

COMBINED FINANCIAL STATEMENTS

**ORAM - ORGANIZATION FOR
REFUGE, ASYLUM & MIGRATION**

FOR THE YEAR ENDED MARCH 31, 2019

ORAM - ORGANIZATION FOR REFUGE, ASYLUM & MIGRATION

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INDEPENDENT AUDITOR'S REPORT REPORT

To the Board of Directors
ORAM - Organization for Refuge, Asylum & Migration
Minneapolis, Minnesota

We have audited the accompanying combined financial statements of ORAM - Organization for Refuge, Asylum & Migration and ORAM gGmbH (collectively, ORAM) which comprise the combined statement of financial position as of March 31, 2019, and the related combined statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the ORAM as of March 31, 2019, and the combined change in its net assets and its combined cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

GRF CPAs & Advisors

August 29, 2019

ORAM - ORGANIZATION FOR REFUGE, ASYLUM & MIGRATION

COMBINED STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2019

ASSETS

CURRENT ASSETS

Cash and equivalents	\$ 149,106
Grants receivable	1,224
Prepaid expenses	<u>371</u>
Total current assets	<u>150,701</u>

FIXED ASSETS

Computer equipment	7,440
Less: Accumulated depreciation	<u>(7,440)</u>
Net fixed assets	<u>-</u>

TOTAL ASSETS **\$ 150,701**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 9,180
Accrued salaries and related benefits	<u>47,089</u>
Total current liabilities	<u>56,269</u>

NET ASSETS

Without donor restrictions	19,432
With donor restrictions	<u>75,000</u>
Total net assets	<u>94,432</u>

TOTAL LIABILITIES AND NET ASSETS **\$ 150,701**

ORAM - ORGANIZATION FOR REFUGE, ASYLUM & MIGRATION
COMBINED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE			
Contributions	\$ 28,327	\$ -	\$ 28,327
Foundation grants	250,000	130,000	380,000
Interest income	192	-	192
Other revenue	2,714	-	2,714
Net assets released from donor restrictions	<u>114,673</u>	<u>(114,673)</u>	<u>-</u>
Total revenue	<u>395,906</u>	<u>15,327</u>	<u>411,233</u>
EXPENSES			
International Programs	197,196	-	197,196
General and Administrative	238,289	-	238,289
Fundraising	<u>34,498</u>	<u>-</u>	<u>34,498</u>
Total expenses	<u>469,983</u>	<u>-</u>	<u>469,983</u>
Change in net assets before other item	(74,077)	15,327	(58,750)
OTHER ITEM			
Foreign currency translation gain	<u>5,258</u>	<u>-</u>	<u>5,258</u>
Change in net assets	(68,819)	15,327	(53,492)
Net assets at beginning of year	<u>88,251</u>	<u>59,673</u>	<u>147,924</u>
NET ASSETS AT END OF YEAR	<u>\$ 19,432</u>	<u>\$ 75,000</u>	<u>\$ 94,432</u>

ORAM - ORGANIZATION FOR REFUGE, ASYLUM, & MIGRATION

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2019**

	International Programs	General and Administrative	Fundraising	Total Expenses
Salaries	\$ 117,477	\$ 90,955	\$ 24,192	\$ 232,624
Employee benefits	25,010	8,273	841	34,124
Payroll taxes	12,739	8,169	1,692	22,600
Printing and publishing	22	2,100	-	2,122
Legal	-	324	2,507	2,831
Occupancy	6,954	17,999	443	25,396
Accounting	-	11,832	-	11,832
Insurance	-	3,196	-	3,196
Depreciation	-	41	-	41
Telephone	23	398	-	421
Travel and transportation	5,234	20,272	1,114	26,620
Postage and delivery	9,165	5,073	199	14,437
Office supplies	363	413	-	776
Membership and dues	11	639	430	1,080
Meetings and conferences	861	405	-	1,266
Advertising and recruiting	-	935	-	935
Bank charges	-	1,692	199	1,891
Equipment maintenance	-	90	-	90
Purchased services	10,665	61,992	1,891	74,548
Equipment purchase	5,442	3,491	990	9,923
Program supplies	3,230	-	-	3,230
TOTAL	\$ 197,196	\$ 238,289	\$ 34,498	\$ 469,983

ORAM - ORGANIZATION FOR REFUGE, ASYLUM & MIGRATION

COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2019**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (53,492)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation and amortization	41
Decrease (increase) in:	
Accounts receivable	50
Grants receivable	(1,224)
Prepaid expenses	955
(Decrease) increase in:	
Accounts payable	(3,906)
Accrued salaries and related benefits	<u>3,124</u>
Net cash used by operating activities	<u>(54,452)</u>
Net decrease in cash and cash equivalents	(54,452)
Cash and cash equivalents at beginning of year	<u>203,558</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 149,106</u>

ORAM - ORGANIZATION FOR REFUGE, ASYLUM & MIGRATION

NOTES TO COMBINED FINANCIAL STATEMENTS MARCH 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Founded in 2008, ORAM - Organization for Refuge, Asylum & Migration (ORAM), is an international non-profit organization that enables the international community to protect exceptionally vulnerable refugees and asylum seekers. ORAM delivers cutting edge research, tools, training and empirically-based assessment programs to refugee professionals and institutions around the world.

ORAM is widely considered the leading agency focusing on sexual orientation and gender identity refugees worldwide. ORAM works closely with leading stakeholders in the field, including the United Nations High Commissioner for Refugees (UNHCR), the U.S. Department of State, Bureau of Population, Refugees & Migration (PRM) and leading refugee NGOs. ORAM is a U.S. based non-profit organization exempt from income taxes under the Internal Revenue Code Section 501(c)(3). The Organization is governed by a Board of Directors.

In November 2017 ORAM - Organization for Refuge, Asylum & Migration established ORAM gGmbH, a limited liability company under the laws of Germany. ORAM gGmbH is located in Berlin Germany and is exempt from income taxes. ORAM gGmbH's principal mission is to support and enhance the work being conducted by ORAM - Organization for Refuge, Asylum & Migration.

During the 2018 fiscal year, the Board of Directors of ORAM voted to recognize Alight (formerly American Refugee Committee) as their sole member and entered into a parent/subsidiary relationship effective September 1, 2017, that allows both organizations to retain their unique identities, values, and leadership while leveraging strengths and unique qualities. Based on the fact that Alight, as the sole member, has controlling interest in ORAM, the financial results of ORAM for the year ended March 31, 2019, are included in Alight's consolidated financial statements and such statements can be obtained at the Alight headquarters.

Basis of presentation -

The accompanying combined financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU was adopted during the year ended March 31, 2019.

The combined financial statements include the assets, liabilities, net assets and activities and change in net assets of ORAM - Organization for Refuge, Asylum & Migration and ORAM gGmbH. All intercompany accounts and transactions have been eliminated in combination.

Cash and cash equivalents -

ORAM considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, ORAM maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

ORAM - ORGANIZATION FOR REFUGE, ASYLUM & MIGRATION

NOTES TO COMBINED FINANCIAL STATEMENTS MARCH 31, 2019

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

Grants receivable -

Grants receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of \$1,400 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended March 31, 2019 totaled \$41.

Income taxes -

ORAM - Organization for Refuge, Asylum & Migration 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. The organization is not a private foundation.

ORAM gGmbH is a limited liability company established under the laws of Germany and as such is exempt from income taxes.

Uncertain tax positions -

For the year ended March 31, 2019, ORAM has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes, and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the combined financial statements.

Net asset classification -

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported 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.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Combined Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

ORAM - ORGANIZATION FOR REFUGE, ASYLUM & MIGRATION

**NOTES TO COMBINED FINANCIAL STATEMENTS
MARCH 31, 2019**

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

Contributions and grants -

Contributions and grants are recorded as revenue in the year notification is received from the donor. Contributions and grants with donor restrictions are recognized as without donor restrictions only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying combined financial statements.

Use of estimates -

The preparation of the combined 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 combined 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 programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of ORAM are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

New accounting pronouncements (not yet adopted) -

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. ORAM has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. ORAM has not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018.

ORAM - ORGANIZATION FOR REFUGE, ASYLUM & MIGRATION

**NOTES TO COMBINED FINANCIAL STATEMENTS
MARCH 31, 2019**

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

New accounting pronouncements (not yet adopted) (continued) -

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

ORAM plans to adopt the new ASUs at the respective required implementation dates.

2. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at March 31, 2019:

Restricted for Time:

General Support for 2019 Activities	\$ <u>75,000</u>
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The following net assets were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Passage of Time:

General support for 2018 activities	\$ 59,673
General support for 2019 activities	25,000

Purpose Restriction Accomplished:

Refugee support work	<u>30,000</u>
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TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ <u>114,673</u>
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3. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and equivalents	\$ 149,106
Grants receivable	<u>1,224</u>

FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ <u>150,330</u>
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ORAM has a policy to structure its financial assets to be available and liquid as its obligations become due. ORAM has financial assets equal to approximately three months of operating expenses as of March 31, 2019

ORAM - ORGANIZATION FOR REFUGE, ASYLUM & MIGRATION

**NOTES TO COMBINED FINANCIAL STATEMENTS
MARCH 31, 2019**

4. SUBSEQUENT EVENTS

In preparing these combined financial statements, ORAM has evaluated events and transactions for potential recognition or disclosure through August 29, 2019, the date the combined financial statements were issued.