

REFUGEE WOMEN'S ALLIANCE

FINANCIAL STATEMENTS  
With Independent Auditor's Report

YEARS ENDED DECEMBER 31, 2021 AND 2020



REFUGEE WOMEN'S ALLIANCE

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Refugee Women's Alliance  
Seattle, Washington

We have audited the accompanying financial statements of Refugee Women's Alliance, a nonprofit corporation, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activity, functional expenses and cash flows for the years 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 Refugee Women's Alliance as of December 31, 2021 and 2020, and the 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 audit in accordance with auditing standards generally accepted in the United States of America. 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 Refugee Women's Alliance 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Refugee Women's Alliance's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' 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 will always detect a material misstatement when it exists.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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 Refugee Women's Alliance'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 Refugee Women's Alliance'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.



Jacobson Jarvis & Co, PLLC  
Seattle, Washington  
June 8, 2022

REFUGEE WOMEN'S ALLIANCE

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$10,896,962	\$ 9,789,197
Investments	1,171	1,045
Grants and contracts receivable	1,396,171	1,525,728
Promises to give	441,642	61,196
Prepaid rent	123,333	123,333
Prepaid expenses	163,330	140,971
Total Current Assets	<u>13,022,609</u>	<u>11,641,470</u>
Long-term Prepaid Rent	1,336,111	1,459,444
Property and Equipment, net	<u>7,514,816</u>	<u>7,869,789</u>
	<u>\$21,873,536</u>	<u>\$20,970,703</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 187,143	\$ 262,813
Accrued payroll liabilities	679,292	679,331
Deferred revenue	509,341	120,454
Current portion of capital lease obligations	13,087	12,645
Current portion of debt	84,290	73,819
Total Current Liabilities	<u>1,473,153</u>	<u>1,149,062</u>
Long-term Deferred Revenue, less current portion above	1,414,890	1,524,203
Long-term Debt, less current portion above	2,727,813	2,806,355
Long-term Capital Lease Obligations, less current portion above	15,847	28,934
Long-term Refundable Advances	<u>2,470,240</u>	<u>2,560,240</u>
Total Liabilities	<u>8,101,943</u>	<u>8,068,794</u>
Net Assets		
Without donor restrictions	8,150,046	7,521,008
With donor restrictions	<u>5,621,547</u>	<u>5,380,901</u>
Total Net Assets	<u>13,771,593</u>	<u>12,901,909</u>
	<u>\$21,873,536</u>	<u>\$20,970,703</u>

See notes to financial statements.

REFUGEE WOMEN'S ALLIANCE

STATEMENTS OF ACTIVITY

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Government grants and contracts	\$ 7,748,820		\$ 7,748,820	\$ 7,428,295		\$ 7,428,295
Contributions	654,688	\$ 1,101,099	1,755,787	2,146,985	\$ 2,917,211	5,064,196
Fees from childcare services	973,152		973,152	687,171		687,171
Medicaid and other fee for service revenue	605,855		605,855	507,950		507,950
United Way	234,402		234,402	51,301		51,301
Special events	99,092		99,092	77,373		77,373
Investment and other income	19,783		19,783	133,027		133,027
Total Public Support and Revenue	<u>10,335,792</u>	<u>1,101,099</u>	<u>11,436,891</u>	<u>11,032,102</u>	<u>2,917,211</u>	<u>13,949,313</u>
Net Assets Released from Restrictions						
Satisfaction of purpose restriction	860,453	(860,453)	-	279,503	(279,503)	-
Total Net Assets Released from Restrictions	<u>860,453</u>	<u>(860,453)</u>	<u>-</u>	<u>279,503</u>	<u>(279,503)</u>	<u>-</u>
Total Public Support, Revenue, and Other Support	<u>11,196,245</u>	<u>240,646</u>	<u>11,436,891</u>	<u>11,311,605</u>	<u>2,637,708</u>	<u>13,949,313</u>
Expenses						
Program services	8,937,851		8,937,851	8,494,346		8,494,346
Management and general	1,181,938		1,181,938	1,273,303		1,273,303
Fundraising	447,418		447,418	425,124		425,124
Total Expenses	<u>10,567,207</u>		<u>10,567,207</u>	<u>10,192,773</u>		<u>10,192,773</u>
Change in Net Assets	629,038	240,646	869,684	1,118,832	2,637,708	3,756,540
Net Assets - beginning of year	<u>7,521,008</u>	<u>5,380,901</u>	<u>12,901,909</u>	<u>6,402,176</u>	<u>2,743,193</u>	<u>9,145,369</u>
Net Assets - end of year	<u>\$ 8,150,046</u>	<u>\$ 5,621,547</u>	<u>\$ 13,771,593</u>	<u>\$ 7,521,008</u>	<u>\$ 5,380,901</u>	<u>\$ 12,901,909</u>

REFUGEE WOMEN'S ALLIANCE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Family Empowerment	Early Learning Centers	Domestic Violence	Behavioral Health	Youth	Housing and Homelessness Prevention	Community Education	Total Program	Management and General	Fundraising	Total
Salaries	\$ 1,339,083	\$ 2,024,034	\$ 785,508	\$ 367,123	\$ 375,596	\$ 364,448	\$ 30,795	\$ 5,286,587	\$ 810,919	\$ 298,755	\$ 6,396,261
Employee benefits	124,874	208,633	61,543	11,245	25,827	17,311	1,004	450,437	43,792	16,300	510,529
Payroll taxes	110,467	178,363	69,175	32,988	33,739	30,795	51	455,578	82,504	23,906	561,988
	<u>1,574,424</u>	<u>2,411,030</u>	<u>916,226</u>	<u>411,356</u>	<u>435,162</u>	<u>412,554</u>	<u>31,850</u>	<u>6,192,602</u>	<u>937,215</u>	<u>338,961</u>	<u>7,468,778</u>
Specific assistance	157,847	13,298	112,310	-	4,845	466,231	-	754,531	-	-	754,531
Occupancy	199,863	345,934	36,067	64,933	4,121	12,194	426	663,538	10,573	1,812	675,923
Professional fees	2,444	22,498	143,482	129,370	1,338	320	25	299,477	86,632	9,121	395,230
Depreciation	77,104	190,048	20,888	13,960	19,613	3,131	2,028	326,772	45,409	8,605	380,786
Program supplies	20,109	118,940	683	5,196	49,725	164	138	194,955	5,222	707	200,884
Miscellaneous	28,308	40,088	5,177	16,347	10,131	15,802	2,028	117,881	11,216	13,183	142,280
Interest and loan fee amortization	12,807	44,699	33	34	4,889	810	500	63,772	37,038	2,146	102,956
Equipment	8,769	26,993	6,791	15,609	13,485	1,292	10	72,949	12,007	14,916	99,872
Telephone	12,823	32,554	16,015	2,428	1,868	9,129	86	74,903	8,829	1,011	84,743
Insurance	16,566	29,416	7,638	3,051	5,021	3,546	185	65,423	8,285	8,538	82,246
Office supplies	3,833	23,659	2,723	25	1,103	1,626	2	32,971	11,930	539	45,440
Printing	5,055	8,466	4,917	3,822	587	267	87	23,201	3,162	3,570	29,933
Event costs	-	-	-	-	-	-	-	-	-	43,040	43,040
Training	2,850	25,256	2,049	1,402	-	-	-	31,557	-	716	32,273
Travel	456	1,882	10,475	68	89	329	-	13,299	1,232	-	14,531
Postage and shipping	5,920	2,044	1,719	3	272	39	23	10,020	3,188	553	13,761
Total Expenses	<u>\$ 2,129,178</u>	<u>\$ 3,336,805</u>	<u>\$ 1,287,193</u>	<u>\$ 667,604</u>	<u>\$ 552,249</u>	<u>\$ 927,434</u>	<u>\$ 37,388</u>	<u>\$ 8,937,851</u>	<u>\$ 1,181,938</u>	<u>\$ 447,418</u>	<u>\$ 10,567,207</u>

REFUGEE WOMEN'S ALLIANCE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Family Empowerment	Early Learning Centers	Domestic Violence	Behavioral Health	Youth	Housing and Homelessness Prevention	Community Education	Total Program	Management and General	Fundraising	Total
Salaries	\$ 1,293,831	\$ 1,834,866	\$ 791,662	\$ 353,293	\$ 409,279	\$ 287,766	\$ 33,787	\$ 5,004,484	\$ 778,783	\$ 310,028	\$ 6,093,295
Employee benefits	154,467	223,540	81,608	18,132	30,001	31,003	1,058	539,809	51,256	16,733	607,798
Payroll taxes	115,995	165,540	69,751	31,509	36,909	25,307	75	445,086	80,559	23,834	549,479
	<u>1,564,293</u>	<u>2,223,946</u>	<u>943,021</u>	<u>402,934</u>	<u>476,189</u>	<u>344,076</u>	<u>34,920</u>	<u>5,989,379</u>	<u>910,598</u>	<u>350,595</u>	<u>7,250,572</u>
Specific assistance	53,668	24,450	282,864	-	-	396,465	-	757,447	-	-	757,447
Occupancy	187,679	332,993	38,112	72,814	4,611	11,561	445	648,215	45,918	1,882	696,015
Professional fees	2,853	53	116,320	42,000	9,306	287	1	170,820	23,560	23,862	218,242
Depreciation	64,504	187,311	22,402	15,296	19,304	4,301	1,989	315,107	38,004	8,557	361,668
Program supplies	18,349	91,460	465	166	20,090	6	602	131,138	5,651	1,499	138,288
Miscellaneous	35,740	82,753	11,905	6,670	13,114	759	1,647	152,588	42,986	10,159	205,733
Interest and loan fee amortization	-	-	-	353	-	-	-	353	102,294	-	102,647
Equipment	72,529	33,336	5,265	1,929	770	366	-	114,195	52,727	59	166,981
Telephone	12,003	28,200	16,171	1,554	685	4,172	66	62,851	3,041	832	66,724
Insurance	17,347	23,671	6,272	2,393	8,165	2,476	168	60,492	8,342	8,215	77,049
Office supplies	3,660	14,041	2,613	744	227	513	7	21,805	24,334	1,613	47,752
Printing	6,696	9,184	8,442	4,479	571	533	54	29,959	3,986	1,085	35,030
Event costs	-	-	-	-	-	-	-	-	-	15,347	15,347
Training	2,551	13,929	254	248	-	-	-	16,982	8,287	214	25,483
Travel	1,646	1,445	8,969	678	896	232	341	14,207	977	130	15,314
Postage and shipping	3,562	2,243	2,701	-	239	38	25	8,808	2,598	1,075	12,481
Total Expenses	<u>\$ 2,047,080</u>	<u>\$ 3,069,015</u>	<u>\$ 1,465,776</u>	<u>\$ 552,258</u>	<u>\$ 554,167</u>	<u>\$ 765,785</u>	<u>\$ 40,265</u>	<u>\$ 8,494,346</u>	<u>\$ 1,273,303</u>	<u>\$ 425,124</u>	<u>\$ 10,192,773</u>



REFUGEE WOMEN'S ALLIANCE

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities</b>		
Cash received from:		
Government grants and contracts	\$ 8,095,311	\$ 7,391,559
Donors	1,700,032	5,224,156
Childcare services	973,152	687,171
Medicaid and other fee for service income	578,495	513,186
Investment and other income	19,657	339,216
Cash paid to:		
Personnel	(7,468,817)	(7,006,749)
Services and supplies	(2,580,580)	(2,222,318)
Interest	<u>(96,837)</u>	<u>(99,307)</u>
Net Cash Provided by Operating Activities	<u>1,220,413</u>	<u>4,826,914</u>
<b>Cash Flows Used by Investing Activities</b>		
Purchases and construction of property and equipment	<u>(25,813)</u>	<u>(144,354)</u>
<b>Cash Flows from Financing Activities</b>		
Receipt of long-term refundable advance	-	380,240
Principal payments on capital lease obligation	(12,645)	(12,218)
Repayments on debt	<u>(74,190)</u>	<u>(24,176)</u>
Net Cash Provided by Financing Activities	<u>(86,835)</u>	<u>343,846</u>
Changes in Cash and Cash Equivalents	1,107,765	5,026,406
Cash and Cash Equivalents - beginning of year	<u>9,789,197</u>	<u>4,762,791</u>
Cash and Cash Equivalents - end of year	<u>\$10,896,962</u>	<u>\$ 9,789,197</u>

# REFUGEE WOMENS ALLIANCE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

### NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Refugee Women's Alliance ("ReWA") is a nonprofit multi-ethnic organization that promotes inclusion, independence, personal leadership and strong communities by providing refugee and immigrant women and their families with culturally and linguistically appropriate services. ReWA advocates for social justice, public policy changes and equal access to services while respecting cultural values and the right to self-determination.

ReWA models the strengths and benefits of a peer-to-peer support system. Our team of over 145 staff members collectively speaks over 50 languages and dialects. Many were once ReWA clients themselves. ReWA has grown to become one of the largest refugee and immigrant service providers in King County, serving clients from over 70 countries, including Africa, Southeast Asia, and the Middle East. ReWA's wrap-around services include:

**Family empowerment:** Comprehensive case management support to help families achieve self-sufficiency, including interpretation services, referrals, parent education, workshops, and application assistance. Services also include:

**Employment and vocational training:** Job readiness training, job search support, placement assistance, and retention services for recently arrived refugees.

**English-as-a-second-language classes:** English classes in a positive environment help newcomers gain and improve English language skills and break down barriers to employment.

**Naturalization and legal services:** U.S. citizenship classes, green card and naturalization application assistance, advocacy at immigration interviews, and free legal clinics.

**Early learning centers:** Licensed and accredited dual-language childcare and preschool classes that prepare children for Kindergarten and beyond. Provides culturally-relevant home cooked, hot meals and supportive services through bilingual and bicultural family advocates.

**Domestic violence:** Legal assistance, community outreach, support groups, and case management services for survivors of domestic violence and sexual assault.

**Center for Social and Emotional Wellbeing:** Mental health counseling, consultation, support groups, and case management in clients' native languages.

**Youth program:** Support of academic excellence, including tutoring, for children and youth in first through 12th grades, and age-appropriate leadership development, college preparation, and job skills trainings.

**Housing and homeless prevention:** Emergency help, including rental and utility assistance and case management for refugees and immigrants who are victims of domestic violence, homeless, or at risk of homelessness.

REFUGEE WOMENS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Community Education:** Host events and participate in community forums to: educate the community on issues that are important to our clients; defend and safeguard client rights; and have client views and wishes considered when decisions are being made about their lives.

Basis of presentation

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 (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Net assets with donor restrictions are subject to expenditure for specific purposes as follows as of December 31:

	<u>2021</u>	<u>2020</u>
Homelessness prevention	\$ 4,381,051	\$ 4,750,955
Family empowerment - Work First	469,011	100,066
Youth programs	325,993	205,260
Refugee Relief	137,765	-
Impact of COVID-19	68,791	109,616
Family empowerment - Road to Self-Sufficiency	65,241	42,767
Early Learning Centers	58,918	83,939
Behavioral Health	55,592	60,000
Family empowerment - Voter Registration	40,697	11,857
Domestic violence	18,488	14,150
Family empowerment - Census 2020	-	1,498
ESL classes - Kent expansion	-	793
	<u>\$ 5,621,547</u>	<u>\$ 5,380,901</u>

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 statements of activity as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restriction when the assets are placed in service.

# REFUGEE WOMENS ALLIANCE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

### NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Cash and cash equivalents

Cash and cash equivalents consist of cash and short term investments in highly liquid instruments, such as certificates of deposit, purchased with an original maturity of three months or less. ReWA maintains certain cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. ReWA has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

#### Fair value measurements

In accordance with financial accounting standards, a three-tiered hierarchy of input levels is used for measuring fair value. Financial accounting standards defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques utilized to determine fair value are consistently applied. The three tiers of inputs used for fair value measurements are as follows:

Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities.

Level 2: Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets.

Level 3: Fair values are calculated by the use of pricing models and/or discounted cash flow methodologies, and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

#### Investments

Investments are recorded at fair value. Gains and losses on investments are reported in the statements of activity as increases or decreases in activity without donor restrictions, unless their use is restricted by explicit donor stipulation. As of December 31, 2021, investments consist of donated equity securities pending sale. As of December 31, 2020, investments consist of nonnegotiable certificates of deposit placed directly with financial institutions, generally subject to penalty for early redemption, with original maturities greater than 90 days.

#### Promises to give

Unconditional promises to give are stated at net realizable value. In accordance with financial accounting standards, unconditional promises to give are recognized as support in the period the promise is received.

REFUGEE WOMENS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Conditional promises to give, that is, those with measurable performance or other barriers, are recognized when they become unconditional, that is when the conditions on which they depend are substantially met.

At December 31, 2021, conditional contributions were as follows:

	Received in advance	Committed but not received
Conditioned upon incurrence of qualified expenditures	\$ 1,883,282	\$ 1,479,484
Conditioned upon provision of allowable services	<u>2,511,189</u>	<u>2,841,363</u>
	<u>\$ 4,394,471</u>	<u>\$ 4,320,847</u>

At December 31, 2020, conditional contributions were as follows:

	Received in advance	Committed but not received
Conditioned upon incurrence of qualified expenditures	\$ 1,630,333	\$ 1,309,328
Conditioned upon provision of allowable services	<u>2,560,240</u>	<u>2,361,722</u>
	<u>\$ 4,190,573</u>	<u>\$ 3,671,050</u>

As of December 31, 2021, funds received from grantors in advance of the conditions being met amounted to \$4,394,471, including \$1,883,282 for Early Learning Centers, which are included in the statement of financial position as deferred revenue, and \$2,470,240 and \$40,949 for the MLK Child Care Center facility and other projects, respectively, which are included in the statement of financial position as refundable advances and deferred revenue, respectively.

As of December 31, 2020, funds received from grantors in advance of the conditions being met amounted to \$4,190,573, including \$1,630,333 for Seattle Preschool Program, which is included in the statement of financial position as deferred revenue, and \$2,560,240 for the MLK Child Care Center facility, which is included in the statement of financial position as refundable advances.

Property and equipment

Land, buildings, equipment and leasehold improvements are stated at cost, or if donated, at fair value at date of donation. ReWA's capitalization threshold is \$10,000. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. ReWA uses the direct expensing method to account for planned major maintenance activities.

REFUGEE WOMENS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment consisted of the following as of December 31:

	Estimated <u>Useful Lives</u>	<u>2021</u>	<u>2020</u>
Land		\$ 275,756	\$ 275,756
Building	30 years	8,999,428	8,999,428
Leasehold improvements	Lease term	119,036	119,036
Furniture and equipment	3 - 10 years	394,060	383,249
Construction in progress		<u>15,000</u>	<u>-</u>
		9,803,280	9,777,469
Less accumulated depreciation		<u>(2,288,464)</u>	<u>(1,907,680)</u>
		<u>\$ 7,514,816</u>	<u>\$ 7,869,789</u>

Revenue recognition

Revenue from an exchange transaction is measured based on the consideration specified in a contract with a customer and recognized when ReWA satisfies a performance obligation by transferring control over a product or service to a customer. The majority of ReWA's services are monthly contractual obligations that are satisfied within the month services are rendered. ReWA determines the transaction price based on contractually agreed-upon rates. Revenue from childcare and behavioral health are recognized monthly for services rendered within the service month. ReWA also receives fees for naturalization and immigration services and for sales of books which are recognized when service is delivered or the book is transferred to the buyer. Proceeds received in advance of services rendered or products transferred are recorded as deferred revenue.

Government contracts and grants and related receivables

A substantial portion of public support is derived from contracts and grants administered by federal, state, and local government agencies. Revenue from these contracts and grants is subject to audits, which could result in adjustments. The adjustments are recorded at the time that such amounts can first be reasonably determined, normally upon notification by the government agency. During the years ended December 31, 2021 and 2020, no significant amounts were disallowed as a result of such examinations. Government contracts and grants receivable are recorded at net realizable value and are considered fully collectible by management.

Contributions

ReWA recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

REFUGEE WOMENS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated services and materials

Where measurable, gifts in-kind are recorded at their fair market value. ReWA received discounted accounting services valued at \$6,015 and photography services values at \$500 during the year ending December 31, 2021. ReWA received laptop computers valued at \$9,870; hand sanitizer valued at \$2,235; and donated legal services valued at \$813 during the year ending December 31, 2020. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. Volunteers provided various services throughout the year to ReWA that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activity and of functional expenses. Where possible, specific expenses have been charged directly to the appropriate category. When functions are shared or costs are intermingled, expenses are allocated on the following basis:

<u>Expense Type</u>	<u>Method of Allocation</u>
Salaries, employee benefits, payroll taxes	Time and effort
Occupancy, mortgage interest and depreciation	Square footage
Telephone, print lease, insurance	Full-time equivalent employees
All other	Direct cost to program or support activity

Concentration

ReWA receives grants and contracts from city, state, federal and private sources to provide services to clients in King County. Substantially all grants require performance prior to payment. ReWA is dependent upon these grants for continued operations.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Federal income taxes

The Internal Revenue Service has recognized Refugee Women's Alliance as exempt from federal income taxes under provision of Section 501(a) of the Internal Revenue Code as an entity described in Section 501(c)(3) and not as a private foundation. Therefore, no provision for federal income taxes has been made in the financial statements.

REFUGEE WOMENS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE B - LIQUIDITY

ReWA operates its financial assets to be available as its general expenditures, liabilities and other obligations come due. Financial assets are defined as those assets available within one year, including cash and cash equivalents, accounts receivable, promises to give, and short-term investments. Financial assets are not subject any contractual restrictions that make them unavailable for general expenditures within one year.

ReWA's goal is to maintain financial assets on hand to meet 90 days of normal operating expenses. As part of its liquidity management, ReWA invests cash in excess of daily requirements in instruments deemed to be liquid and available for sale as needed to meet its financial obligations. During the years ended December 31, 2021 and 2020, the level of financial assets on hand was managed within the policy requirements.

The following reflects ReWA's financial assets available for use within one year as of December 31:

	<u>2021</u>	<u>2020</u>
Total financial assets	\$12,735,946	\$11,377,166
Less: Donor-imposed purpose restrictions	<u>(5,621,547)</u>	<u>(5,380,901)</u>
	<u>\$ 7,114,399</u>	<u>\$ 5,996,265</u>

NOTE C - FAIR VALUE MEASUREMENTS

Assets carried at fair value on a recurring basis are as follows:

	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Equity Securities				
As of December 31, 2021	<u>\$ 1,171</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,171</u>
Certificates of Deposit				
As of December 31, 2020	<u>\$ -</u>	<u>\$ 1,045</u>	<u>\$ -</u>	<u>\$ 1,045</u>

Assets and liabilities carried at fair value on a nonrecurring basis using level 2 inputs generally include donated goods, facilities and services. Long-term promises to give are valued on a nonrecurring basis using the net present value of future cash flows discounted at a risk-free rate of return, which is a level 3 input. ReWA also uses fair value concepts to test various long-lived assets for impairment.

NOTE D - RETIREMENT PLAN

ReWA sponsors a 403(b) defined contribution plan (the Plan), as defined by the Internal Revenue Code. Employees are eligible to make tax-deferred contributions upon enrollment into the Plan. The Board of Directors, at its discretion, can prospectively modify the Plan, including contribution levels, at any time or terminate the plan entirely. No employer contributions were made during the years ended December 31, 2021 and 2020.



REFUGEE WOMENS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE E - LONG-TERM DEBT

Long-term debt consists of the following at December 31:	<u>2021</u>	<u>2020</u>
Note payable to Wells Fargo Bank, collateralized by first deed of trust on real property owned by ReWA with a recorded cost of \$8,697,097. The promissory note was modified in December 2019, extending the interest-only period and modifying the principal repayment period. Interest-only payments were made beginning February 1, 2018 through December 31, 2020. Monthly payments of principal and interest at 3.19%, began in January 2021. Principal payments start at \$6,745 per month and increase annually by \$315 per month. The loan matures in December 2047, with an initial term/mandatory purchase date of January 2028. ReWA may prepay up to 20% of the outstanding balance of the note each year without penalty.	2,919,066	2,993,256
Less: unamortized loan issuance costs	(106,963)	(113,082)
Less: current portion	(84,290)	(73,819)
	<u>\$ 2,727,813</u>	<u>\$ 2,806,355</u>

Principal payments of notes payable for the years ending December 31 are:

2022	\$	84,290
2023		88,052
2024		91,813
2025		95,574
2026		99,335
Thereafter		<u>2,460,002</u>
		<u>\$ 2,919,066</u>

NOTE F - REFUNDABLE ADVANCES

The construction of the MLK Child Care Center facility was partially financed with an \$800,000 refundable grant from the City of Seattle Human Services Department. The advance is non-interest bearing, is collateralized by a deed of trust on the real property, and matures in June 2039. The advance is forgivable (one-twentieth each year), provided the property continues to be used for the stated purpose. ReWA fully intends to comply. During years ending December 31, 2021 and 2020, ReWA recognized \$40,000 in revenue from forgiveness of debt, respectively. The refundable grant balance at December 31, 2021 and 2020 was \$720,000 and \$760,000, respectively.

REFUGEE WOMENS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE F - REFUNDABLE ADVANCES (Continued)

The construction of the MLK Child Care Center facility was partially financed with a \$500,000 refundable grant from the City of Seattle Department of Early Learning. The advance is non-interest bearing, is collateralized by a deed of trust on the real property, and matures in June 2029. The advance is forgivable (one-tenth each year), provided the property continues to be used for the stated purpose. ReWA fully intends to comply. During years ending December 31, 2021 and 2020, ReWA recognized \$50,000 of revenue from forgiveness of debt, respectively. The refundable grant balance at December 31, 2021 and 2020 was \$400,000 and \$450,000, respectively.

Construction of the MLK Child Care Center facility was partially financed with a refundable grant from the Washington State Department of Commerce. The grant totaling \$970,000 closed in October 2018, and funds were received in 2019. The loan is non-interest bearing, is collateralized by a deed of trust on the real property, and matures in March 2029. In the event the property is sold or used for an unauthorized purpose, the advance is subject to interest at 5% of the outstanding balance per year from the date of non-compliance. The advance is forgivable upon maturity, provided the property continues to be used for the stated purpose. ReWA fully intends to comply.

Construction of the MLK Child Care Center facility was partially financed with a refundable grant from The Building Communities Fund Program of the Washington State Department of Commerce. The grant totaling \$380,240 closed in December 2019 and funds were received in May 2020. In the event the property is sold or used for an unauthorized purpose, the advance is subject to repayment along with interest at the effective rate of a comparable State of Washington general obligation bond interest rate. The advance is forgivable in May 2030, ten years from the final payment, provided the property continues to be used for the stated purpose. ReWA fully intends to comply.

Scheduled forgiveness of refundable advances for the years ending December 31 is as follows:

2022	\$	90,000
2023		90,000
2024		90,000
2025		90,000
2026		90,000
Thereafter		<u>2,020,240</u>
		<u>\$ 2,470,240</u>

REFUGEE WOMENS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE G - SEATTLE PRESCHOOL PROGRAM

ReWA entered into a 15-year lease agreement for the Seattle Preschool Program site in Lake City effective October 2018. The terms of the lease stipulate an initial base rent payment that increases annually by 3%. Upon initial occupancy, ReWA was required to prepay the sum of \$1,850,000 which constituted prepayment of base rent for the initial fifteen year term. ReWA reported the amount paid in advance as a prepaid expense and recognizes the occupancy expense on a straight-line basis over the term of the lease. At December 31, 2021, ReWA's prepaid rent totaled \$1,459,444, of which \$123,333 is short-term and \$1,336,111 is long-term (greater than one year). During 2021, ReWA recognized \$123,333 as rent expense, which is included in the total rent expense figure in Note H. At December 31, 2020, ReWA's prepaid rent totaled \$1,582,777, of which \$123,333 is short-term and \$1,459,444 is long-term (greater than one year). During 2020, ReWA recognized \$123,333 as rent expense.

In 2018, the City of Seattle entered into a tri-party agreement with ReWA and a developer to enable construction of a Seattle Preschool Program facility in Lake City to be operated by ReWA. ReWA entered into a 15-year lease agreement with the developer and in return, the City of Seattle agreed to pay the developer, on behalf of ReWA, the base rent due for the initial 15-year term of the lease in one lump sum of \$1,850,000. The proceeds paid by City of Seattle on behalf of ReWA are recorded as deferred revenue with grant revenue recognized based on the rental payments outlined in the lease agreement annually over the 15-year term of the lease. At December 31, 2021, ReWA reported \$1,524,204 of deferred revenue, of which \$109,314 was short-term and \$1,414,890 was deferred for greater than one year. During 2021, ReWA recognized \$106,130 in related grant revenue. At December 31, 2020, ReWA reported \$1,630,333 of deferred revenue, of which \$106,130 was short-term and \$1,524,203 was deferred for greater than one year. During 2020, ReWA recognized \$103,039 in related grant revenue.

NOTE H - OPERATING LEASES

ReWA is committed under leases for space for various program locations. Rent expense totaled \$533,543 and \$530,409 for the years ended December 31, 2021 and 2020, respectively. Future minimum rent payments required, including lease modifications subsequent to year-end, are as follows:

2022	\$ 382,567
2023	339,150
2024	245,694
2025	48,111
2026	49,555
Thereafter	<u>380,692</u>
Total	<u>\$ 1,445,769</u>

REFUGEE WOMENS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE H - OPERATING LEASES (Continued)

ReWA leases printers from others. Leased property having elements of ownership is recorded as capital leases in the statement of financial position. The related obligations, in amounts equal to the present value of the minimum lease payments payable during the remaining term of the leases, are recorded as long-term debt. Leased property not having elements of ownership is classified as an operating lease. Total expenses on such leases totaled \$880 and \$3,529 for the fiscal years ended December 31, 2021 and 2020, respectively.

NOTE I - CAPITAL LEASES

In February 2019, REWA entered into a non-cancelable capital lease for copiers and printers with Konica Minolta Business Solutions that expires in February 2024. The present value of the payments totaled \$63,662, with monthly payments of \$2,455, including \$1,404 monthly maintenance fee and interest at 3.44%. The copier has accumulated depreciation as of December 31, 2021 and 2020 of \$36,075 and \$23,343, respectively.

Future minimum payments under this lease for the years ending December 31 are as follows:

	2022	\$ 29,460
	2023	29,460
	2024	<u>4,910</u>
	Total	63,830
Less: monthly maintenance		(33,763)
Less: interest		<u>(1,133)</u>
		28,934
Less: current portion		<u>(13,087)</u>
		<u>\$ 15,847</u>

NOTE J - PAYCHECK PROTECTION PLAN

In April 2020, ReWA applied for and received a Paycheck Protection Program (PPP) loan in the amount of \$1,167,200. The loan was funded on April 27, 2020 and had an initial maturity date of April 27, 2022. PPP loans have a forgiveness option for employers who maintain their staffing levels and salaries at pre-COVID-19 pandemic levels. Expenses eligible to trigger forgiveness include employee wages, benefits, office rent, and utilities. ReWA entered into the program with the intention of complying with the terms of forgiveness and initially recognized the loan as a conditional grant. ReWA met the criteria for full forgiveness during 2020. Accordingly, the loan has been recognized as a contribution during 2020, consistent with generally accepted accounting principles.

REFUGEE WOMENS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE K - RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. Beginning in March 2020, ReWA is operating under a hybrid model, with some employees working from home and in the office. Management is continually evaluating the financial impact of the COVID-19 pandemic and is carefully monitoring the effect on ReWA's financial position, changes in net assets and cash flows in the future. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE L - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to December 31, 2021 through June 8, 2022, which is the date the financial statements were available to be issued and has recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at December 31, 2021, including the estimates inherent in the processing of financial statements.