

Sudan Relief Fund Inc.

Financial Statements and
Independent Auditors' Report

December 31, 2022



Sudan Relief Fund Inc.
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Independent Auditors' Report

To the Board of Directors
Sudan Relief Fund Inc.
Washington, DC

Opinion

We have audited the accompanying financial statements of the Sudan Relief Fund Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sudan Relief Fund Inc. as of December 31, 2022, and the changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 the Sudan Relief Fund Inc.'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 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 auditing standards generally accepted in the United States of America 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 financial statements.

MGS LLP
CERTIFIED PUBLIC ACCOUNTANTS

995 Old Eagle School Road, Suite 307 ♦ Wayne, PA 19087 ♦ Phone: 610-688-6162 ♦ Fax: 484-580-6475

In performing an audit in accordance with auditing standards generally accepted in the United States of America, 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 the Sudan Relief Fund Inc.'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 the Sudan Relief Fund Inc.'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.

A handwritten signature in black ink, appearing to read "MGS LLP". The letters are stylized and cursive.

MGS LLP
Wayne, Pennsylvania
November 11, 2023

Sudan Relief Fund Inc.
Statement of Financial Position
December 31, 2022

Assets

Current Assets:

Cash and cash equivalents	\$ 1,682,463
Investments	3,980,543
Prepaid expenses	<u>6,774</u>
Total current assets	5,669,780

Security deposit	<u>37,212</u>
Total assets	<u><u>\$ 5,706,992</u></u>

Liabilities and Net Assets

Current Liabilities:

Accounts payable	<u>\$ 20,649</u>
Total liabilities	<u>20,649</u>

Net assets:

Without donor restrictions	<u>5,686,343</u>
Total net assets	<u>5,686,343</u>
Total liabilities and net assets	<u><u>\$ 5,706,992</u></u>

The accompanying notes are an integral part of these financial statements..

Sudan Relief Fund Inc.
Statement of Activities
Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>
Revenue, gains and support	
Contributions	\$ 5,659,995
Investment (loss) income	<u>(40,143)</u>
Total revenue and support	<u>5,619,852</u>
Expenses	
Program services	<u>4,132,822</u>
Supporting services	
Management and general	909,341
Development/fundraising	<u>738,544</u>
Total supporting services	<u>1,647,885</u>
Total expenses	<u>5,780,707</u>
Changes in net assets	<u>(160,855)</u>
Net assets, beginning of year	<u>5,847,198</u>
Net assets, end of year	<u><u>\$ 5,686,343</u></u>

The accompanying notes are an integral part of these financial statements.

Sudan Relief Fund Inc.
Statement of Functional Expenses
Year Ended December 31, 2022

	Program Service	Supporting Services		Total
		Management and General	Development / Fundraising	
Advertising	\$ 299,574	\$ -	\$ -	\$ 299,574
Compensation, benefits	29,139	9,272	27,815	66,226
Compensation, payroll tax	12,808	4,075	12,226	29,109
Compensation, salaries	179,964	56,406	174,418	410,788
Accounting	-	22,636	-	22,636
Direct Mail	596,016	-	293,561	889,577
Fundraising	-	-	187,792	187,792
Management	-	767,039	-	767,039
Grants	2,839,339	-	-	2,839,339
Insurance	20,566	-	10,130	30,696
Office	7,340	49,913	16,149	73,402
Travel	148,076	-	16,453	164,529
Total expenses	\$ 4,132,822	\$ 909,341	\$ 738,544	\$ 5,780,707

The accompanying notes are an integral part of these financial statements.

Sudan Relief Fund Inc.
Statement of Cash Flows
Year Ended December 31, 2022

Cash flows from operating activities

Change in net assets	\$ (160,855)
Adjustments to reconcile changes in net assets to cash provided by (used in) operating activities:	
Investment loss	(40,143)
Changes in operating assets and liabilities:	
Accounts payable	<u>(177,381)</u>
Net cash used in operating activities	<u>(378,379)</u>

Cash flows from investing activities

Proceeds from investments	1,739,498
Purchase of investments	<u>(1,515,100)</u>
Net cash provided by investing activities	<u>224,398</u>
Net change in cash and cash equivalents	(153,981)
Cash and cash equivalents, beginning of year	<u>3,416,485</u>
Cash and cash equivalents, end of year	<u><u>\$ 3,262,504</u></u>

Reconciliation to statement of financial position

Cash and cash equivalents per above	\$ 3,262,504
Less: amounts in lines other than cash and cash equivalents on the statement of financial position	
Investments	<u>(1,580,041)</u>
Cash and cash equivalents per the statement of financial position	<u><u>\$ 1,682,463</u></u>

The accompanying notes are an integral part of these financial statements.

Sudan Relief Fund Inc
Notes to Financial Statements
December 31, 2022

1. Organization

The Sudan Relief Fund Inc. (the “Organization”) (formerly Bishop Gassis Sudan Relief Fund Inc.), a non-profit corporation, was founded in 1998 as a non-stock corporation in the State of Delaware. The mission of the Organization is to heighten awareness and to assist in capacity building, to provide food, clothing, shelter, education, and medical attention, and to proclaim the Gospel of Christ to the people of South Sudan.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (“GAAP”) and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The Organization prepares its financial statements in accordance with the Financial Accounting Standards Board (“FASB”), Accounting Standards Codification (“ASC”) 958, *Not-for-Profit Entities* (“ASC 958”). Under ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets (with donor restrictions and without donor restrictions) based upon the existence or absence of donor-imposed restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents are held at high quality financial institutions and in the normal course of business, the Organization may have deposits in excess of the Federal Deposit Insurance Company (“FDIC”) insured limit of \$250,000 per customer per bank. Management does not believe the Organization is exposed to significant credit risk.

Investments

Investments are reported at fair value based on quoted market prices. The Organization's investments consist of money market accounts, and mutual funds trading in equities, a hedge fund, and fixed income securities from both the United States of America and internationally.

Investment transactions are recorded on a trade date basis. Realized gains and losses on investments sold and unrealized appreciation and depreciation on investments held, are reported in the statement of activities as increases and decreases in net assets without donor restrictions unless their use is limited through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost at the time of acquisition to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

Sudan Relief Fund Inc
Notes to Financial Statements
December 31, 2022

Property and Equipment

Property and equipment is stated at cost and is depreciated using primarily the straight line method over the estimated useful lives of the related assets ranging from 5 to 7 years for furniture and equipment. Donations of property and equipment are recorded as contributions at their estimated fair value. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Net Assets Without Donor Restrictions

Net assets without donor restrictions represent those resources that are not subject to donor-imposed restrictions and available for current operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent those resources that are subject to donor-imposed restrictions, such as specific purposes and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restriction and are reported in the statements of activities as net assets released from restrictions.

Public Support, Revenue and Expenses

Contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to legal restrictions. Amounts received that are designed for future periods or restricted by the donor for specific purposes are reported as with donor restrictions that increases that net asset class. When donor restrictions are satisfied, net assets are reclassified to without donor restrictions net assets and reported in the statement of activities as net assets released from restrictions. Contributions restricted for the purchase of property or equipment are released from restrictions when the asset is placed in service.

Contributions are recorded when cash or unconditional promises to give have been received or ownership of donated assets to be used directly in operations are transferred to the Organization.

Allocation of Functional Expenses

The costs of providing various programs and supporting services have been reported on a functional basis in the accompanying statement of functional expenses. Certain categories of expenses are attributable to one or more programs or supporting functions. The Organization conducts direct mail campaigns that are partly a fund-raising function and partly provide education and awareness of the condition and needs of the people in South Sudan. Certain costs associated with direct mail, including data base management, processing, printing, and content, are allocated to program and fundraising costs, based on the facts and circumstances of each mailing.

Sudan Relief Fund Inc
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Leases

Effective January 1, 2022, the Organization adopted FASB ASC 842, *Leases*. The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The Organization elected the package of practical expedients permitted under the transition guidance with the new standard, which among other things, allowed it to carry forward the historical lease classification.

The adoption of FASB ASC 842 did not have a material impact on the Organization's operations or cash flows.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code of the United States of America and is not a private foundation.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more than likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes that it is no longer subject to income tax examinations for years prior to 2019.

Use of Estimates

The preparation of the financial statements in conformity with GAAP 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 reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3. Investments

At December 31, 2022, investments consisted of the following at fair value and cost:

	<u>Fair Value</u>	<u>Cost</u>
Cash and cash equivalents	\$ 2,178,563	\$ 2,178,563
Money Market funds	1,515,201	1,515,201
Absolute return fund	251,451	175,000
Common stock	1,889	1,299
Corporate bonds	-	47,283
Mutual funds	33,439	33,551
	<u>\$ 3,980,543</u>	<u>\$ 3,950,897</u>

Sudan Relief Fund Inc
Notes to Financial Statements
December 31, 2022

Investments activity for the year ended December 31, 2022 is reflected in the table below:

Investments at beginning of year	\$ 2,584,757
Contributions	35,929
Dividend & interest income	41,054
Realized gains (losses)	(59,999)
Unrealized gains (losses)	2,773
Management fees	(23,971)
Transfer from operating account	2,900,000
Amount withdrawn for current operations	<u>(1,500,000)</u>
Investments at end of year	<u><u>\$ 3,980,543</u></u>

FASB ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments, at the reporting dates.
- Level 2: Valuations are based on (i) quoted prices for similar investments in active markets, or (ii) quoted prices for those investments, or for similar investments in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.
- Level 3: Valuations are based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the investments, or (ii) the investments cannot be independently valued.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

- As a practical expedient, the Organization is permitted under GAAP to estimate the fair value of an investment at the measurement date using the reported net asset value (“NAV”) without further adjustment unless the entity expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with GAAP. The Organization has adopted the provisions of Accounting Standards Update No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, an amendment to ASC 820 (“ASU 2015-07”), which removes the requirement to categorize, within the fair value hierarchy, all investments for which fair value is measured using NAV per share as a practical expedient.
- Shares of money market funds, mutual funds, and common stock are valued at quoted market prices in an active market and are categorized as level 1.

Sudan Relief Fund Inc
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- Corporate bonds are valued based on yields currently available on corporate securities within similar call ratings and categorized as level 2.
- Absolute return fund is a fund of hedge funds that invests substantially all its assets in private investment funds. The fund is valued at NAV. Redemptions are subject to approval by the absolute return fund’s Board of Trustees.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period. During 2022, there were no transfers among the fair-value hierarchy levels of the Organization's investments.

The Organization's investments are subject to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

The following tables summarize the fair values of the Organization’s assets at December 31, 2022, in accordance with the FASB ASC Topic 820 valuation levels:

	Assets at Fair Value as of December 31, 2022			
	Level 1	Level 2	NAV	Total
Cash and cash equivalents	\$ 2,178,563	\$ -	\$ -	\$ 2,178,563
Money Market funds	1,515,201	-	-	1,515,201
Absolute return fund	-	-	251,451	251,451
Common stock	1,889			1,889
Mutual funds	33,439	-	-	33,439
Total assets at fair value	\$ 3,729,092	\$ -	\$ 251,451	\$ 3,980,543

4. Advertising Costs

The Organization incurred advertising costs of \$299,574 in accomplishing its mission. These costs were incurred for education and outreach, which are classified as program costs and are expensed when incurred.

Sudan Relief Fund Inc
Notes to Financial Statements
December 31, 2022

5. Liquidity and Availability

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions.

Financial assets:

Cash and cash equivalents	\$ 1,682,463
Investments	<u>3,980,543</u>

Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 5,663,006</u>
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6. 403(b) Plan

The Organization has a defined contribution pension plan for all full-time employees. The Organization contributions for 2022 were \$66,226.

7. Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure through November 11, 2023, the date these financial statements were available for issuance.



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