5,002,650)	(5,944,792)	772,173	-	(5,172,619)
NET ASSETS						
Beginning of year	<u>15,496,491</u>	<u>55,358,217</u>	<u>70,854,708</u>	<u>54,897</u>	<u>-</u>	<u>70,909,605</u>
End of year	<u>\$ 14,554,349</u>	<u>\$ 50,355,567</u>	<u>\$ 64,909,916</u>	<u>\$ 827,070</u>	<u>\$ -</u>	<u>\$ 65,736,986</u>

See notes to consolidated financial statements