

**TEAM RUBICON, INC.  
AND TEAM RUBICON  
INTERNATIONAL LLC**

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

**TEAM RUBICON, INC.  
AND TEAM RUBICON INTERNATIONAL LLC**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**

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WE ARE AN INDEPENDENT MEMBER OF  
THE GLOBAL ADVISORY  
AND ACCOUNTING NETWORK

AUDIT  
AND  
ASSURANCE

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Team Rubicon

### Opinion

We have audited the consolidated financial statements of Team Rubicon, Inc. and Team Rubicon International LLC (collectively, Team Rubicon), which comprise the consolidated statement of financial position as of December 31, 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 consolidated financial position of Team Rubicon 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Team Rubicon 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Team Rubicon's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

### Auditor's 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 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 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.

To the Board of Directors  
Team Rubicon

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 Team Rubicon'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 Team Rubicon'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 Team Rubicon's December 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 25, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Green Hasson & Janks LLP*

November 1, 2023  
Los Angeles, California

**TEAM RUBICON, INC.  
AND TEAM RUBICON INTERNATIONAL, LLC**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
December 31, 2022  
With Summarized Totals at December 31, 2021

<b>ASSETS</b>	2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Cash and Cash Equivalents	\$ 10,092,540	\$ -	\$ 10,092,540	\$ 8,908,037
Investments	11,203,735	12,252,426	23,456,161	23,142,696
Contributions and Pledges Receivable	2,268,350	7,462,500	9,730,850	7,404,727
Prepaid Expenses and Other Assets	1,709,567	-	1,709,567	1,752,377
Right-of-Use Assets	7,444,451	-	7,444,451	-
Capitalized Software and Domain Name (Net)	1,291,157	-	1,291,157	2,164,635
Property and Equipment (Net)	2,381,106	-	2,381,106	2,494,266
<b>TOTAL ASSETS</b>	<b>\$ 36,390,906</b>	<b>\$ 19,714,926</b>	<b>\$ 56,105,832</b>	<b>\$ 45,866,738</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ 970,201	\$ -	\$ 970,201	\$ 828,777
Accrued Liabilities	2,717,171	-	2,717,171	2,380,741
Paycheck Protection Program Loan	2,523,312	-	2,523,312	2,523,312
Lease Liabilities	8,060,672	-	8,060,672	-
<b>TOTAL LIABILITIES</b>	<b>14,271,356</b>	<b>-</b>	<b>14,271,356</b>	<b>5,732,830</b>
<b>NET ASSETS:</b>				
Without Donor Restrictions	22,119,550	-	22,119,550	26,032,447
With Donor Restrictions	-	19,714,926	19,714,926	14,101,461
<b>TOTAL NET ASSETS</b>	<b>22,119,550</b>	<b>19,714,926</b>	<b>41,834,476</b>	<b>40,133,908</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 36,390,906</b>	<b>\$ 19,714,926</b>	<b>\$ 56,105,832</b>	<b>\$ 45,866,738</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**TEAM RUBICON, INC.**  
**TEAM RUBICON INTERNATIONAL, LLC**

CONSOLIDATED STATEMENT OF ACTIVITIES  
Year Ended December 31, 2022

With Summarized Totals for the Year Ended December 31, 2021

	2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>REVENUE, PUBLIC SUPPORT AND OTHER INCOME:</b>				
Contributions and Grants	\$ 19,917,970	\$ 26,539,695	\$ 46,457,665	\$ 34,214,336
In-Kind Contributions	61,348,841	-	61,348,841	33,063,251
Special Events (Net of Cost of Direct Donor Benefits of \$945,243)	3,711,020	-	3,711,020	3,733,847
Licensing and Other Revenue (Net)	258,873	-	258,873	1,269,248
Investment Return (Net)	(23,871)	-	(23,871)	32,528
Net Assets Released from Donor Restrictions	20,926,230	(20,926,230)	-	-
<b>TOTAL REVENUE, PUBLIC SUPPORT AND OTHER INCOME</b>	106,139,063	5,613,465	111,752,528	72,313,210
<b>EXPENSES:</b>				
Program Services	98,248,522	-	98,248,522	59,413,327
Management and General	6,944,767	-	6,944,767	4,142,997
Fundraising	4,858,671	-	4,858,671	3,790,470
<b>TOTAL EXPENSES</b>	110,051,960	-	110,051,960	67,346,794
<b>CHANGE IN NET ASSETS</b>	(3,912,897)	5,613,465	1,700,568	4,966,416
Net Assets - Beginning of Year	26,032,447	14,101,461	40,133,908	35,167,492
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 22,119,550</u>	<u>\$ 19,714,926</u>	<u>\$ 41,834,476</u>	<u>\$ 40,133,908</u>

The Accompanying Notes are an Integral Part of These Financial Statements

**TEAM RUBICON, INC.**  
**TEAM RUBICON INTERNATIONAL, LLC**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2022  
With Summarized Totals for the Year Ended December 31, 2021

	2022							2021 Total
	Response	Resiliency	Rebuild	Total Program Services	Management and General	Fundraising	Total	
Branding and Communication	\$ 245,335	\$ 53,308,328	\$ 3,285	\$ 53,556,948	\$ 27,062	\$ 99,468	\$ 53,683,478	\$ 21,343,401
Personnel Costs	7,030,134	6,836,913	1,237,211	15,104,258	2,159,347	3,129,077	20,392,682	18,046,888
Field Expenses and Travel	13,126,159	2,828,164	1,717,105	17,671,428	146,519	493,695	18,311,642	9,390,031
Technology, Office Equipment and Supplies	1,548,651	4,902,290	14,693	6,465,634	1,692,321	218,434	8,376,389	11,656,167
Professional Services	1,142,144	570,901	44,719	1,757,764	1,399,936	581,316	3,739,016	2,475,789
Other Business Expenses	922,849	79,892	5,573	1,008,314	645,717	96,953	1,750,984	1,565,583
Depreciation and Amortization	745,705	50,533	8,746	804,984	619,635	14,476	1,439,095	1,290,018
Rent, Parking and Utilities	450,468	467,303	133,030	1,050,801	161,020	225,252	1,437,073	917,111
Insurance	363,305	348,647	12,289	724,241	93,210	-	817,451	509,099
Awards, Fellowships and Grants	-	104,150	-	104,150	-	-	104,150	152,707
<b>TOTAL 2022 FUNCTIONAL EXPENSES</b>	<b>\$ 25,574,750</b>	<b>\$ 69,497,121</b>	<b>\$ 3,176,651</b>	<b>\$ 98,248,522</b>	<b>\$ 6,944,767</b>	<b>\$ 4,858,671</b>	<b>\$ 110,051,960</b>	
				89%	6%	5%	100%	
<b>TOTAL 2021 FUNCTIONAL EXPENSES</b>	<b>\$ 26,374,826</b>	<b>\$ 30,475,361</b>	<b>\$ 2,563,140</b>	<b>\$ 59,413,327</b>	<b>\$ 4,142,997</b>	<b>\$ 3,790,470</b>		<b>\$ 67,346,794</b>
				88%	6%	6%		100%

The Accompanying Notes are an Integral Part of These Financial Statements

**TEAM RUBICON, INC.**  
**TEAM RUBICON INTERNATIONAL, LLC**

CONSOLIDATED STATEMENT OF CASH FLOWS  
Year Ended December 31, 2022  
With Summarized Totals for the Year Ended December 31, 2021

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 1,700,568	\$ 4,966,416
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Donated Software	-	(271,259)
Donation of Property and Equipment	-	(54,400)
Depreciation and Amortization	1,439,095	1,290,018
Bad Debt Expense	-	500,000
Net Realized and Unrealized Loss on Investments	248,141	187,977
(Increase) Decrease in:		
Contributions and Pledges Receivable	(2,326,123)	(1,511,645)
Prepaid Expenses and Other Assets	42,810	(218,923)
Right-of-Use Assets	1,030,797	-
Increase (Decrease) in:		
Accounts Payable	141,424	386,903
Accrued Liabilities	467,435	282,110
Lease Liabilities	(545,581)	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,198,566</b>	<b>5,557,197</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Property and Equipment	(339,544)	(812,576)
Disposals of Property and Equipment	9,000	22,473
Purchase of Capitalized Software	(121,913)	(397,122)
Purchase of Investments	(3,781,057)	(8,109,702)
Interest and Dividends Reinvested	(173,142)	(169,449)
Proceeds on Sale of Investments	3,392,593	3,889,666
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,014,063)</b>	<b>(5,576,710)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net Repayments on Line of Credit	-	(3,000,000)
Proceeds from Paycheck Protection Program Loan	-	2,523,312
<b>NET CASH (USED IN) FINANCING ACTIVITIES</b>	<b>-</b>	<b>(476,688)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,184,503</b>	<b>(496,201)</b>
Cash and Cash Equivalents - Beginning of Year	8,908,037	9,404,238
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 10,092,540</b>	<b>\$ 8,908,037</b>

The Accompanying Notes are an Integral Part of These Financial Statements



**TEAM RUBICON, INC.  
AND TEAM RUBICON INTERNATIONAL, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2022**

**NOTE 1 - ORGANIZATION**

Team Rubicon, Inc. is a nonprofit international disaster response and humanitarian organization founded in 2010. In February 2022, to better serve international communities experiencing disasters and humanitarian crises, Team Rubicon International LLC was formed. Team Rubicon is the sole member of Team Rubicon International LLC (collectively, Team Rubicon). Team Rubicon's primary mission is to provide immediate response, relief, and recovery to those affected by disasters and humanitarian crises across the United States and around the world. By pairing the skills and experiences of military veterans with first responders, civilian volunteers, and technology solutions, Team Rubicon aims to provide the greatest service and impact possible. Through continued service via Team Rubicon, many veterans rediscover three things they feel are missing after leaving the military: a Purpose, gained through disaster relief; Community, built by serving with others; and Identity, from recognizing the impact one individual can make. Coupled with leadership development and other opportunities, Team Rubicon offers a way for veterans to continue their service as they transition from military to civilian life.

**Programmatic Highlights in 2022 (Unaudited)**

Team Rubicon currently has more than 150,000 registered volunteers (most of whom are military veterans) and has executed over 1,000 operations in response to approximately 440 disasters, including large-scale events such as the 2010 Haiti earthquake, Superstorm Sandy (2012), Hurricane Harvey (2017), Hurricane Ida (2022), and others. In the aftermath of a disaster, Team Rubicon provides services at no cost to affected homeowners, families, and communities. Services range from debris removal - utilizing manual labor, chainsaws, or heavy equipment - to demolition, home repair, incident management and coordination, damage assessment, and mapping. Since 2010, Team Rubicon has returned \$61,532,785 (unaudited) in volunteer labor to communities affected by a disaster.

In the continued effort to combat the COVID-19 pandemic, Team Rubicon had a constant presence in the Navajo Nation, providing hospital decompression and also offered support internationally in Uganda, Papua New Guinea, and Mongolia. At the end of 2021, the organization began to pilot playbooks in preparation for the nationwide vaccination rollout. Partnering with hospital systems, local organizations, and institutions across the U.S., Team Rubicon offered vaccination support, including site setup and management, logistics support, and- where appropriate- administration of the vaccine. Knowing that the military enjoys the most trust of any group, Team Rubicon also convened six veterans organizations to create the Veterans Coalition for Vaccination (VCV), a coalition aiding local and state officials in the distribution of the COVID-19 vaccine nationwide. The participating veterans organizations worked toward the common goal of ensuring equitable access to vaccinations. Further, the VCV partnered with global advertising company Amobee and AdTechCares, an advertising industry coalition launched by Amobee in March 2021 with more than 50 partners. Together, they launched the "Call to Arms" PSA campaign that appeared across broadcast, digital, social, video, and Times Square out-of-home. Through these collaborative efforts, 1.6+ million COVID-19 vaccinations were administered at Team Rubicon supported sites.

**TEAM RUBICON, INC.  
AND TEAM RUBICON INTERNATIONAL, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2022**

**NOTE 1 - ORGANIZATION** (continued)

In addition to COVID-19 efforts, Team Rubicon launched a multi-city effort to welcome Afghan families fleeing from Afghanistan. Starting in August 2022 and under the direction of the Department of State and Department of Defense, Team Rubicon supported the management, organization, and distribution of donated goods across seven military bases housing Afghan families. Team Rubicon provided site management and logistical support at the reception point in the Dulles International Airport and set up housing in Denver, CO. Over 1,600 volunteers supported these efforts, distributing 8.3 million items worth \$32.3 million. As Afghan families moved off the bases, Greyshirts assisted with the move-in and home setup in communities across the country. This effort continued into 2022.

In addition to these humanitarian efforts, 2022 brought about unprecedented hazards. From Winter Storm Uri to flooding in Waverly, Tennessee, to tornadoes in Kentucky, hurricanes were not the only history-making disasters in 2022. Volunteers were on the ground within hours of Hurricane Ida passing through the south and were assisting homeowners months after. Simultaneously, Team Rubicon's WHO Type 1 EMT Mobile medical team was in Haiti responding to the 7.2 magnitude earthquake. Over 50+ volunteers responded and served 1,700 patients.

In 2022, Team Rubicon doubled down on its commitment to community preparedness and resilience through fire mitigation, long-term rebuilding, and capacity building. In partnership with local fire-safe councils and emergency managers, volunteers from California, Oregon, Colorado, Utah, and Texas helped to execute community wildfire protection plans to mitigate wildfires and flooding. Long-term Rebuild Operations continued to provide construction services for communities affected by disasters. Team Rubicon has so far rebuilt 109 homes in Houston for homeowners affected by Hurricane Harvey and 15 in Lake Charles, LA, and Orange, TX, following Hurricanes Laura and Delta.

In addition to mitigation and Rebuild Operations, Team Rubicon designs and delivers capabilities based on the evolving needs of disaster-affected communities and invests in its volunteers with disaster training education and courses. Through its Capabilities and Training efforts (both virtually and in-person), 12,508 Team Rubicon Greyshirts have completed 289 training events in skills such as incident command, chainsaw operations, heavy equipment operations, and expedient home repairs and construction, totaling 23,136 hours dedicated to training in 2022 alone.

In 2022, Team Rubicon International served 10,757 individuals across three countries (Ukraine, Honduras, and Guatemala). Team Rubicon International sent 160 volunteers to build capacity and provide trainings in Honduras, serve rural patients in Guatemala, and respond the humanitarian crisis in Ukraine.

**TEAM RUBICON, INC.  
AND TEAM RUBICON INTERNATIONAL, LLC**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2022

**NOTE 1 - ORGANIZATION** (continued)

Team Rubicon leverages local, regional, and international medical professionals, WASH (water, sanitation, and hygiene) experts, and other humanitarians with skills critical to providing support throughout the disaster cycle. Team members are physicians (Emergency Medicine, Pediatrics, Internal Medicine, and Family Medicine), nurse practitioners, physician assistants, registered nurses, mental health professionals and paramedics, who provide direct patient care, support to strengthen medical systems, and build capacity of vulnerable populations with little or no access to medical resources.

Team Rubicon's commitments to financial and operational transparency have achieved positive recognition from charity watch groups, including a platinum rating from GuideStar and a four-star rating from Charity Navigator.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements include the accounts of Team Rubicon, Inc., and Team Rubicon International LLC (collectively, Team Rubicon). All inter-organization balances and transactions have been eliminated on consolidation.

**(b) BASIS OF PRESENTATION**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

**(c) NET ASSETS**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-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-imposed restrictions.
- **Net Assets With Donor Restrictions.** Net assets subject to donor-imposed restrictions. Some 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and are shown as net assets released from donor restrictions on the consolidated statement of activities.

Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the related assets are placed in service.

**TEAM RUBICON, INC.  
AND TEAM RUBICON INTERNATIONAL, LLC**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2022

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(d) CASH AND CASH EQUIVALENTS**

For consolidated financial statement purposes, Team Rubicon considers all highly liquid investments with original maturities of three months or less to be cash and cash equivalents.

Team Rubicon maintains its cash and cash equivalents in bank deposit and money market accounts, which, at times, may exceed federally insured limits. Team Rubicon has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The carrying value of cash and cash equivalents at December 31, 2022, approximates its fair value.

**(e) INVESTMENTS**

Investments in equity and debt securities with readily determinable market values are reported at fair value. The fair value of investments is valued at the closing price on the last business day of the fiscal year. Investment purchases and sales are accounted for on a trade-date basis. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the ex-dividend date. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Unrealized gains and losses are included in investment return in the consolidated statement of activities and represent the change in the difference between the cost and fair value of investments held at the end of the fiscal year.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

Investment decisions are made by the executive team with the approval of the Team Rubicon Board of Directors. The investments are managed by outside investment managers contracted by Team Rubicon.

**TEAM RUBICON, INC.  
AND TEAM RUBICON INTERNATIONAL, LLC**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2022

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(f) CONTRIBUTIONS AND PLEDGES RECEIVABLE**

Contributions, including endowment gifts and pledges, as well as unconditional promises to give, are recognized as revenue in the period promised. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not included as revenue until the conditions on which they depend have been met. At December 31, 2022, conditional promises to give totaled \$6,591,667.

Pledges receivable expected to be collected within one year are recorded at their net realizable value. Pledges receivable expected to be collected in future years are recorded at the present value of estimated future cash flows discounted at an appropriate market interest rate at the time of the contribution. At December 31, 2022, contributions and pledges receivable are due to be collected in their entirety within one year.

**(g) LICENSING AND OTHER REVENUE**

Team Rubicon records revenue from exchange transactions as increases in net assets without donor restrictions to the extent that the earnings process is complete. These transactions primarily include licensing revenues as well as service contracts, which are recognized at a point-in-time. For performance obligations related to licensing income, control transfers to the customer at a point-in-time at the date licensing rights are transferred. Revenue related to service contracts is recognized when performance obligations within the contracts are met. Resources received in exchange transactions are recognized as deferred revenue to the extent that the earnings process has not yet been completed. There were no significant receivables or deferred revenue related to these transactions at December 31, 2022, or December 31, 2021.

**(h) CAPITALIZED SOFTWARE**

Team Rubicon capitalizes certain costs incurred in connection with the development of software for internal use. These costs are capitalized beginning when Team Rubicon has entered the application development stage and ceases when the software is substantially complete and ready for its intended use. The period of amortization of software ranges from three to five years, except for the domain name, which is amortized over fifteen years.

**TEAM RUBICON, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2022

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(i) PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expenses as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to five thousand dollars, and the useful life is greater than one year.

The estimated useful lives of property and equipment are as follows:

Field Equipment	5 - 10 Years
Field Communication Equipment	5 Years
Computer Equipment	3 Years
Furniture and Office Equipment	7 Years
Leasehold Improvements	2 - 3 Years
Audiovisual and Media Equipment	5 Years

**(j) PAYCHECK PROTECTION PROGRAM LOAN**

Management elected to account for forgivable loan received under the Paycheck Protection Program (PPP) provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act as a debt instrument and to accrue interest on the outstanding loan balance. Additional interest at a market rate (due to the stated interest rate of the PPP loan being below market) is not imputed, as transactions, where interest rates are prescribed by governmental agencies, are excluded from the scope of the accounting guidance on imputing interest. The proceeds from the loan remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and Team Rubicon has been legally released or (2) Team Rubicon repays the loan to the lender.

**(k) CONTRIBUTED GOODS AND SERVICES**

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed non-cash assets are not sold but rather used for Team Rubicon's operations.

A substantial number of volunteers have donated significant amounts of their time to Team Rubicon. The services that these individuals rendered, however, do not meet the above criteria and, as such, are not recognized in the accompanying consolidated financial statements.

**TEAM RUBICON, INC.  
AND TEAM RUBICON INTERNATIONAL, LLC**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2022

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(l) LEASES**

Team Rubicon recognizes and measures its leases in accordance with Financial Accounting Standards Board's (FASB) ASC 842, *Leases*. Team Rubicon is a lessee in several operating leases for facilities and others (see Note 10). Team Rubicon determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. Team Rubicon recognizes a lease liability and a right-of-use asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the company uses the risk-free rate(s). The implicit rates of the Team Rubicon's leases are not readily determinable and accordingly, the Team Rubicon uses the risk-free rate(s) based on the information available at the commencement date of the lease.

The right-of-use asset is subsequently measured throughout the lease term at the amount of the re-measured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

Team Rubicon has elected, for all underlying classes of assets, to not recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that Team Rubicon is reasonably certain to exercise. Team Rubicon recognizes lease cost associated with short-term leases on a straight-line basis over the lease term.

**(m) INCOME TAXES**

Team Rubicon is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

In accordance with FASB Accounting Standards Codification Topic 740, *Uncertainty in Income Taxes*, Team Rubicon recognizes the impact of tax positions in the consolidated financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended December 31, 2022, Team Rubicon performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the consolidated financial statements or that might have an effect on its tax-exempt status.

**TEAM RUBICON, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2022

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(n) FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing Team Rubicon's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The majority of such allocations are on the basis of estimates of time and effort.

**(o) USE OF ESTIMATES**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

**(p) COMPARATIVE TOTALS**

The consolidated financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with Team Rubicon's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

**(q) NEW ACCOUNTING PRONOUNCEMENTS**

In February 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, intended to improve financial reporting about leasing transactions. The new standard requires organizations that lease assets with terms of more than 12 months to recognize on the statement of financial position, the assets and liabilities for the rights and obligations created by those leases. The ASU also requires disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. ASC 842The ASU is effective for fiscal years beginning after December 15, 2021. Team Rubicon adopted the ASU with a date of the initial application of January 1, 2022. Team Rubicon elected to apply the following package of practical expedients on a consistent basis permitting entities not to reassess: (i) whether any expired or existing contracts are or contain a lease; (ii) lease classification for any expired or existing leases and (iii) whether initial direct costs for any expired or existing leases qualify for capitalization under the amended guidance.



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2022

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(q) NEW ACCOUNTING PRONOUNCEMENTS** (continued)

The impact of adopting the amended guidance primarily relates to the recognition of lease assets and lease liabilities on the consolidated statement of financial position for all leases previously classified as operating leases. Team Rubicon recognized \$8,475,248 of right-of-use assets and \$8,606,253 of related lease liabilities as of January 1, 2022, for contracts that are classified as operating leases. Team Rubicon also adjusted \$131,005 of deferred rent liability against right-of-use assets at January 1, 2022. Leases with an initial term of 12 months or less have not been recorded on the consolidated statement of financial position. There was no other material impact on Team Rubicon's consolidated financial statements. Refer to Note 2(l) above and Note 10(a) for additional disclosures related to Team Rubicon's accounting for leases.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is intended to improve transparency in the reporting of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. Team Rubicon adopted the ASU during the year ended December 31, 2022 and certain consolidated financial statement disclosures have been enhanced as a result.

In June 2016, FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss impairment methodology previously used for certain financial instruments with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates in their measurement. The guidance has subsequently been amended through a series of targeted ASUs. For Team Rubicon, the ASU and the subsequent amendments will be effective for the year ending December 31, 2023, and are expected to be adopted using the modified-retrospective approach.

**(r) RECLASSIFICATION**

Certain December 31, 2021 amounts have been reclassified, where appropriate, to conform to the presentation used at December 31, 2022.

**TEAM RUBICON, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2022

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(s) SUBSEQUENT EVENTS**

Team Rubicon has evaluated events and transactions occurring subsequent to the statement of consolidated financial position date of December 31, 2022, for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through November 1, 2023, the date these consolidated financial statements were available to be issued. No such material events or transactions were noted to have occurred, except as disclosed in Notes 6 and 12.

**NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Team Rubicon has implemented the accounting standard for those assets (and liabilities) that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by Level 2 inputs utilize data points that are observable, such as quoted prices, interest rates, and yield curves. Fair values determined by Level 3 inputs utilize unobservable data points for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

The following table presents information about Team Rubicon's assets that are measured at fair value on a recurring basis at December 31, 2022, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Fair Value Measurements Using			
	December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Fixed Income	\$ 23,431,342	\$ 23,431,342	\$ -	\$ -
Equity Funds	24,819	24,819	-	-
<b>TOTAL</b>	<b>\$ 23,456,161</b>	<b>\$ 23,456,161</b>	<b>\$ -</b>	<b>\$ -</b>

The fair values of the securities within level 1 were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

**TEAM RUBICON, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 4 - CAPITALIZED SOFTWARE AND DOMAIN NAME**

Capitalized software consists of the following at December 31, 2022:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Capitalized Software			
Development Costs	\$ 4,365,460	\$ (3,152,164)	\$ 1,213,296
Domain Name	99,881	(22,020)	77,861
<b>TOTAL</b>	<b>\$ 4,465,341</b>	<b>\$ (3,174,184)</b>	<b>\$ 1,291,157</b>

The period of amortization varies from three to five years for software and 15 years for the domain name. Amortization expense for the year ended December 31, 2022, was \$995,391. At December 31, 2022, the gross carrying amount includes software under external development of \$97,482, and the estimated costs to complete the software under external development were approximately \$132,000. Future amortization expense, excluding the software under development, is as follows:

**Years Ending December 31**

2023	\$ 641,556
2024	474,341
2025	19,717
2026	6,600
2027	6,600
Thereafter	44,861
<b>TOTAL</b>	<b>\$ 1,193,675</b>

**TEAM RUBICON, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2022, consist of the following:

Field Equipment	\$ 2,703,404
Leasehold Improvements	1,203,370
Field Communication Equipment	143,087
Computer Equipment	101,379
Furniture and Office Equipment	57,925
Audiovisual and Media Equipment	56,757
	<hr/>
<b>TOTAL</b>	4,265,922
Less: Accumulated Depreciation	<hr/> (1,884,816)
<b>PROPERTY AND EQUIPMENT (NET)</b>	<hr/> <b>\$ 2,381,106</b> <hr/>

Depreciation expense for the year ended December 31, 2022, was \$443,704.

**NOTE 6 - LINE OF CREDIT FACILITY**

Team Rubicon has a line of credit facility with a bank with available financing of \$15,000,000. The facility, which is secured by Team Rubicon's investments, had a maturity date of February 25, 2022, which was extended to May 8, 2024. Any draws on the line of credit bear interest at an adjusted Secured Overnight Financing Rate (SOFR) defined as 3.13% plus the 1-month SOFR rate. The 1-month SOFR rate was 4.30% at December 31, 2022. At December 31, 2022, there was no outstanding balance on the line of credit.

**TEAM RUBICON, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2022

**NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at December 31, 2022:

Time Restrictions	\$ 5,362,500
Response	5,856,705
Resiliency	807,170
Rebuild	<u>7,688,551</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>\$ 19,714,926</u></b>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2022:

Time Restrictions	\$ 7,405,916
Response	11,722,897
Resiliency	1,522,140
Rebuild	<u>275,277</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 20,926,230</u></b>

**NOTE 8 - EMPLOYEE BENEFIT PLAN**

Team Rubicon sponsors a 401(k) retirement plan that covers all full-time and part-time employees. Participating employees may elect to contribute on a tax-deferred basis a portion of their compensation. Team Rubicon contributes an amount equal to 100% of each participant's contribution up to a maximum of 4% of eligible compensation. Team Rubicon may also elect to make additional discretionary contributions to the plan. Team Rubicon's contribution for the year ended December 31, 2022, amounted to \$550,678.

**TEAM RUBICON, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 9 - IN-KIND CONTRIBUTIONS**

For the year ended December 31, 2022, in-kind contributions were used in Team Rubicon's programs and operations as presented in the consolidated statement of functional expenses.

<b>Category</b>	<b>Valuation Methodology</b>	<b>Function</b>	<b>Amount</b>
Branding and Communication	Standard bill rates	Resiliency	\$ 52,488,683
Software	Standard industry pricing	Various	6,255,665
Professional Services	Standard bill rates	Resiliency; Management and general	887,122
Transportation	Fair value for similar or identical services	Response	866,314
Supplies	Fair value for similar or identical goods	Response	573,773
Other	Fair value for similar or identical goods	Various	277,284
<b>TOTAL IN-KIND CONTRIBUTIONS</b>			<b><u>\$ 61,348,841</u></b>

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

**(a) OPERATING LEASES**

Team Rubicon leases its offices in Los Angeles, CA, Grand Prairie, TX, Houston, TX, Chicago, IL, and Alexandria, VA. These operating leases expire at various dates, ranging from July 2024 to December 2029. Team Rubicon is not a party to any leases with an initial term of 12 months or less, which are not expected to be renewed beyond one year. As of December 31, 2022, Team Rubicon recognized \$7,444,451 of right-of-use assets and \$8,060,672 of related lease liabilities for contracts that are classified as operating leases. Lease cost was \$1,146,212 for the year ended December 31, 2022.

The weighted-average remaining operating lease term and the weighted-average discount rate were as follows during the year ended December 31, 2022:

Weighted-Average Lease Term	6.4 years
Weighted-Average Discount Rate	1.6%

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 10 - COMMITMENTS AND CONTINGENCIES** (continued)

**(a) OPERATING LEASES** (continued)

Maturities of operating lease liabilities as of December 31, 2022, are as follows:

**Years Ending December 31**

2023	\$ 1,103,486
2024	1,375,869
2025	1,412,884
2026	1,360,370
2027	1,090,837
Thereafter	<u>2,162,421</u>
Total Rent Payments	8,505,867
Less: Imputed Interest	<u>(445,195)</u>
<b>TOTAL</b>	<u><u>\$ 8,060,672</u></u>

**(b) LEGAL PROCEEDINGS**

In the ordinary course of conducting its business, Team Rubicon may become involved in legal proceedings. Some of these proceedings may result in judgments being assessed against Team Rubicon, which, from time to time, may have an impact on its change in net assets. Team Rubicon does not believe that these proceedings, individually or in the aggregate, are material to the accompanying consolidated financial statements.

**NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

The total financial assets held by Team Rubicon at December 31, 2022, and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the consolidated statement of financial position are summarized in the following table:

Financial Assets at December 31, 2022:	
Cash and Cash Equivalents	\$ 10,092,540
Investments	11,203,735
Contributions and Pledges Receivable	<u>5,360,200</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<u><u>\$ 26,656,475</u></u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2022**

**NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES** (continued)

Team Rubicon regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of Team Rubicon's liquidity management, it has the policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Team Rubicon has various sources of liquidity at its disposal. Team Rubicon's investments are held for operations, and the entire investment portfolio consists of highly liquid investments. In addition, to help manage unanticipated liquidity needs, Team Rubicon has a line of credit facility with available financing of \$15,000,000. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Team Rubicon considers contributions and pledges receivable restricted by time only and expected to be collected in the next fiscal year as available for general expenditures.

**NOTE 12 - PAYCHECK PROTECTION PROGRAM LOAN**

In January 2021, Team Rubicon received a Paycheck Protection Program (PPP) loan in the amount of \$2,523,312. The PPP loan, administered by the Small Business Administration (SBA), bears interest at a fixed rate of 1% per annum, has a term of five years, and is unsecured and guaranteed by the SBA. Interest accrues on the loan beginning with the initial disbursement; however, payments of principal and interest are deferred until the lender's determination of the amount of forgiveness applied for by the borrower is approved by the SBA. To the extent that all or part of the PPP loan is not forgiven, Team Rubicon will be required to pay interest on the PPP loan at a rate of 1% per annum. The terms of the PPP loan provide for customary events of default, including, among other things, payment defaults, breach of representations and warranties, and insolvency events.

In June 2023, the full amount of the PPP loan and incurred interest was forgiven. Accordingly, Team Rubicon will recognize loan forgiveness income of \$2,523,312 for the year ending December 31, 2023.