

FINANCIAL STATEMENTS

WOMEN'S REFUGEE COMMISSION, INC.

**FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2022**

WOMEN'S REFUGEE COMMISSION, INC.

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Women's Refugee Commission, Inc.
New York, New York

Opinion

We have audited the accompanying financial statements of Women's Refugee Commission, Inc. (WRC), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WRC as of September 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WRC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

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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, including omissions, 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 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 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 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 WRC'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WRC'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 Summarized Comparative Information

The prior year summarized comparative information has been derived from WRC's 2022 financial statements, which were audited by other auditors and, in their report dated February 7, 2023, except for the Schedule of Expenditures of Federal Awards as to which the date is June 27, 2023, they expressed an unmodified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2024, on our consideration of WRC's internal control over financial reporting and on our tests of its 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 WRC'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 WRC's internal control over financial reporting and compliance.



January 30, 2024

WOMEN'S REFUGEE COMMISSION, INC.

STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

ASSETS

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,497,158	\$ 5,238,814
Investments	6,028,529	-
Contributions and grants receivable	787,657	1,240,255
Sub-contractor receivable	60,904	89,857
Prepaid expenses and other assets	94,248	139,160
Security deposits	133,637	133,637
Fixed assets, net	35,115	66,675
Right-of-use assets, net	<u>1,284,689</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 10,921,937</u>	<u>\$ 6,908,398</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 411,913	\$ 414,978
Refundable advances	843,370	692,240
Operating lease liabilities	1,402,896	-
Deferred rent	<u>-</u>	<u>148,029</u>
Total liabilities	<u>2,658,179</u>	<u>1,255,247</u>

NET ASSETS

Without donor restrictions	8,029,880	3,959,179
With donor restrictions	<u>233,878</u>	<u>1,693,972</u>
Total net assets	<u>8,263,758</u>	<u>5,653,151</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,921,937</u>	<u>\$ 6,908,398</u>

WOMEN'S REFUGEE COMMISSION, INC.

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT				
Contributions:				
Corporations and foundations	\$ 8,016,947	\$ 404,227	\$ 8,421,174	\$ 3,026,425
Individuals and other	548,865	-	548,865	832,835
Government grants	2,273,582	-	2,273,582	3,441,365
United Nations grant	79,573	-	79,573	82,287
Membership dues	35,517	-	35,517	46,735
Contributed nonfinancial assets	20,246	-	20,246	93,550
Special events, net	169,918	-	169,918	280,666
Net assets released from donor restrictions	<u>1,864,321</u>	<u>(1,864,321)</u>	<u>-</u>	<u>-</u>
Total support	<u>13,008,969</u>	<u>(1,460,094)</u>	<u>11,548,875</u>	<u>7,803,863</u>
EXPENSES				
Program Services	<u>6,948,966</u>	<u>-</u>	<u>6,948,966</u>	<u>8,090,123</u>
Supporting Services:				
Fundraising	1,144,471	-	1,144,471	1,008,878
Management and General	<u>873,560</u>	<u>-</u>	<u>873,560</u>	<u>501,061</u>
Total supporting services	<u>2,018,031</u>	<u>-</u>	<u>2,018,031</u>	<u>1,509,939</u>
Total expenses	<u>8,966,997</u>	<u>-</u>	<u>8,966,997</u>	<u>9,600,062</u>
Changes in net assets before other items	4,041,972	(1,460,094)	2,581,878	(1,796,199)
OTHER ITEMS				
Net investment return	29,293	-	29,293	536
Loss on foreign currency exchange	<u>(564)</u>	<u>-</u>	<u>(564)</u>	<u>(85,639)</u>
Changes in net assets	4,070,701	(1,460,094)	2,610,607	(1,881,302)
Net assets at beginning of year	<u>3,959,179</u>	<u>1,693,972</u>	<u>5,653,151</u>	<u>7,534,453</u>
NET ASSETS AT END OF YEAR	<u>\$ 8,029,880</u>	<u>\$ 233,878</u>	<u>\$ 8,263,758</u>	<u>\$ 5,653,151</u>

WOMEN'S REFUGEE COMMISSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	2023							2022		
	Program Services				Supporting Services			Total Expenses	Total Expenses	
Migrant Rights and Justice	Sexual and Reproductive Health	Economic Empowerment and Self Reliance	Other Programs	Total Program Services	Fundraising	Management and General	Total Supporting Services			
Salaries and wages	\$ 772,688	\$ 482,374	\$ 617,625	\$ 1,358,113	\$ 3,230,800	\$ 463,807	\$ 285,036	\$ 748,843	\$ 3,979,643	\$ 4,071,039
Payroll taxes and employee benefits	193,913	118,060	155,977	332,396	800,346	113,910	69,761	183,671	984,017	1,003,568
Subtotal salaries and related costs	966,601	600,434	773,602	1,690,509	4,031,146	577,717	354,797	932,514	4,963,660	5,074,607
Professional fees	322,811	29,986	210,340	855,092	1,418,229	289,474	267,580	557,054	1,975,283	1,982,591
Sub-grants	178	517,302	17,460	377	535,317	5,324	-	5,324	540,641	840,058
Facilities	83,133	64,523	73,988	159,110	380,754	69,215	65,061	134,276	515,030	519,323
Travel	40,522	37,850	49,144	75,716	203,232	13,123	10,361	23,484	226,716	185,379
Equipment rental	19,201	11,500	14,814	56,536	102,051	56,836	14,027	70,863	172,914	135,503
Dues and subscriptions	10,652	7,093	2,597	47,188	67,530	26,613	54,148	80,761	148,291	162,308
Printing and publications	6,779	6,056	24,713	33,279	70,827	61,010	100	61,110	131,937	340,815
Meetings and conferences	9,212	506	1,624	27,049	38,391	85,993	6,937	92,930	131,321	74,819
Insurance	13,256	7,669	9,474	19,086	49,485	7,469	11,660	19,129	68,614	65,260
Telecommunications	12,181	3,493	3,731	9,405	28,810	3,478	5,494	8,972	37,782	41,157
Depreciation and amortization	1,849	3,563	3,885	9,000	18,297	3,358	13,905	17,263	35,560	43,230
Payroll processing and bank fees	-	-	80	1,624	1,704	4,500	24,699	29,199	30,903	33,256
Office supplies	109	46	-	38	193	21,126	4,571	25,697	25,890	16,406
Bad debt expense	-	-	-	-	-	-	12,229	12,229	12,229	-
Charitable contributions	-	-	-	3,000	3,000	5,000	-	5,000	8,000	14,000
Advertising and promotion	-	-	-	-	-	105	6,235	6,340	6,340	41,440
Other	-	-	-	-	-	-	1,510	1,510	1,510	5,600
Subtotal	1,486,484	1,290,021	1,185,452	2,987,009	6,948,966	1,230,341	853,314	2,083,655	9,032,621	9,575,752
Add: Donated legal services	-	-	-	-	-	-	20,246	20,246	20,246	93,550
Less: Direct benefits to donors	-	-	-	-	-	(85,870)	-	(85,870)	(85,870)	(69,240)
TOTAL	\$ 1,486,484	\$ 1,290,021	\$ 1,185,452	\$ 2,987,009	\$ 6,948,966	\$ 1,144,471	\$ 873,560	\$ 2,018,031	\$ 8,966,997	\$ 9,600,062

See accompanying notes to financial statements.

WOMEN'S REFUGEE COMMISSION, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 2,610,607	\$ (1,881,302)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Realized and unrealized loss on investments	57,240	-
Bad debt expense	12,229	-
Depreciation and amortization	35,560	43,230
Amortization of right-of-use assets	397,775	-
Decrease (increase) in:		
Contributions and grants receivable	440,369	513,167
Sub-contractor receivable	28,953	41,579
Prepaid expenses and other assets	44,912	273,436
Security deposits	-	(550)
(Decrease) increase in:		
Accounts payable and accrued expenses	(3,065)	(171,512)
Refundable advances	151,130	(684,536)
Operating lease liabilities	(427,597)	-
Deferred rent	-	(17,708)
Net cash provided (used) by operating activities	<u>3,348,113</u>	<u>(1,884,196)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	14,122	-
Purchases of investments	(6,099,891)	-
Purchases of fixed assets	<u>(4,000)</u>	<u>(15,205)</u>
Net cash used by investing activities	<u>(6,089,769)</u>	<u>(15,205)</u>
Net decrease in cash and cash equivalents	(2,741,656)	(1,899,401)
Cash and cash equivalents at beginning of year	<u>5,238,814</u>	<u>7,138,215</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,497,158</u>	<u>\$ 5,238,814</u>
SCHEDULE OF NONCASH OPERATING TRANSACTIONS		
Operating Right-of-Use Assets	<u>\$ 1,682,464</u>	<u>\$ -</u>
Operating Lease Liabilities for Right-of-Use Assets	<u>\$ 1,830,493</u>	<u>\$ -</u>

WOMEN'S REFUGEE COMMISSION, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Women's Refugee Commission, Inc. (WRC) was originally established in 1989 as part of the International Rescue Committee and was separately incorporated in 2014 in the State of Delaware. WRC's headquarters office is located in New York, NY, but WRC also has an office in Washington, DC.

WRC's mission is to improve the lives and protect the rights of women, children, and youth displaced by conflict and crisis. WRC researches their needs, identifies solutions, and advocates for programs and policies to strengthen their resilience and drive change in humanitarian practice. WRC's vision is a world in which internally displaced and refugee women, children, and youth are safe, healthy, and self-reliant; have their human rights respected and protected; and inform and drive their solutions and development.

Through research and fact-finding field missions, WRC identifies critical problems that affect displaced women, children and young people, including gaps in lifesaving reproductive health care, lack of dignified livelihoods for refugees and, in the U.S., the treatment of asylum-seekers. WRC documents best practices and proposes solutions and develops innovative tools to improve the way humanitarian assistance is delivered in refugee settings. On Capitol Hill, at the United Nations, and with humanitarian organizations, governments and donors, WRC pushes for improvements in refugee policy and practice until measurable long-term change is realized.

Income taxes -

WRC is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is only subject to tax on unrelated business income, net of allowable deductions. WRC is not a private foundation and had no unrelated business income activities.

Program services -

Descriptions of WRC's program services are as follows:

Migrant Rights and Justice: The Migrants Rights and Justice (MRJ) program works to ensure fair access to asylum in the U.S. for those fleeing persecution and violence, promotes the use of alternatives to detention, especially of asylum seeking children and families, humane conditions in detention facilities when they are used, and access to legal services for their asylum claims. The MRJ program successfully advocated against the family separation policy, for better protections for unaccompanied minors arriving in the U.S., and for release of families when feasible. WRC, working with partners, assisted in the reunification of thousands of children who had been separated from their families and has drafted a more humane asylum policy for the incoming administration. WRC hosts and leads the Welcome with Dignity Campaign, a coalition of some 80 organizations that advocate for a fair, humane asylum system in the U.S.

Sexual and Reproductive Health: WRC's Sexual and Reproductive Health Program works to improve services for displaced women and girls in Maternal & Newborn Health, family planning, sexually transmitted infections, including HIV/AIDS, and for needed health services for survivors of gender-based violence. WRC advocates to UN agencies, governments, and donors on all components of reproductive health, including the priority services of the Minimum Initial Service Package (MISP) in the early days of new emergencies.

WOMEN'S REFUGEE COMMISSION, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Program services (continued) -

Sexual and Reproductive Health (continued): Currently, WRC is working on ensuring access to family planning services in humanitarian settings, partnering with organizations in Sudan and Pakistan on access to emergency contraception, and developing models for community-based care for survivors of sexual violence.

Economic Empowerment and Self Reliance: As the average length of displacement continues to increase – now some 20 years, on average - WRC advocates for the right to work for all displaced populations and is working to ensure that economic programs are effective, appropriate, and sustainable. WRC's work includes ensuring safe economic opportunities for women, promoting the use of cash to achieve protection outcomes including reductions in risk of gender-based violence, and promoting the use of a WRC developed index to measure the impacts of livelihood programs.

WRC is leading global efforts on the use of cash transfers in gender-based violence programming – both as a tool of prevention and also part of response to enhance access to support services. WRC's toolkit on cash and GBV is now being piloted in multiple settings with operational agency partners.

WRC also co-leads the Refugee Self-Reliance Initiative that has three prongs of focus – measurement, programming, and advocacy. With partners, WRC developed the first tool for measuring refugee household's self-reliance, the Self-Reliance Index, which is now being used by seven organizations in eight different countries to measure the impacts of their livelihood programs. By building the evidence base, WRC intends to identify which programs work best where and for whom, and to advocate with donors for the funding of self-reliance programming and for hosting governments to create an enabling environment for refugees' economic lives.

Social Inclusion: While gender has been prioritized in humanitarian response for nearly two decades, the system continues to fail women and girls and those with intersectional identities. Gender is neither understood by practitioners nor prioritized. WRC is working to change that by researching challenges and barriers in the system that impede progress and develop a roadmap for gender transformative approaches to humanitarian interventions. This, WRC believes, will not only enhance the protection and opportunities for displaced women and girls, but will increase security, health status, and contribute to the economic development of communities impacted by displacement.

Adolescence is a critical time to inspire and empower girls during pivotal, life transforming years, but when conflicts or crises displace adolescent girls from their homes, families, and schools, they face heightened risks of exploitation, sexual and gender-based violence, forced marriage, and early pregnancy. Pregnancy and childbirth are the leading causes of death among girls 15-19 years old in developing countries. Girls are more likely than boys to be denied secondary education, which increases rates of early marriage and early childbearing. They are far more likely to be socially isolated, depriving them of friends, mentors, and role models to shape their self-esteem and future well-being.

WRC begins by strengthening the capacity of the girl herself. WRC learns from girls what works and what doesn't, and then partner with local organizations to design unique projects to meet girls' needs and to protect their rights.

WOMEN'S REFUGEE COMMISSION, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Program services (continued) -

Social Inclusion (continued): For girls to be safe and to thrive, they require security and education, health care, social support, and mentors. They flourish when given opportunities to develop the confidence, critical thinking, and support networks necessary to make good, informed decisions for their lives. WRC identifies adolescent girls' most critical needs, and then formulates and advocates solutions. WRC reports include situational assessments, guidance documents, implementation tools, and in-depth reports to share learning.

Global Campaign: An estimated 12 million people worldwide are stateless, with no country to call home. They are not recognized as nationals of the countries where they live, and as a result are denied basic human rights. For many people, this situation arises because of gender discrimination in nationality laws. This occurs when nationality legislation prevents women from acquiring, changing, retaining, or passing on their nationality to their children and/or their spouses on an equal basis with men. Twenty-four countries around the world, eleven of them in the Middle East and North Africa, still have discriminatory nationality laws that make it impossible for women to transfer their nationality to their children or to their non-national spouses. It also impacts inheritance and property rights, leaving those affected unable to transfer their financial and material resources to their children.

WRC leads a global campaign on Equal Nationality Rights to address gender discrimination in nationality laws. Steering Committee members include UNHCR, UN Women, UNICEF, Equal Rights Trust, the International Statelessness Institute, and Equality Now. With the Steering Committee and a host of national partners, WRC works with parliamentarians around the world to enact changes in their national laws and policies to end gender discrimination in the nationality laws as a means of reducing statelessness and expanding rights for affected individuals and families.

Inter-Agency Working Group (IAWG): WRC serves as the Secretariat for the Inter-Agency Working Group on Reproductive Health in Emergencies and leads efforts on family planning, safe access to abortion care, and adolescent sexual and reproductive health services. WRC is also leading inter-agency efforts to research and understand how conflict and displacement impact the practice of child marriage to identify the drivers of such and identify programs and services that mitigate risks and reduce the practice of child marriage.

Communications: Through its communications department, WRC uses traditional media, digital media, events, and strategic communications planning to help advance its program, advocacy, and development goals as well as to advance WRC strategic plan. Communications works cross-departmentally and in partnership with external organizations and displaced persons to foster a continuum of engagement across its key audiences – practitioner, policymaker, donor, media, and NPR to elevate WRC's brand and reinforce our expertise in the humanitarian and human rights sectors.

Advocacy: WRC's advocacy team works to ensure that U.S. and international laws, policies, and practices protect the human rights of women, youth, and LGBTQIA+ people who are displaced by conflict and crisis. WRC engages with U.S. elected officials and federal government agencies, the United Nations refugee agency, and other international actors in Geneva, and UN bodies in New York, including the United Nations Security Council. Rooted in the principles of resilience and gender equality and supporting the leadership of local actors, the advocacy team works with stakeholders across all sectors to ensure that prevention and responses to forced displacement reflect the needs and priorities of those who are most affected.

WOMEN'S REFUGEE COMMISSION, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Program services (continued) -

Gender-Based Violence: Around the world, up to six of every ten women experience physical and/or sexual violence in their lifetime. During war or other humanitarian crises—such as the brutal conflict currently occurring in Syria—the risks to women and girls are heightened. With the breakdown of moral and social order that occurs during emergencies, women and girls are particularly vulnerable to physical abuse and exploitation, rape and human trafficking. Perpetrators may be family members, neighbors or others in the community, members of armed groups or, in some instances, humanitarian workers. Even after a crisis abates, gender-based violence (GBV) may continue at high levels as communities struggle to heal and rebuild.

WRC is part of the multi-stakeholder initiative, Call to Action to Address GBV in Emergencies. This includes supporting the Government lead (Canada in 2018 - 2020/ Denmark in 2021 - 2023), supporting rollout at the country level, analyzing partner commitments to address gaps, and capturing progress against the Call to Action roadmap indicators. WRC also leads global efforts on researching sexual violence against displaced men, boys, and LGBTQIA+ populations and has put these undeserved populations on the humanitarian agenda through fact-finding research, the development of guidance and resources, and the provision of technical assistance.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with U.S. GAAP. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions. However, WRC has no Board Designated net assets.
- **Net Assets with Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions either expire or are accomplished (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the same reporting period in which the support is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires or is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Changes in Net Assets as net assets released from donor restrictions.

The financial statements include certain prior year summarized comparative information in total but not by net asset class; such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with WRC's financial statements for the year ended September 30, 2022, from which the summarized information was derived.

WOMEN'S REFUGEE COMMISSION, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

New accounting pronouncement adopted -

On October 1, 2022, WRC adopted Accounting Standards Update (ASU) 2019-01, *Leases* (Topic 842), which changed the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position in addition to new disclosures related to key information about leasing arrangements. WRC applied the new standard using the modified retrospective approach. See Note 7 for further details.

Cash and cash equivalents -

WRC considers all cash and other highly liquid investments, such as certificates of deposit, with maturities of three months or less to be cash equivalents. Money market funds held by investment managers are excluded from cash and cash equivalents and totaled \$104,860 as of September 30, 2023. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, WRC maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in net investment return, which includes investment expenses paid to external investment advisors, in the accompanying Statement of Activities and Changes in Net Assets.

Contributions and grants receivable -

Contributions and grants receivable are presented at the gross amount due to WRC and primarily relate to contributions from private donors and government grants which are due within one year. Contributions and grants receivable are recorded at their net realizable value, which approximates fair value. Management periodically reviews the status of all receivables for collectability. Each receivable balance is assessed based on management's knowledge of and relationship with the donor and the age of the receivable balance. As a result of these reviews, receivable balances for which collection is deemed doubtful are charged directly to bad debt expense. Management believes that the use of the direct write-off method approximates the results that would have been presented if an allowance for doubtful accounts had been recorded. Bad debt expense totaled \$12,229 for the year ended September 30, 2023.

Sub-contractor receivable -

Sub-contractor receivable represents refundable advances that WRC paid to its sub-contractors in accordance with their contracts. The receivables will be recorded as sub-contractors expense when the amounts become unconditional. In the event that the sub-contractor does not expend the entire advance payment, the remaining balance is owed back to WRC.

Fixed assets -

Fixed assets purchases in excess of \$1,000 are capitalized and stated at cost. Fixed assets are depreciated or amortized on a straight-line basis over the estimated useful lives of the related assets, generally 3 to 15 years.

WOMEN'S REFUGEE COMMISSION, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Fixed assets (continued) -

Leasehold improvements are amortized over the lesser of the useful life of the assets or the remaining term of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense totaled \$35,560 for the year ended September 30, 2023.

Impairment of long-lived assets -

Management 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 assets is reduced, by a charge on the Statement of Activities and Changes in Net Assets, to its current fair value.

Support from grants and contributions, including Federal awards -

WRC receives contributions and grants, including Federal awards from the U.S. Government and grants from foreign governments. Contributions include the United Nations grant and membership dues. Contributions also include support for special events, which is equal to the net amount of special events presented in the Statements of Activities and Changes in Net Assets. Contributions are recognized in the appropriate category of net assets in the period received. WRC performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

For grants qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed purpose restrictions or satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Most Federal grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. WRC's refundable advances totaled \$843,370 as of September 30, 2023.

In addition, WRC has obtained funding source agreements related to conditional contributions, such as Federal awards from the U.S. Government, which will be received in future years. WRC's unrecognized conditional contributions to be received in future years totaled \$2,395,589 as of September 30, 2023.

WOMEN'S REFUGEE COMMISSION, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Contributed nonfinancial assets -

Contributed nonfinancial assets are recorded at their fair value as of the date of the gift and consisted entirely of donated time from legal counsel. Donated services are valued using the applicable hourly rates that would have been charged by the law firm. Legal services would otherwise have to be purchased if not donated. The contributed services were not restricted by the donor. The donated services have been included in support and management and general expense for the year ended September 30, 2023.

Special events -

WRC presents support received for special events net of the related event expenses in the accompanying Statement of Activities and Changes in Net Assets. In addition, WRC's special events expenses are included in the Statement of Functional Expenses. In particular, support from special events consisted of the following for the year ended September 30, 2023:

Support for special events	\$ 255,788
Special events expenses	<u>(85,870)</u>

SPECIAL EVENTS, NET **\$ 169,918**

Foreign currency transactions -

The U.S. Dollar is the functional currency for WRC's worldwide operations. Transactions in foreign currencies are exchanged into U.S. Dollars using the rate of exchange in effect on the date of the transaction. WRC does not maintain any assets or owe any liabilities that are denominated in foreign currencies.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the program and supporting services that benefited. Expenses directly attributed to a specific functional area of WRC are reported as direct expenses in the functional area and those expenses that benefit more than one functional area are allocated based on actual time and effort.

Investment risks and uncertainties -

WRC invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks.

WOMEN'S REFUGEE COMMISSION, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Investment risks and uncertainties (continued) -

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

New accounting pronouncement (not yet adopted) -

ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for the year ending September 30, 2024. The ASU can be applied at the beginning of the period of adoption using a modified retrospective approach.

WRC plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with U.S. GAAP, WRC has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market WRC has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

WOMEN'S REFUGEE COMMISSION, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the valuation methodology used for investments measured at fair value. Since the investment portfolio was newly established during the year ended September 30, 2023, there have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - Money market funds are reported at cost which approximates fair value.
- *Certificates of Deposit* - Certificates of deposit are valued using publicly available pricing information for the same or similar assets. The fair value of the certificates of deposit was determined using Level 1 inputs.
- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by WRC are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by WRC are deemed to be actively traded and the fair value was determined using Level 1 inputs.

Investments consisted of the following as of September 30, 2023:

	<u>Fair Value</u>
Money Market Funds, at cost	\$ 104,860
Certificates of Deposit, at fair value (Level 1)	3,037,107
Mutual Funds, at fair value (Level 1):	
Equities	1,459,728
Fixed income	<u>1,426,834</u>
TOTAL INVESTMENTS	<u>\$ 6,028,529</u>

Net investment return includes interest income earned on both cash and cash equivalents and investments. Net investment return consisted of the following for the year ended September 30, 2023:

Interest and dividends	\$ 100,655
Realized and unrealized loss on investments	(57,240)
Investment management fees	<u>(14,122)</u>
NET INVESTMENT RETURN	<u>\$ 29,293</u>

3. FIXED ASSETS

Fixed assets consisted of the following as of September 30, 2023:

Office equipment	\$ 105,157
Furniture and fixtures	177,269
Leasehold improvements	<u>71,191</u>
Total Fixed assets	353,617
Less: Accumulated depreciation and amortization	<u>(318,502)</u>
NET FIXED ASSETS	<u>\$ 35,115</u>

WOMEN'S REFUGEE COMMISSION, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

4. LINE OF CREDIT

WRC has a \$100,000 line of credit that automatically renews each year. Amounts borrowed under this agreement bear interest at the prime rate plus 2.74%. There were no borrowings on the line of credit and there is no outstanding balance due on the line of credit as of September 30, 2023.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of September 30, 2023:

Purpose restricted:	
Migrant Rights and Justice	\$ 219,113
Sexual and Reproductive Health	8,719
Gender-Based Violence	5,852
Inter-Agency Working Group	<u>194</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 233,878</u>

Net assets released from donor restrictions consisted of the following for the year ended September 30, 2023:

Purpose restrictions accomplished:	
Migrant Rights and Justice	\$ 908,825
Inter-Agency Working Group	449,338
Economic Empowerment and Self Reliance	232,965
Sexual and Reproductive Health	172,556
Gender-Based Violence	2,585
Social Inclusion	14
Time restrictions expired	<u>98,038</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 1,864,321</u>

6. LIQUIDITY AND AVAILABILITY OF RESOURCES

WRC regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. WRC has various sources of liquidity at its disposal, including cash and cash equivalents and investments. Additionally, as discussed in more detail in Note 4, WRC maintains a \$100,000 line of credit, of which \$100,000 remained available as of September 30, 2023. WRC's financial assets available for use for general expenditures within one year of the Statement of Financial Position date consisted of the following as of September 30, 2023:

Cash and cash equivalents	\$ 2,497,158
Investments	6,028,529
Contributions and grants receivable	787,657
Sub-contractor receivable	<u>60,904</u>
Subtotal financial assets available within one year	9,374,248
Less: Net assets with donor restrictions	<u>(233,878)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 9,140,370</u>

WOMEN'S REFUGEE COMMISSION, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

7. LEASE COMMITMENTS

WRC has an operating lease for office space in New York, NY that expires on August 31, 2026. The office lease includes an escalation of base rentals which is being amortized on a basis to achieve straight-line rent expense over the life of the lease. The liability for deferred rent totaled \$148,029 as of September 30, 2022. However, effective October 1, 2022, U.S. GAAP requires that the liability for deferred rent be presented as a component of the operating lease right-of-use asset.

WRC also has an operating lease agreement for office space in Washington D.C. that expires on December 31, 2026. No liability for deferred rent was recorded related to this office lease.

Effective October 1, 2022, WRC adopted ASU 2019-01, *Leases* (Topic 842). WRC elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. WRC also elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. WRC adopted the package of practical expedients to not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs. As a result, WRC recorded operating lease right-of-use assets totaling \$1,682,464 and operating lease liabilities totaling \$1,830,493 at October 1, 2022.

These implementation date amounts were determined by calculating the present value of all future rentals using a risk free discount rate of 4.01% for the lease in New York, NY and 4.01% for the lease in Washington, DC. The operating lease right-of-use assets totaled \$1,284,689 as of September 30, 2023 and the operating lease liabilities totaled \$1,402,896 as of September 30, 2023. The weighted average lease term is 2.96 years and the weighted average discount rate is 4.01%.

The following is a schedule of the future minimum lease payments due under both of the operating leases, net of imputed interest, as of September 30, 2023:

<u>Year Ending September 30,</u>	<u>New York, NY</u>	<u>Washington, DC</u>	<u>Total</u>
2024	\$ 433,204	\$ 60,176	\$ 493,380
2025	441,866	61,680	503,546
2026	409,728	63,222	472,950
2027	<u>-</u>	<u>16,133</u>	<u>16,133</u>
	1,284,798	201,211	1,486,009
Less: Imputed interest	<u>(70,722)</u>	<u>(12,391)</u>	<u>(83,113)</u>
	<u>\$ 1,214,076</u>	<u>\$ 188,820</u>	<u>\$ 1,402,896</u>

Lease expense for both operating leases totaled \$461,752 for the year ended September 30, 2023.

8. RETIREMENT PLAN

WRC sponsors a defined contribution 403(b) Plan (the Plan) covering all U.S. based and expatriate personnel. Participation in the Plan is subject to eligibility requirements and participants may contribute up to 6% of their compensation to the Plan. WRC makes matching contributions to the Plan equal to 100% of the first 3% of participant compensation and 50% of participant compensation between 4% and 6%. WRC's contributions to the Plan totaled \$151,618 during the year ended September 30, 2023.

WOMEN'S REFUGEE COMMISSION, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

9. CONCENTRATION OF SUPPORT

Approximately 68% of WRC's support for the year ended September 30, 2023 was derived from two donors (a private foundation and the U.S. Department of State). In addition, the receivable from the U.S. Department of State represents 84% of WRC's total contributions and grants receivable. While the donation from the private donor was a one time event, WRC has no reason to believe that its relationship with the U.S. Department of State will be discontinued in the foreseeable future. However, any interruption of this relationship (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect WRC's ability to finance ongoing operations.

10. CONTINGENCY

WRC receives grants from the U.S. Department of State, which are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) if amounts expended exceed \$750,000 in a fiscal year. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2023. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

11. SUBSEQUENT EVENTS

In preparing these financial statements, WRC has evaluated events and transactions for potential recognition or disclosure through January 30, 2024, the date the financial statements were issued.