



INTERNATIONAL RESCUE COMMITTEE, INC. AND SUBSIDIARIES

Consolidated Financial Statements

September 30, 2022

(With Comparative Financial Information as of September 30, 2021)

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Directors
International Rescue Committee, Inc.:

Opinion

We have audited the consolidated financial statements of International Rescue Committee, Inc. and its subsidiaries (IRC), which comprise the consolidated balance sheet as of September 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of IRC as of September 30, 2022, and the changes in their net assets and their cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of IRC 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 Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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



In performing an audit in accordance with GAAS, we:

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

We have previously audited IRC's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

KPMG LLP

New York, New York
March 16, 2023

INTERNATIONAL RESCUE COMMITTEE, INC. AND SUBSIDIARIES

Consolidated Balance Sheet

September 30, 2022

(With comparative financial information as of September 30, 2021)

(Amounts in thousands)

| Assets | 2022 | 2021 |
|--|-------------------|----------------|
| Cash and cash equivalents (notes 8, 9, and 11) | \$ 273,609 | 231,507 |
| Short-term investments (notes 2 and 9) | 19,992 | 202 |
| Grants and contracts receivable (notes 8 and 9) | 166,538 | 128,356 |
| Inventory | 20,923 | 19,632 |
| Contributions receivable, net (note 4) | 36,438 | 35,473 |
| Other assets | 29,669 | 16,180 |
| Investments (notes 2 and 11): | | |
| Endowment and emergency funds | 115,840 | 132,333 |
| Split-interest agreements | 11,488 | 14,022 |
| | <hr/> | <hr/> |
| | 127,328 | 146,355 |
| Property and equipment, net (note 5) | 13,038 | 12,346 |
| | <hr/> | <hr/> |
| Total assets | \$ <u>687,535</u> | <u>590,051</u> |
| Liabilities and Net Assets | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 74,781 | 50,748 |
| Accrued vacation and severance | 19,821 | 17,886 |
| Program advances (notes 9 and 12) | 188,281 | 189,769 |
| Deferred revenue and other liabilities | 2,478 | 2,434 |
| Annuity liabilities related to split-interest agreements | 6,282 | 6,564 |
| Deferred rent obligation (note 6) | 11,597 | 11,976 |
| | <hr/> | <hr/> |
| Total liabilities | 303,240 | 279,377 |
| Commitments and contingencies (notes 2, 6, 7, 9, and 13) | | |
| Net assets: | | |
| Net assets without donor restrictions (note 11): | | |
| Board-designated endowment | 47,571 | 58,030 |
| Undesignated | 53,147 | 50,891 |
| | <hr/> | <hr/> |
| Total net assets without donor restrictions | 100,718 | 108,921 |
| Net assets with donor restrictions (notes 10 and 11): | | |
| Donor contributions restricted for time and purpose | 222,812 | 127,226 |
| Reinvested return on endowment funds | 4,934 | 18,642 |
| Split-interest agreements | 288 | 342 |
| Donor endowment and emergency funds | 55,543 | 55,543 |
| | <hr/> | <hr/> |
| Total net assets with donor restrictions | 283,577 | 201,753 |
| Total net assets | <hr/> | <hr/> |
| | 384,295 | 310,674 |
| | <hr/> | <hr/> |
| Total liabilities and net assets | \$ <u>687,535</u> | <u>590,051</u> |

See accompanying notes to consolidated financial statements.

INTERNATIONAL RESCUE COMMITTEE, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

Year ended September 30, 2022

(With summarized financial information for the year ended September 30, 2021)

(Amounts in thousands)

| | 2022 | | | 2021 Total |
|---|---------------------------------------|------------------------------------|------------------|-----------------------|
| | Without donor restrictions | With donor restrictions | Total | |
| Operating activities: | | | | |
| Operating revenues: | | | | |
| Contributions (note 12) | \$ 177,621 | 247,444 | 425,065 | 219,474 |
| Contributed goods and services | 12,136 | — | 12,136 | 10,670 |
| Grants and contracts (notes 8 and 12) | 876,781 | — | 876,781 | 686,574 |
| Foundation and private grants (note 8) | 82,504 | — | 82,504 | 53,566 |
| Investment return used for operations (note 3) | 4,226 | 1,229 | 5,455 | 5,218 |
| Loan administration fees and other income | 2,730 | 565 | 3,295 | 4,010 |
| Release from restrictions | 152,556 | (152,556) | — | — |
| Total operating revenues | 1,308,554 | 96,682 | 1,405,236 | 979,512 |
| Operating expenses: | | | | |
| Program services: | | | | |
| Crisis Response, Recovery & Development (CRRD) | 801,689 | — | 801,689 | 685,579 |
| Resettlement, Asylum and Integration (RAI) | 322,995 | — | 322,995 | 133,310 |
| Total program services | 1,124,684 | — | 1,124,684 | 818,889 |
| Supporting services: | | | | |
| Management and general | 83,656 | — | 83,656 | 63,932 |
| Fund-raising | 83,095 | — | 83,095 | 56,881 |
| Total supporting services | 166,751 | — | 166,751 | 120,813 |
| Total operating expenses | 1,291,435 | — | 1,291,435 | 939,702 |
| Excess of operating revenues over operating expenses | 17,119 | 96,682 | 113,801 | 39,810 |
| Nonoperating activities: | | | | |
| Bequests and contributions | — | — | — | 50 |
| Split-interest agreements | (92) | — | (92) | (332) |
| Investment return, net | (11,560) | (14,858) | (26,418) | 21,841 |
| Nonrecurring expenses | — | — | — | (1,830) |
| Foreign exchange (loss) gain | (13,670) | — | (13,670) | 5,345 |
| Total nonoperating activities | (25,322) | (14,858) | (40,180) | 25,074 |
| (Decrease) increase in net assets | (8,203) | 81,824 | 73,621 | 64,884 |
| Net assets at beginning of year | 108,921 | 201,753 | 310,674 | 245,790 |
| Net assets at end of year | \$ 100,718 | 283,577 | 384,295 | 310,674 |

See accompanying notes to consolidated financial statements.

INTERNATIONAL RESCUE COMMITTEE, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year ended September 30, 2022

(With summarized financial information for the year ended September 30, 2021)

(Amounts in thousands)

| | Program services | | | | | | | Supporting services | | | | | Total | | |
|--|------------------|---------|-------------|---------------|--|---------------------|-------------------|---------------------|--------------------|------------------------|------------------------|--------------|---------------------------|-----------|---------|
| | Africa | Asia | Middle East | Latin America | Emergency preparedness, technical units, and other | Total CRRD Programs | U.S. RAI programs | Europe RAI Programs | Total RAI Programs | Total program services | Management and general | Fund-raising | Total supporting services | 2022 | 2021 |
| Personnel | \$ 136,205 | 35,415 | 61,182 | 12,662 | 58,215 | 303,679 | 117,951 | 13,110 | 131,061 | 434,740 | 61,600 | 28,892 | 90,492 | 525,232 | 422,243 |
| Professional services | 2,001 | 674 | 1,456 | 1,818 | 7,843 | 13,792 | 3,900 | 539 | 4,439 | 18,231 | 11,402 | 6,458 | 17,860 | 36,091 | 27,915 |
| Travel, conferences, and events | 11,106 | 3,083 | 1,328 | 1,886 | 4,661 | 22,064 | 12,658 | 428 | 13,086 | 35,150 | 346 | 1,280 | 1,626 | 36,776 | 15,104 |
| Occupancy | 9,024 | 2,009 | 3,010 | 1,093 | 4,913 | 20,049 | 7,810 | 766 | 8,576 | 28,625 | 797 | 781 | 1,578 | 30,203 | 26,267 |
| Communications | 4,672 | 696 | 600 | 280 | 528 | 6,776 | 1,551 | 138 | 1,689 | 8,465 | 1,031 | 39,536 | 40,567 | 49,032 | 29,062 |
| Vehicles, equipment, and supplies | 30,208 | 7,634 | 7,471 | 2,194 | 2,639 | 50,146 | 5,941 | 398 | 6,339 | 56,485 | 7,989 | 397 | 8,386 | 64,871 | 42,022 |
| Subgrants | 55,590 | 40,123 | 16,984 | 5,376 | 15,680 | 133,753 | 23,710 | 8,508 | 32,218 | 165,971 | — | — | — | 165,971 | 123,165 |
| Program materials and direct assistance | 121,016 | 35,517 | 28,034 | 13,220 | 31,051 | 228,838 | 117,685 | 1,546 | 119,231 | 348,069 | 559 | 254 | 813 | 348,882 | 227,218 |
| Contributed goods and services | 8,892 | 226 | 522 | — | 10 | 9,650 | 2,313 | (10) | 2,303 | 11,953 | 300 | — | 300 | 12,253 | 9,314 |
| Other | 2,956 | 1,154 | 1,197 | 269 | 7,366 | 12,942 | 3,563 | 490 | 4,053 | 16,995 | (368) | 5,497 | 5,129 | 22,124 | 19,222 |
| Total expenses | 381,670 | 126,531 | 121,784 | 38,798 | 132,906 | 801,689 | 297,082 | 25,913 | 322,995 | 1,124,684 | 83,656 | 83,095 | 166,751 | 1,291,435 | 941,532 |
| Less nonoperating expenses | — | — | — | — | — | — | — | — | — | — | — | — | — | — | (1,830) |
| Total operating expenses reported by function in the statement of activities | \$ 381,670 | 126,531 | 121,784 | 38,798 | 132,906 | 801,689 | 297,082 | 25,913 | 322,995 | 1,124,684 | 83,656 | 83,095 | 166,751 | 1,291,435 | 939,702 |
| 2021 total | \$ 362,298 | 92,649 | 132,653 | 19,089 | 78,890 | 685,579 | 107,936 | 25,374 | 133,310 | 818,889 | 63,932 | 56,881 | 120,813 | | 939,702 |

See accompanying notes to consolidated financial statements.

INTERNATIONAL RESCUE COMMITTEE, INC. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

Year ended September 30, 2022

(With comparative financial information for the year ended September 30, 2021)

(Amounts in thousands)

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Increase in net assets | \$ 73,621 | 64,884 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 1,448 | 572 |
| Net realized and unrealized losses (gains) on investments | 23,494 | (24,974) |
| Loss on disposal of property and equipment | — | 411 |
| Change in value of split-interest agreements | 210 | 498 |
| Permanently restricted contributions | — | (50) |
| Changes in operating assets and liabilities: | | |
| Grants and contracts receivable | (38,182) | (48,341) |
| Inventory | (1,291) | (2,816) |
| Contributions receivable | (1,000) | (13,959) |
| Other assets | (13,489) | (5,781) |
| Accounts payable and accrued expenses | 24,033 | 2,804 |
| Accrued vacation and severance | 1,935 | 374 |
| Program advances | (1,488) | 50,398 |
| Deferred revenue and other liabilities | 44 | 1,297 |
| Deferred rent obligation | (379) | 10,809 |
| Net cash provided by operating activities | <u>68,956</u> | <u>36,126</u> |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (2,140) | (10,731) |
| Proceeds from sale or redemption of investments | 2,252 | 21,524 |
| Purchases of investments | (6,719) | (18,317) |
| (Purchases) sales from short-term investments, net | <u>(19,790)</u> | <u>15,979</u> |
| Net cash (used in) provided by investing activities | <u>(26,397)</u> | <u>8,455</u> |
| Cash flows from financing activities: | | |
| Permanently restricted contributions | — | 50 |
| Proceeds from contributions under split-interest agreements | 200 | 333 |
| Payments to beneficiaries | <u>(657)</u> | <u>(696)</u> |
| Net cash used in financing activities | <u>(457)</u> | <u>(313)</u> |
| Net increase in cash and cash equivalents | 42,102 | 44,268 |
| Cash and cash equivalents at beginning of year | <u>231,507</u> | <u>187,239</u> |
| Cash and cash equivalents at end of year | \$ <u>273,609</u> | \$ <u>231,507</u> |
| Supplemental information: | | |
| Noncash contributed goods and services | \$ 12,136 | 10,670 |

See accompanying notes to consolidated financial statements.

INTERNATIONAL RESCUE COMMITTEE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2022

(With comparative financial information as of September 30, 2021)

(Amounts in thousands)

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

International Rescue Committee, Inc. and its subsidiaries (IRC) is a private, not-for-profit organization that serves refugees and communities victimized by oppression or violent conflict worldwide. IRC helps people whose lives and livelihoods are shattered by conflict and disaster to survive, recover, and gain control of their future. IRC leads the humanitarian field by implementing high-impact, cost-effective programs for people affected by crisis and by using its learning and experience to shape policy and practice.

IRC operates via an incorporated civil not-for-profit company according to article 741 Civil Code of Greece under the name of IRC Hellas. IRC owns 99% of IRC Hellas. IRC also operates through a separate incorporated and registered not-for-profit company in Germany as IRC Deutschland gGmbH, where IRC is the 100% shareholder of this entity under German law. In 2019, IRC incorporated a subsidiary office in Sweden for the purpose of private fund-raising, which IRC owns 100%. In 2022 IRC incorporated separate offices in Poland to implement a program that supports Ukrainian refugees in Poland and South Korea for purpose of fund-raising.

IRC is affiliated with two separately incorporated and non-consolidated entities: International Rescue Committee, U.K. (IRC-UK) and International Rescue Committee, Belgium ASBL.

(b) Basis of Accounting

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, IRC's net assets and changes therein are classified and reported as follows:

- *Without donor restrictions* – Net assets that are not subject to donor-imposed restrictions or the donor-imposed restrictions have expired. As reflected in the accompanying consolidated financial statements and discussed below, IRC's board of directors has designated a portion of IRC's net assets without donor restrictions for specific purposes.
- *With donor restrictions* – Net assets subject to donor-imposed restrictions that permit IRC to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of IRC. Also included in this category are net assets subject to donor-imposed restrictions that they be maintained in perpetuity by IRC and only income be used as specified by the donor. Certain emergency funds allow temporary use of principal.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donors or by law.

INTERNATIONAL RESCUE COMMITTEE, INC. AND SUBSIDIARIES

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(With comparative financial information as of September 30, 2021)

(Amounts in thousands)

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as release from restrictions in the consolidated statement of activities. Restricted gifts are recorded as net assets without donor restrictions if the restrictions are fulfilled in the same time period in which the contribution is received. IRC adopts the simultaneous release option for donor-restricted conditional grants that are recognized and used within the same reporting period and, thus, are reported as net assets without donor restrictions.

(c) Fair Value Measurements

IRC follows the provisions of Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*. Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted or published market prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments.
- Level 3 inputs are unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement.

(d) Grants, Contracts, and Contributions

IRC receives grants, contracts, and contributions from a number of sources, including federal, foreign, and local governments, private foundations, corporations, individuals, and others. Grants and government contracts are considered nonexchange transactions and are reported as revenue when expenses are incurred in accordance with the specific terms and conditions of the agreement and are classified as grants and contracts or foundation and private grants in the consolidated statement of activities. Accordingly, amounts received but not recognized as revenue are classified in the

INTERNATIONAL RESCUE COMMITTEE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2022

(With comparative financial information as of September 30, 2021)

(Amounts in thousands)

consolidated balance sheet as program advances, and amounts expended but not yet received are classified as grants and contracts receivable.

Contributions, including unconditional promises to give (pledges), are recognized initially at fair value as revenue in the period received or pledged and when all conditions have been met. Contributions are considered to be without donor restriction unless they are received with donor stipulations that limit their use either through purpose or time restrictions. Contributions to be received after one year are discounted using a risk-adjusted rate. Bequest income is recorded when the will has passed through the probate court and amounts can be reasonably determined.

Revenues from nonexchange transactions are conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. Conditional promises to give are recognized only when the barriers on which they depend are met and the promises become unconditional. IRC has elected the simultaneous release option for conditional grants and government contracts that are also subject to purpose restrictions. Under this option, net assets without donor restrictions will include the donor-restricted revenue for which the purpose restrictions are met in the same reporting period.

Conditional contributions, grants, and contracts are related to funding for the establishment of new programs or continuation of current programs within IRC's overall mission, subject to the terms of each funding agreement. At September 30, 2022, IRC has \$987,400 of conditional public donor promises to give in the form of measurable performance related or other barriers and right of return that have not been reflected in the accompanying consolidated financial statements.

(e) Endowment Funds

IRC's endowment is subject to the provision of the New York Prudent Management of Institutional Funds Act (NYPMIFA). IRC classifies as donor-restricted endowment funds (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not held in perpetuity is classified as net assets with donor restrictions until appropriated for expenditure.

(i) Board-Designated Endowment

The board of directors has established a fund to provide for the long-term financial stability of IRC and to enhance its ability to respond to extraordinary emergency needs. The purpose of this fund is to provide a mechanism for the board of directors to set aside and invest certain funds.

Accordingly, the board of directors has designated the Leo Cherne Emergency Fund, certain bequests without donor restrictions, extraordinary gifts (as determined by the board of directors), and portions of surpluses in operating funds for this purpose.

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Notes to Consolidated Financial Statements

September 30, 2022

(With comparative financial information as of September 30, 2021)

(Amounts in thousands)

(ii) *Donor-Restricted Endowment*

In further support of the long-term financial stability of the organization, IRC receives donations for which the principal must be maintained in perpetuity. Included in this category are endowment donations and emergency funds that allow IRC to use principal on a temporary basis for emergency response situations and to preposition itself with commonly used emergency response inventory. Principal used by IRC must be subsequently returned to the emergency fund.

(f) **Contributed Goods and Services**

Contributed goods are recognized as revenue at their estimated fair value at the date of receipt and expensed when used.

| | <u>2022</u> | <u>2021</u> |
|--------------------------------------|------------------|---------------|
| Contributed goods and services: | | |
| Household supplies and facilities | \$ 3,381 | 1,021 |
| Fuel and parts | 1,417 | 1,309 |
| Health and nutrition | 7,038 | 7,343 |
| Professional service | <u>300</u> | <u>997</u> |
| Total contributed goods and services | <u>\$ 12,136</u> | <u>10,670</u> |

Contributed services are recognized as revenue if the services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. Contributed services are recorded at the fair value of the services provided. Fair value reflects estimated wholesale values that would be received for selling similar products in the United States. Contributed services and promises to contribute services that do not meet the above criteria are not recognized as revenue and are not reported in the consolidated financial statements.

(g) **Split-Interest Agreements**

IRC is the beneficiary of a number of split-interest agreements with donors. IRC may control donated assets and may share with the donor or the donor's designee income generated from those assets until such time as stated in the agreement, at which time the remaining assets are for IRC's general use.

IRC records the assets of the agreements (at fair value) if the assets are controlled and invested by IRC. IRC records nonoperating revenue at the date the agreement is established after recording a liability for the present value of the estimated future payments expected to be made to the beneficiaries. The carrying amount approximates fair value. Adjustments to the annuity liabilities to reflect the amortization of the discount and revaluation of expected future payments to beneficiaries based on changes in actuarial assumptions are made annually and recognized as a nonoperating activity in the line item split-interest agreements.

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(Amounts in thousands)

In other situations where assets are controlled and invested by an independent third party, IRC records a receivable and nonoperating revenue at the date of the agreement based on the present value of the estimated future distributions expected to be received by IRC over the expected term of the agreement.

The discount rate used in valuing split-interest agreement liabilities as of September 30, 2022 and 2021 ranged from 0.47% to 11%.

(h) Functional Expense Allocations

The majority of the expenses can generally be directly identified with the program or supporting service to which they relate (management and general or fund-raising) and are charged accordingly.

Other expenses are allocated to the functional categories based on allocation factors determined by management, such as square footage for occupancy costs and time and effort reporting for personnel costs. For functions where roles or activities can change during the year, IRC sets an allocation percentage annually and updates the percentages during the fiscal year if roles or activities change.

(i) Operations

IRC excludes from operating activities contributions that are restricted for endowment; changes in value and investment return on split-interest agreements; investment return of the Freedom Fund less than or in excess of the spending rate (note 3); nonrecurring expenses funded by the designated special-purpose fund and the renewals and replacement fund; foreign exchange gains and losses; and other nonrecurring items. All other revenue and expenses are included in operating activities.

(j) Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, IRC considers all highly liquid debt instruments purchased with original maturities of three months or less, other than those held as part of the investment portfolio, to be cash equivalents.

(k) Short-Term Investments

Short-term investments consist of money market funds, certificates of deposit, and commercial paper with original maturities less than 12 months.

(l) Investments

Investments are stated at fair value based on quoted or published market prices except for the fair values of alternative investments that include hedge funds, direct lending funds, and private equity funds, which are stated at net asset value (NAV) as provided by the general partners and fund managers, respectively, based upon the underlying net assets of the funds. These estimated values are reviewed and evaluated by management for reasonableness. Alternative investments are generally less liquid than other investments, and the reported fair value may differ significantly from the values that would have been reported had a ready market for these securities existed. Included in the investments of the alternative investments are certain types of financial instruments, including, among others, futures and forward contracts, options, and securities sold not yet purchased, intended to hedge against changes in the market value of investments. These financial instruments, which involve varying

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Notes to Consolidated Financial Statements

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(With comparative financial information as of September 30, 2021)

(Amounts in thousands)

degrees of off-balance-sheet risk, may result in loss due to changes in the market. Losses from investments in alternative investments are limited to its investment.

(m) Inventory

Inventory consists of program materials and emergency response supplies not used as of September 30. Inventory is recorded at cost upon purchase, while contributed inventory is recorded at fair value. Inventory is deducted and expensed when used or distributed by IRC.

(n) Property and Equipment

Property and equipment are recorded at cost, if purchased, or at fair value at the date of the gift, if donated, less accumulated depreciation and amortization. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, generally three to seven years. Amortization of leasehold improvements is provided on the straight-line method over the lesser of their useful lives or the terms of the related lease. Property and equipment acquired with funds received from grants in which the grantor retains a reversionary interest in the assets at the end of the grant period are expensed in the year of acquisition.

(o) Foreign Currency Translation

IRC applies the current rate method of translation when including the accounts of its foreign offices. All foreign-denominated assets and liabilities are translated into U.S. dollars using the current exchange rates in effect at the consolidated balance sheet date. Revenue and expenses are translated at the average rate in effect during the year. The resulting translation loss for 2022 and gain in 2021 of \$(13,670) and \$5,345, respectively, are reflected in the consolidated statement of activities.

(p) Tax Status

The Internal Revenue Service has ruled that, pursuant to Section 501(c)(3) of the Internal Revenue Code (the Code), IRC is exempt from federal income taxes and is a publicly supported organization, as defined in Section 509(a)(1) of the Code. As a not-for-profit organization, IRC is also exempt from state and local income taxes. Accordingly, IRC is not subject to income taxes except to the extent it has taxable income from activities that are not related to its exempt purposes. IRC utilizes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. No provision for income taxes was required for fiscal year 2022 or 2021.

(q) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Estimates and assumptions include the valuation of alternative investments and the allocation of expenses to functional classifications.

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Notes to Consolidated Financial Statements

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(With comparative financial information as of September 30, 2021)

(Amounts in thousands)

(r) Comparative Financial Information

The consolidated statements of activities and functional expenses are presented with prior year summarized comparative totals. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with IRC's 2021 consolidated financial statements, from which the comparative totals were derived.

(s) Reclassifications

Certain amounts in the 2021 consolidated financial statements have been reclassified to conform to the 2022 presentation.

(t) New Authoritative Accounting Pronouncement

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. IRC adopted this guidance in fiscal year 2022. The guidance is intended to increase transparency of contributed nonfinancial assets for not-for-profit entities through enhanced presentation and disclosure. The adoption did not have a material impact on the consolidated financial statements.

FASB issued ASU No. 2016-02, *Leases*, which will require lessees to recognize most leases on the consolidated balance sheet, increasing their reported assets and liabilities. This ASU was developed to provide financial statement users with more information about an entity's leasing activities. ASU No. 2016-02 is effective for IRC beginning in fiscal year 2023, and IRC is currently determining the impact to the consolidated financial statements.

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(Amounts in thousands)

(2) Investments

(a) Fair Value Hierarchy

The following tables present IRC's investments (including short-term investments) at fair value, the only financial instruments measured at fair value as of September 30, 2022 and 2021:

| | 2022 | | |
|------------------------------------|------------------|---------------|----------------|
| | Level 1 | NAV | Total |
| Cash and cash equivalents | \$ 164 | — | 164 |
| Short-term investments (endowment) | 12 | — | 12 |
| Equities: | | | |
| Mutual funds: | | | |
| United States | 43,414 | — | 43,414 |
| International | 20,556 | — | 20,556 |
| Commingled funds | 6,996 | — | 6,996 |
| Total equities | <u>70,966</u> | <u>—</u> | <u>70,966</u> |
| Fixed income: | | | |
| Direct ownership: | | | |
| U.S. government/agency | 310 | — | 310 |
| Mutual funds: | | | |
| U.S. government/agency | 20 | — | 20 |
| U.S. corporate and other | 14,573 | — | 14,573 |
| Commingled funds | 3,998 | — | 3,998 |
| Total fixed income | <u>18,901</u> | <u>—</u> | <u>18,901</u> |
| Direct lending funds | — | 10,325 | 10,325 |
| Hedge funds | — | 24,365 | 24,365 |
| Private equity funds | — | 2,595 | 2,595 |
| Total investments | <u>\$ 90,043</u> | <u>37,285</u> | <u>127,328</u> |
| Short-term investments (operating) | \$ 19,992 | — | 19,992 |

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(Amounts in thousands)

| | | 2021 | |
|------------------------------------|-------------------|---------------|----------------|
| | Level 1 | NAV | Total |
| Cash and cash equivalents | \$ 107 | — | 107 |
| Short-term investments (endowment) | 12 | — | 12 |
| Equities: | | | |
| Mutual funds: | | | |
| United States | 54,825 | — | 54,825 |
| International | 30,333 | — | 30,333 |
| Commingled funds | 6,380 | — | 6,380 |
| Total equities | <u>91,538</u> | <u>—</u> | <u>91,538</u> |
| Fixed income: | | | |
| Direct ownership: | | | |
| U.S. government/agency | 390 | — | 390 |
| U.S. corporate and other | 151 | — | 151 |
| Mutual funds: | | | |
| U.S. government/agency | 53 | — | 53 |
| U.S. corporate and other | 15,691 | — | 15,691 |
| Commingled funds | 3,972 | — | 3,972 |
| Total fixed income | <u>20,257</u> | <u>—</u> | <u>20,257</u> |
| Direct lending funds | — | 7,625 | 7,625 |
| Hedge funds | — | 26,341 | 26,341 |
| Private equity funds | — | 475 | 475 |
| Total investments | <u>\$ 111,914</u> | <u>34,441</u> | <u>146,355</u> |
| Short-term investments (operating) | \$ 202 | — | 202 |

Investments at September 30, 2022 and 2021 include \$115,840 and \$132,333, respectively, relating to IRC's Freedom Fund (note 11) and \$11,488 and \$14,022, respectively, relating to split-interest agreements.

IRC has an investment committee comprising members of the board of directors and overseers, which is charged with the responsibility of providing fiduciary oversight over IRC's investments. The investment committee meets with executive management and external advisers on a regular basis to review investment performance, asset allocation, and investment manager performance.

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(Amounts in thousands)

(b) Strategies of Hedge, Direct Lending, and Private Equity Funds

The following table lists the investment strategies, redemption terms, and assets for hedge, direct lending, and private equity funds measured at fair value as of September 30, 2022:

| | <u>Total fair value</u> | <u>Redemption dates per year</u> | <u>Redemption notice period</u> |
|----------------------|-----------------------------|--------------------------------------|-------------------------------------|
| Direct lending funds | \$ 10,325 (a) | N/A | N/A |
| Hedge funds: | | | |
| Distressed debt | 10,969 | Quarterly | 65 Days |
| Multistrategy | 11,316 | Annually/Quarterly | 90 Days |
| Long-short equity | <u>2,080</u> | Monthly | 60 Days |
| Total hedge funds | 24,365 (b) | | |
| Private equity funds | <u>2,595 (c)</u> | N/A | N/A |
| Total | \$ <u><u>37,285</u></u> | | |

The following provides details for the investment strategies listed above:

(i) Direct Lending Funds

These consist of three investments in direct lending funds that provide debt financing for mid-market companies. These investments have commitments of six and ten years remaining.

(ii) Hedge Funds

These consist of \$24,365 invested in three hedge funds at September 30, 2022. All three funds are fully redeemable. These hedge funds invest in equity, fixed income, and derivatives and vary their investment strategies in response to changing market opportunities. As of September 30, 2022, the IRC's combined investments in these funds included 50% credit strategies, 8% long short strategies, and 42% multistrategies.

(iii) Private Equity Funds

These consist of \$2,595 invested in three private equity funds at September 31, 2022. The private equity funds undertake investment strategies that invest principally in privately issued equity-related securities. Private credit category includes strategies that participate in venture capital, leveraged buyouts, and control-oriented distressed situations.

At September 30, 2022 and 2021, IRC had unfunded commitments to limited partnerships amounting to \$7,474 and \$11,900, respectively.

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(3) Investment Return

IRC maintains a spending rate policy on the Freedom Fund (note 11) invested assets. The spending rate policy was designed to preserve the value of the investment portfolio in real terms and to reduce the impact of market fluctuations on operations. The spending rate used for operations is set at 4.5% of the previous three-year rolling average fair value. In addition to the return on the Freedom Fund invested assets, investment return used for operations includes investment income on working capital cash and short-term investments. Return on investment is shown net of investment manager fees at September 30, 2022 and 2021.

(4) Contributions Receivable

Contributions receivables are expected to be collected at September 30, 2022 as follows:

| | <u>2022</u> | <u>2021</u> |
|---|------------------|---------------|
| Amounts expected to be collected: | | |
| In one year or less | \$ 17,012 | 17,084 |
| In one year to five years | 20,238 | 18,541 |
| In more than five years | 5 | 35 |
| | <u>37,255</u> | <u>35,660</u> |
| Less: | | |
| Discount to present value (rates from 0.09% to 4.05%) | <u>(915)</u> | <u>(320)</u> |
| Total | 36,340 | 35,340 |
| Split-interest agreements – contributions receivable | <u>98</u> | <u>133</u> |
| Total contributions receivable, net | <u>\$ 36,438</u> | <u>35,473</u> |

The amounts receivable from two donors represent approximately 63% and 54% of the gross receivable as of September 30, 2022 and 2021, respectively.

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(Amounts in thousands)

(5) Property and Equipment

Property and equipment consisted of the following as of September 30, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|--|------------------|-----------------|
| Furniture and equipment | \$ 4,481 | 4,180 |
| Cars, vans, and mobile units | 5,571 | 4,751 |
| Construction in progress | 10 | — |
| Leasehold improvements | 18,717 | 17,708 |
| Donated art portfolios | <u>74</u> | <u>74</u> |
| | 28,853 | 26,713 |
| Less accumulated depreciation and amortization | <u>(15,815)</u> | <u>(14,367)</u> |
| | <u>\$ 13,038</u> | <u>12,346</u> |

(6) Lease Agreements

IRC leases several office facilities and equipment under operating leases expiring at various dates through 2032. Rental expense is recognized on the straight-line basis, rather than in accordance with base payment schedules, for purposes of recognizing a constant annual rental expense. The difference between straight lining the rental charge and actual payments is reported as deferred rent obligation in the consolidated balance sheet. Future rental payments are subject to escalation for IRC's proportionate share of increases in certain building operating expenses. Lease agreements for facilities in overseas locations are generally for periods of one year or less.

The following is a schedule, by fiscal year, of the minimum future rentals on leases with expiration dates greater than one year as of September 30, 2022:

| | |
|-------------------------------|------------------|
| Year ending September 30: | |
| 2023 | \$ 9,666 |
| 2024 | 9,006 |
| 2025 | 8,591 |
| 2026 | 8,235 |
| 2027 | 6,677 |
| Thereafter | <u>27,646</u> |
| Total minimum future payments | <u>\$ 69,821</u> |

Rent expense for the years ended September 30, 2022 and 2021 was \$19,977 and \$20,526, respectively.

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(7) Defined-Contribution Retirement Plan

IRC's 403(b) Retirement Savings Plan covers all U.S.-based and expatriate personnel subject to plan eligibility requirements. IRC makes contributions based on a prescribed matching schedule of employee contributions. Basic employee contributions up to 6% of compensation are eligible for a matching contribution by IRC. Matching contributions are deposited in the plan each payroll period based on the following formula:

- 100% of the basic employee contribution up to the first 3% of compensation plus
- 50% of the basic employee contribution up to the next 3% of compensation.

IRC provides base contributions, in addition to the existing matching contributions program, which allows for immediate eligibility with a three-year vesting requirement for the base contributions.

IRC's International Retirement Plan (IRP) began effective April 1, 2019 and covers all non-U.S. based expatriate personnel subject to plan eligibility requirements. IRC makes contributions based on a prescribed matching schedule of employee contributions. Employee contributions up to 5% of compensation are eligible for a matching contribution by IRC. Matching contributions are deposited in the plan each payroll period based on 100% of the basic employee contribution up to the first 5% of compensation. IRC provides 5% of compensation for base contributions, in addition to the existing matching contributions program, which allows for immediate eligibility and vesting for the base contributions.

Pension expense relating to the defined-contribution plan for 2022 and 2021 was \$16,222 and \$12,263, respectively.

IRC's 457(b) Plan covers highly compensated employees and enables eligible employees to enhance their retirement security by permitting them to defer a portion of their compensation once limits on the 403(b) plan have been reached during the calendar year.

IRC's 457(f) Plan is a nonqualified deferred compensation plan and is intended to constitute an unfunded plan for a select group of management or highly compensated employees and be exempt from Parts 2, 3, and 4 of Subtitle B of Title I of the Employee Retirement Income Security Act of 1974, as amended, and is intended to constitute a deferred compensation plan, as defined in Section 457(f) of the Internal Revenue Code of 1986, as amended.

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(8) Significant Funders and Concentrations of Credit Risk

Grants and contracts revenues were from the following for the years ended September 30, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|----------------|
| U.S. federal and local government agencies | \$ 467,187 | 284,878 |
| European agencies | 280,300 | 285,005 |
| United Nations agencies | 96,219 | 96,293 |
| Other agencies | <u>33,075</u> | <u>20,398</u> |
| | <u>\$ 876,781</u> | <u>686,574</u> |

During the year ended September 30, 2022, 19% and 15% (11% and 17% during fiscal year 2021) of revenues from grants and contracts were received from the U.S. Department of State – Bureau of Population, Refugees, and Migration and the U.S. Agency for International Development, including the Bureau for Humanitarian Assistance, respectively. The operation of IRC's programs at present levels is dependent upon continued funding from these organizations and from United Nations and European agencies.

During the year ended September 30, 2022, approximately 59% of the \$82,504 revenues from foundation and private donors comprised grants from seven donors (69% from seven donors during fiscal year 2021).

Financial instruments that potentially subject IRC to concentrations of credit risk consist principally of cash and cash equivalents and grants and contracts receivable. Cash and cash equivalents include program advances and, as of September 30, 2022 and 2021, 40% and 32%, respectively, are deposited in banks in foreign locations. At September 30, 2022 and 2021, 31% and 45%, respectively, of grants and contracts receivable are due from the European Union agencies, including EuropeAid, the European Commission Humanitarian Aid Office, and the United Kingdom's Department for International Development, through IRC's subsidiaries and foreign affiliates (note 12).

(9) Grants and Contracts Receivable and Program Advances

Grants and contracts receivable were from the following sources as of September 30, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|----------------|
| U.S. federal and local government agencies | \$ 95,288 | 46,353 |
| United Nations agencies | 12,995 | 17,661 |
| European agencies | 50,244 | 56,685 |
| Foundation and private donors | 5,515 | 2,217 |
| Other agencies | <u>2,496</u> | <u>5,440</u> |
| | <u>\$ 166,538</u> | <u>128,356</u> |

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Program advances, included in cash and cash equivalents and short-term investments, were received from the following sources as of September 30, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|----------------|
| U.S. federal and local government agencies | \$ 8,294 | 3,419 |
| United Nations agencies | 10,162 | 12,210 |
| European agencies | 94,975 | 97,798 |
| Foundation and private donors | 56,430 | 57,839 |
| Other agencies | <u>18,420</u> | <u>18,503</u> |
| | \$ <u>188,281</u> | <u>189,769</u> |

In accordance with the terms of certain government contracts, the records of IRC are subject to audit for varying periods after the date of final payment of the contracts. IRC is liable for any disallowed costs. In the opinion of management, adjustments that might result from such audits would not have a significant effect on IRC's consolidated balance sheet or consolidated statement of activities.

(10) Net Assets with Donor Restrictions

Net assets with donor restrictions as of September 30, 2022 and 2021 are as follows:

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|----------------|
| Time restrictions: | | |
| Split-interest agreements | \$ 288 | 342 |
| General purpose | 10,544 | 26,695 |
| Purpose restrictions: | | |
| Latin America | 1,973 | 2,326 |
| Middle East programs | 4,056 | 5,279 |
| Asian programs | 7,136 | 3,839 |
| Emergency preparedness, technical units, and other | 122,739 | 70,203 |
| African programs | <u>10,383</u> | <u>8,302</u> |
| Total Crisis Response, Recovery & Development (CRRD) | 146,287 | 89,949 |
| Resettlement, Asylum and Integration (RAI) (U.S and Europe) | 56,024 | 27,316 |
| Supporting services | 14,891 | 1,908 |
| Donor endowment and emergency funds | <u>55,543</u> | <u>55,543</u> |
| | \$ <u>283,577</u> | <u>201,753</u> |

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The income earned on donor endowment and emergency funds as of September 30, 2022 and 2021 is available for the following purposes:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------------|----------------------|
| Reproductive health | \$ 9,870 | 9,870 |
| Emergency response | 9,414 | 9,414 |
| Resettlement, Asylum and Integration (RAI) (U.S. and Europe) | 1,203 | 1,203 |
| President's office | 1,000 | 1,000 |
| Children's programs | 294 | 294 |
| International programs | 99 | 99 |
| General purposes | <u>33,663</u> | <u>33,663</u> |
| | \$ <u><u>55,543</u></u> | <u><u>55,543</u></u> |

(11) Freedom Fund

IRC's Freedom Fund comprises the board-designated endowment and donor endowment funds. As of September 30, 2022, and 2021, the Freedom Fund is categorized on the consolidated balance sheet as follows:

| | <u>2022</u> | <u>2021</u> |
|---|--------------------------|-----------------------|
| Assets: | | |
| Cash and cash equivalents (due to operating) | \$ (7,792) | (118) |
| Investments | <u>115,840</u> | <u>132,333</u> |
| Total | \$ <u><u>108,048</u></u> | <u><u>132,215</u></u> |
| Net assets: | | |
| Board-designated endowment | \$ 47,571 | 58,030 |
| With donor restrictions – reinvested return | 4,934 | 18,642 |
| With donor restrictions – endowment fund corpus | <u>55,543</u> | <u>55,543</u> |
| Total | \$ <u><u>108,048</u></u> | <u><u>132,215</u></u> |

The IRC endowment consists of 20 individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the IRC to function as endowments (board-designated).

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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Endowment net assets, which exclude contributions receivable, consist of the following at September 30, 2022 and 2021:

| | 2022 | | |
|------------------|---------------------------------------|------------------------------------|--------------|
| | Without donor restrictions | With donor restrictions | Total |
| Donor-restricted | \$ — | 60,477 | 60,477 |
| Board-designated | 47,571 | — | 47,571 |
| Total | \$ 47,571 | 60,477 | 108,048 |

| | 2021 | | |
|------------------|---------------------------------------|------------------------------------|--------------|
| | Without donor restrictions | With donor restrictions | Total |
| Donor-restricted | \$ — | 74,185 | 74,185 |
| Board-designated | 58,030 | — | 58,030 |
| Total | \$ 58,030 | 74,185 | 132,215 |

Changes in endowment net assets, which exclude contributions receivable, for the fiscal years ended September 30, 2022 and 2021 were as follows:

| | 2022 | | |
|--------------------------------|---------------------------------------|------------------------------------|--------------|
| | Without donor restrictions | With donor restrictions | Total |
| Net assets, September 30, 2021 | \$ 58,030 | 74,185 | 132,215 |
| Investment loss, net | (6,135) | (12,492) | (18,627) |
| Distributions | (4,324) | (1,216) | (5,540) |
| Net assets, September 30, 2022 | \$ 47,571 | 60,477 | 108,048 |

| | 2021 | | |
|--------------------------------|---------------------------------------|------------------------------------|--------------|
| | Without donor restrictions | With donor restrictions | Total |
| Net assets, September 30, 2020 | \$ 49,507 | 63,141 | 112,648 |
| Investment return, net | 12,660 | 12,205 | 24,865 |
| Distributions | (4,137) | (1,161) | (5,298) |
| Net assets, September 30, 2021 | \$ 58,030 | 74,185 | 132,215 |

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(12) Foreign Affiliates

IRC is currently affiliated with two separately incorporated organizations: International Rescue Committee, U.K. (IRC-UK) and International Rescue Committee, Belgium ASBL. Revenue provided by IRC-UK, primarily funded by Department for International Development, was \$125,261 and \$130,970 for fiscal years 2022 and 2021, respectively, and is included in grants and contracts and contributions in the consolidated statement of activities. Program advances from the IRC-UK were \$12,955 and \$19,088 as of September 30, 2022 and 2021, respectively.

(13) Contingencies

IRC is contingently liable under certain claims and lawsuits, many of which are covered in whole or in part by insurance. In management's opinion, none of these claims and lawsuits will have a material adverse effect on the consolidated balance sheet or consolidated statement of activities of IRC.

(14) Liquidity and Availability of Resources

Financial assets and other liquidity resources available for general expenditure within one year from September 30, 2022 and 2021 are as follows:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|----------------|
| Financial assets: | | |
| Cash and cash equivalents | \$ 273,609 | 231,507 |
| Short-term investments | 19,992 | 202 |
| Grants and contracts receivable | 166,538 | 128,356 |
| Contributions receivable | 17,012 | 17,084 |
| Total financial assets available | <u>477,151</u> | <u>377,149</u> |
| Other liquidity resources: | | |
| Board-designated | 47,571 | 58,030 |
| Endowment spending | 5,443 | 5,200 |
| Total financial assets and other liquidity resources | <u>\$ 530,165</u> | <u>440,379</u> |

General expenditure includes program and operational expenses. IRC is able to draw down and receive funds on a monthly basis in advance from donors to implement its programs. IRC Treasury units manage the cash flow and liquidity of its assets in order to meet the cash needs for the organization.

(15) Subsequent Events

In connection with the preparation of the consolidated financial statements, IRC evaluated subsequent events from September 30, 2022 through March 16, 2023, which was the date the consolidated financial statements were approved for issuance. As a result of recent events involving certain financial institutions, management does not believe these events have a material impact on IRC's consolidated financial statements as IRC does not have deposits or other banking relationships with these financial institutions. No additional disclosure are required.