

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

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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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, 2023, 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, 2023, 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, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Green Hasson & Janks LLP

October 31, 2024
Los Angeles, California

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2023
With Summarized Totals at December 31, 2022

ASSETS	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Cash and Cash Equivalents	\$ 3,406,127	\$ -	\$ 3,406,127	\$ 10,092,540
Investments	14,723,849	5,477,292	20,201,141	23,456,161
Contributions and Pledges Receivable	-	10,796,178	10,796,178	9,730,850
Prepaid Expenses and Other Assets	1,232,028	-	1,232,028	1,709,567
Right-of-Use Assets	6,262,588	-	6,262,588	7,444,451
Capitalized Software and Domain Name (Net)	985,733	-	985,733	1,291,157
Property and Equipment (Net)	3,181,084	-	3,181,084	2,381,106
TOTAL ASSETS	\$ 29,791,409	\$ 16,273,470	\$ 46,064,879	\$ 56,105,832
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts Payable	\$ 1,215,661	\$ -	\$ 1,215,661	\$ 970,201
Accrued Liabilities	1,146,881	-	1,146,881	2,717,171
Line of Credit	2,000,000	-	2,000,000	-
Paycheck Protection Program Loan	-	-	-	2,523,312
Lease Liabilities	7,078,494	-	7,078,494	8,060,672
TOTAL LIABILITIES	11,441,036	-	11,441,036	14,271,356
NET ASSETS:				
Without Donor Restrictions	18,350,373	-	18,350,373	22,119,550
With Donor Restrictions	-	16,273,470	16,273,470	19,714,926
TOTAL NET ASSETS	18,350,373	16,273,470	34,623,843	41,834,476
TOTAL LIABILITIES AND NET ASSETS	\$ 29,791,409	\$ 16,273,470	\$ 46,064,879	\$ 56,105,832

The Accompanying Notes are an Integral Part of These Financial Statements

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

CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended December 31, 2023
With Summarized Totals for the Year Ended December 31, 2022

	2023			2022 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE, PUBLIC SUPPORT AND OTHER INCOME:				
Contributions and Grants	\$ 24,296,691	\$ 12,396,706	\$ 36,693,397	\$ 50,168,685
In-Kind Contributions	87,209,002	-	87,209,002	61,348,841
Forgiveness of Paycheck Protection Program Loan	2,523,312	-	2,523,312	-
Investment Return (Net)	1,115,433	-	1,115,433	(23,871)
Other	91,507	-	91,507	258,873
Net Assets Released from Donor Restrictions	15,838,162	(15,838,162)	-	-
TOTAL REVENUE, PUBLIC SUPPORT AND OTHER INCOME	131,074,107	(3,441,456)	127,632,651	111,752,528
EXPENSES:				
Program Services	120,935,673	-	120,935,673	98,248,522
Management and General	8,013,304	-	8,013,304	6,944,767
Fundraising	5,894,307	-	5,894,307	4,858,671
TOTAL EXPENSES	134,843,284	-	134,843,284	110,051,960
CHANGE IN NET ASSETS	(3,769,177)	(3,441,456)	(7,210,633)	1,700,568
Net Assets - Beginning of Year	22,119,550	19,714,926	41,834,476	40,133,908
NET ASSETS - END OF YEAR	<u>\$ 18,350,373</u>	<u>\$ 16,273,470</u>	<u>\$ 34,623,843</u>	<u>\$ 41,834,476</u>

The Accompanying Notes are an Integral Part of These Financial Statements

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

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023
With Summarized Totals for the Year Ended December 31, 2022

	2023							2022 Total
	Response	Resilience	Long Term Recovery	Total Program Services	Management and General	Fundraising	Total	
Branding and Communication	204,182	76,669,527	3,476	76,877,185	32,633	26,474	\$ 76,936,292	\$ 53,683,478
Personnel Costs	7,946,969	5,763,204	1,674,720	15,384,893	3,077,274	4,029,055	22,491,222	20,392,682
Field Expenses and Travel	8,198,840	3,904,565	3,183,039	15,286,444	202,474	584,209	16,073,127	18,311,642
Technology, Office Equipment and Supplies	3,389,908	4,871,387	18,734	8,280,029	1,662,150	175,452	10,117,631	8,376,389
Professional Services	1,166,018	467,554	120,614	1,754,186	1,618,984	587,059	3,960,229	3,739,016
Other Business Expenses	669,169	66,121	6,460	741,750	302,752	160,581	1,205,083	1,750,984
Depreciation and Amortization	445,785	73,643	437	519,865	632,310	22,917	1,175,092	1,439,095
Rent, Parking and Utilities	577,207	476,198	144,674	1,198,079	180,398	308,560	1,687,037	1,437,073
Insurance	394,412	372,233	23,973	790,618	304,329	-	1,094,947	817,451
Awards, Fellowships and Grants	-	102,624	-	102,624	-	-	102,624	104,150
TOTAL 2023 FUNCTIONAL EXPENSES	\$ 22,992,490	\$ 92,767,056	\$ 5,176,127	\$ 120,935,673	\$ 8,013,304	\$ 5,894,307	\$ 134,843,284	
				90%	6%	4%	100%	
TOTAL 2022 FUNCTIONAL EXPENSES	\$ 25,574,750	\$ 69,497,121	\$ 3,176,651	\$ 98,248,522	\$ 6,944,767	\$ 4,858,671		\$ 110,051,960
				89%	6%	5%		100%

The Accompanying Notes are an Integral Part of These Financial Statements

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

CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2023
With Summarized Totals for the Year Ended December 31, 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (7,210,633)	\$ 1,700,568
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities:		
Depreciation and Amortization	1,175,092	1,439,095
Forgiveness of Paycheck Protection Program Loan	(2,523,312)	-
In-Kind Contribution of Property and Equipment	(1,014,537)	-
Net Realized and Unrealized (Gain) Loss on Investments	(488,543)	248,141
(Increase) Decrease in:		
Contributions and Pledges Receivable	(1,065,328)	(2,326,123)
Prepaid Expenses and Other Assets	477,539	42,810
Right-of-Use Assets	1,181,863	1,030,797
Increase (Decrease) in:		
Accounts Payable	245,460	141,424
Accrued Liabilities	(1,570,290)	467,435
Lease Liabilities	(982,178)	(545,581)
	(11,774,867)	2,198,566
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
	(11,774,867)	2,198,566
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(294,883)	(339,544)
Disposals of Property and Equipment	-	9,000
Purchase of Capitalized Software	(360,226)	(121,913)
Purchase of Investments	(181,313)	(3,781,057)
Interest and Dividends Reinvested	(575,124)	(173,142)
Proceeds on Sale of Investments	4,500,000	3,392,593
	3,088,454	(1,014,063)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
	3,088,454	(1,014,063)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Draws on Line of Credit	2,000,000	-
	2,000,000	-
NET (DECREASE) INCREASE IN CASH AND CASH AND CASH EQUIVALENTS		
	(6,686,413)	1,184,503
Cash and Cash Equivalents - Beginning of Year	10,092,540	8,908,037
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,406,127	\$ 10,092,540
SUPPLEMENTAL SCHEDULE OF NON-CASH OPERATING ACTIVITY:		
Non-Cash Impact of Implementation of Accounting Standards Update No. 2016-02, <i>Leases</i>		
Increase in Right-of-Use Assets	\$ -	\$ 8,475,248
Increase in Lease Liabilities	-	8,606,253
Derecognition of Deferred Rent Liability	-	131,005

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, 2023

NOTE 1 - ORGANIZATION

Team Rubicon, Inc. (Team Rubicon) is a nonprofit disaster response and humanitarian organization founded in 2010. Team Rubicon is a veteran-led humanitarian organization that serves global communities before, during, and after disasters and crises. The organization's vision is to support humanity and build resiliency for vulnerable communities across the world. In just 14 years, Team Rubicon has created a network of 180,000+ local volunteers, called Greyshirts, made up of veterans, first responders, and civilians. Team Rubicon has launched over 1,200 operations in response to disasters and humanitarian crises across the globe. Team Rubicon is positioned to meet the needs of communities impacted by the ever-growing frequency and intensity of climate-driven disasters, ongoing crises abroad, and the humanitarian impacts of the COVID-19 pandemic. Team Rubicon deploys where help is needed, whether it's a single flooded ranch across town or a wildfire-stricken village 10,000 miles away. While the media focuses on the most sensational stories, Team Rubicon turns its attention to our most vulnerable neighbors and our greatest opportunities to rebuild and reinforce communities.

Team Rubicon focuses on three areas of impact: disaster response, rebuild services, and international services.

- **Disaster:** Team Rubicon will continue to respond to all phases of the disaster cycle. As the frequency and intensity of disasters increase, Team Rubicon's services will be more needed than ever.
- **Long Term Recovery:** Team Rubicon is rebuilding disaster-affected communities with more resilient and sustainable techniques so families can weather future storms.
- **International:** As conflict increases around the world, Team Rubicon is investing in its ability to respond internationally. International response capabilities include medical, Water, Sanitation and Hygiene (WASH), and capacity building in the form of skilled training.

Team Rubicon leaves biases at the door. As a humanitarian organization, the organization is fully committed to these values.

- **Humanity:** address human suffering wherever it is found. Humanitarians protect life and health and act with respect for all human beings.
- **Impartiality:** act on need alone. Team Rubicon's service does not discriminate on the basis of nationality, race, gender, religious belief, class, or political opinions.
- **Neutrality:** Team Rubicon does not take sides in conflicts. Humanitarians do not participate in controversies of a political, racial, religious, or ideological nature.
- **Independence:** Its service is independent of any governmental objectives and offered free of political, economic, military, or other influence.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 - ORGANIZATION (continued)

Team Rubicon was the first North American NGO to be verified by the World Health Organization (WHO) as an Emergency Medical Team Type 1 (mobile) unit.

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, 2023

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. The carrying value of cash and cash equivalents at December 31, 2023, approximates its fair value.

Team Rubicon maintains its cash and cash equivalents in bank deposit and other investment accounts which may, at times, exceed federally insured limits. Team Rubicon does not recognize a reserve for expected credit losses related to cash and cash equivalents, as management has concluded there is no risk of non-payment.

(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.

(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, 2023, conditional promises to give totaled \$4,569,167.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) CONTRIBUTIONS AND PLEDGES RECEIVABLE (continued)

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, 2023, 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, 2023, or December 31, 2022.

(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.

(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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) PROPERTY AND EQUIPMENT (continued)

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 the 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) was not imputed, as transactions, where interest rates are prescribed by governmental agencies, are excluded from the scope of the accounting guidance on imputing interest. During the year ended December 31, 2023, the loan was forgiven in full, which is reflected as forgiveness of PPP loan in the amount of \$2,523,312 in the consolidated statement of activities.

(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, 2023

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) Accounting Standards Codification (ASC) Topic 842, *Leases*. Team Rubicon is a lessee in several operating leases for facilities and others. 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 ASC 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, 2023, 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.
AND TEAM RUBICON INTERNATIONAL, LLC**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

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) RECLASSIFICATIONS

For comparability, certain December 31, 2022 amounts have been reclassified where appropriate, to conform to the consolidated financial statement presentation used at December 31, 2023. The reclassifications had no impact on the previously reported change in net assets.

(q) 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, 2022, from which the summarized information was derived.

(r) NEW ACCOUNTING PRONOUNCEMENT

In June 2016, the FASB issued Accounting Standards Update (ASU) 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. Team Rubicon implemented this ASU during the year ending December 31, 2023. The impact of the adoption was not considered material to the consolidated financial statements and primarily resulted in new disclosures only.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

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, 2023, for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through October 31, 2024, 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 Note 6.

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, 2023, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	December 31, 2023	Fair Value Measurements Using		
		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	\$ 20,199,993	\$ 20,199,993	\$ -	\$ -
Equity Funds	1,148	1,148	-	-
TOTAL	\$ 20,201,141	\$ 20,201,141	\$ -	\$ -

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.

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NOTE 4 - CAPITALIZED SOFTWARE AND DOMAIN NAME

Capitalized software consists of the following at December 31, 2023:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Capitalized Software			
Development Costs	\$ 4,725,686	\$ (3,811,214)	\$ 914,472
Domain Name	99,881	(28,620)	71,261
TOTAL	\$ 4,825,567	\$ (3,839,834)	\$ 985,733

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, 2023, was \$665,650. Future amortization expense, excluding the software under development, is as follows:

Years Ending December 31

2024	\$ 665,650
2025	189,550
2026	79,072
2027	6,600
2028	6,600
Thereafter	38,261
TOTAL	\$ 985,733

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2023, consist of the following:

Field Equipment	\$ 3,989,041
Leasehold Improvements	1,227,153
Field Communication Equipment	143,087
Computer Equipment	101,379
Furniture and Office Equipment	57,925
Audiovisual and Media Equipment	56,757
TOTAL	5,575,342
Less: Accumulated Depreciation	(2,394,258)
PROPERTY AND EQUIPMENT (NET)	\$ 3,181,084

Depreciation expense for the year ended December 31, 2023, was \$509,442.

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NOTE 6 - LINE OF CREDIT FACILITY

Team Rubicon has a \$15,000,000 line of credit facility with a bank, secured by Team Rubicon's cash and investments. 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 5.38% at December 31, 2023. At December 31, 2023, the outstanding balance on the line of credit was \$2,000,000. Subsequent to year end, in May 2024, the line of credit was renewed through May 2025 with a facility of \$8,000,000 and an interest rate of SOFR plus 1.40%.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2023:

Time Restrictions	\$ 5,742,000
Response	2,124,602
Resilience	497,998
Long Term Recovery	<u>7,908,870</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 16,273,470</u>

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, 2023:

Time Restrictions	\$ 2,962,500
Response	7,174,473
Resilience	1,413,327
Long Term Recovery	<u>4,287,862</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 15,838,162</u>

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, 2023, amounted to \$625,122.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 9 - IN-KIND CONTRIBUTIONS

For the year ended December 31, 2023, in-kind contributions were used in Team Rubicon's programs and operations as presented in the consolidated statement of functional expenses.

Category	Valuation Methodology	Function	Amount
Branding and Communication	Standard bill rates	Resilience	\$ 75,741,018
Software	Standard industry pricing	Various	8,202,485
Professional Services	Standard bill rates	Resilience; Management and General	869,455
Transportation	Fair value for similar or identical services	Response	1,458,100
Supplies	Fair value for similar or identical goods	Response	937,944
TOTAL IN-KIND CONTRIBUTIONS			\$ 87,209,002

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, 2023, Team Rubicon recognized \$6,262,588 of right-of-use assets and \$7,078,494 of related lease liabilities for contracts that are classified as operating leases. Lease cost was \$1,303,171 for the year ended December 31, 2023.

The weighted-average remaining operating lease term and the weighted-average discount rate were as follows during the year ended December 31, 2023:

Weighted-Average Lease Term	5.47 years
Weighted-Average Discount Rate	1.61%

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December 31, 2023

NOTE 10 - COMMITMENTS AND CONTINGENCIES (continued)

(a) OPERATING LEASES (continued)

Maturities of operating lease liabilities as of December 31, 2023, are as follows:

Years Ending December 31

2024	\$ 1,375,869
2025	1,412,884
2026	1,360,370
2027	1,090,837
2028	1,075,835
Thereafter	<u>1,086,586</u>
Total Lease Payments	7,402,381
Less: Imputed Interest	<u>(323,887)</u>
TOTAL	<u><u>\$ 7,078,494</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, 2023, 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, 2023:	
Cash and Cash Equivalents	\$ 3,406,127
Investments	14,723,849
Contributions and Pledges Receivable	<u>5,742,000</u>
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	<u><u>\$ 23,871,976</u></u>

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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. 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.