

EISNERAMPER

SECURITY COUNCIL REPORT, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022 and 2021



SECURITY COUNCIL REPORT, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Security Council Report, Inc.

Report on the Financial Statements

Opinion

We have audited the financial statements of Security Council Report, Inc. ("SCR"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for each of the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Security Council Report, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SCR and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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

SCR's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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



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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 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 SCR'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 SCR'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.

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
May 8, 2023



SECURITY COUNCIL REPORT, INC.

Statements of Financial Position

	December 31,	
	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 621,299	\$ 1,124,226
Grants receivable, net	1,673,527	1,119,541
Security deposit	166,012	166,012
Prepaid expenses and other assets	95,751	38,696
Right-of-use asset	1,060,719	-
	<u>\$ 3,617,308</u>	<u>\$ 2,448,475</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 168,971	\$ 160,934
Line of credit	15,971	16,522
Deferred rent obligation	-	151,092
Lease liability	1,204,790	-
	<u>1,389,732</u>	<u>328,548</u>
Total liabilities		
Commitment and Other Uncertainty (see Notes E and J)		
Net assets:		
Without donor restrictions (including cumulative foreign currency losses of \$140,226 and \$68,806 in 2022 and 2021, respectively)	<u>455,390</u>	<u>975,771</u>
With donor restrictions:		
Time restricted for future periods	564,629	128,000
Purpose restrictions	<u>1,207,557</u>	<u>1,016,156</u>
Total net assets with donor restrictions	<u>1,772,186</u>	<u>1,144,156</u>
Total net assets	<u>2,227,576</u>	<u>2,119,927</u>
	<u>\$ 3,617,308</u>	<u>\$ 2,448,475</u>

See notes to financial statements.

SECURITY COUNCIL REPORT, INC.

Statements of Activities

	Year Ended December 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restricted	Total	Without Donor Restrictions	With Donor Restricted	Total
Public support:						
Grants and contributions	\$ 681,515	\$ 1,943,723	\$ 2,625,238	\$ 910,155	\$ 1,850,871	\$ 2,761,026
Other income	62,997	-	62,997	8,972	-	8,972
Total public support before release of restrictions	744,512	1,943,723	2,688,235	919,127	1,850,871	2,769,998
Net assets released from restrictions	1,315,693	(1,315,693)	-	1,185,615	(1,185,615)	-
Total public support	2,060,205	628,030	2,688,235	2,104,742	665,256	2,769,998
Expenses:						
Program services	2,037,203	-	2,037,203	2,018,595	-	2,018,595
Supporting services:						
Management and general	274,683	-	274,683	427,885	-	427,885
Fund-raising	197,280	-	197,280	223,928	-	223,928
Total supporting services	471,963	-	471,963	651,813	-	651,813
Total expenses	2,509,166	-	2,509,166	2,670,408	-	2,670,408
Change in net assets before gain on forgiveness of debt and foreign currency translation losses	(448,961)	628,030	179,069	(565,666)	665,256	99,590
Gain on forgiveness of debt	-	-	-	267,300	-	267,300
Foreign currency translation losses	(71,420)	-	(71,420)	(4,219)	-	(4,219)
Change in net assets	(520,381)	628,030	107,649	(302,585)	665,256	362,671
Net assets, beginning of year	975,771	1,144,156	2,119,927	1,278,356	478,900	1,757,256
Net assets, end of year	\$ 455,390	\$ 1,772,186	\$ 2,227,576	\$ 975,771	\$ 1,144,156	\$ 2,119,927

See notes to financial statements.

SECURITY COUNCIL REPORT, INC.

Statements of Functional Expenses

	Year Ended December 31,							
	2022				2021			
	Program Services	Supporting Services			Program Services	Supporting Services		
	Informational Product Services	Management and General	Fund-raising	Total	Informational Product Services	Management and General	Fund-raising	Total
Salaries and benefits	\$ 1,532,906	\$ 183,566	\$ 158,694	\$ 1,875,166	\$ 1,489,123	\$ 272,814	\$ 194,526	\$ 1,956,463
Occupancy	304,779	33,451	33,451	371,681	302,703	46,713	24,291	373,707
Publications	57,573	-	-	57,573	80,759	-	-	80,759
Insurance	11,678	1,337	1,209	14,224	10,715	1,654	860	13,229
Professional fees	63,188	41,203	-	104,391	77,036	80,234	-	157,270
Telephone	9,428	1,080	976	11,484	9,848	1,520	790	12,158
Office expenses	4,224	344	344	4,912	12,120	1,568	815	14,503
Information technology	25,168	2,882	2,606	30,656	32,968	5,088	2,646	40,702
Travel	22,933	25	-	22,958	51	69	-	120
Meetings and conference	5,326	-	-	5,326	2,272	-	-	2,272
Other	-	3,795	-	3,795	1,000	18,225	-	19,225
Bad debt	-	7,000	-	7,000	-	-	-	-
	<u>\$ 2,037,203</u>	<u>\$ 274,683</u>	<u>\$ 197,280</u>	<u>\$ 2,509,166</u>	<u>\$ 2,018,595</u>	<u>\$ 427,885</u>	<u>\$ 223,928</u>	<u>\$ 2,670,408</u>

See notes to financial statements.

SECURITY COUNCIL REPORT, INC.

Statements of Cash Flows

	Year Ended December 31,	
	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 107,649	\$ 362,671
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Gain on forgiveness of debt	-	(267,300)
Noncash lease amortization	333,739	-
Bad debt expense	7,000	-
Changes in:		
Grants receivable, net	(560,986)	(640,641)
Prepaid expense and other assets	(57,055)	5,573
Accounts payable and accrued expenses	8,037	(9,325)
Deferred rent obligation	-	1,754
Lease liability	(340,760)	-
	<u>(502,376)</u>	<u>(547,268)</u>
Net cash used in operating activities		
	<u>(502,376)</u>	<u>(547,268)</u>
Cash flows from financing activities:		
Proceeds under line-of-credit agreement	88,403	75,224
Principal payments under line-of-credit agreement	(88,954)	(72,165)
	<u>(551)</u>	<u>3,059</u>
Net cash (used in) provided by financing activities		
	<u>(551)</u>	<u>3,059</u>
Net decrease in cash and cash equivalents	(502,927)	(544,209)
Cash and cash equivalents, beginning of year	1,124,226	1,668,435
	<u>1,124,226</u>	<u>1,668,435</u>
Cash and cash equivalents, end of year	\$ 621,299	\$ 1,124,226
	<u>\$ 621,299</u>	<u>\$ 1,124,226</u>
Supplemental cash flow information:		
Noncash lease liability arising from obtaining right-of-use asset	\$ 1,545,550	\$ -
	<u>\$ 1,545,550</u>	<u>\$ -</u>

See notes to financial statements.

SECURITY COUNCIL REPORT, INC.

Notes to Financial Statements December 31, 2022 and 2021

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Organization:

Security Council Report, Inc. ("SCR"), a not-for-profit organization incorporated in New York, was established in 2004 to provide timely, accurate and objective information and analysis on the activities of the United Nations Security Council (the "Security Council"). This information and analysis is provided for the benefit of member states of the United Nations, particularly the ten elected members of the Security Council, but also the wider United Nations membership, the United Nations Secretariat and the public.

SCR is incorporated as a not-for-profit corporation and exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code") and from state and local taxes under comparable laws.

[2] Basis of accounting:

The financial statements of SCR have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

[3] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

[4] Cash and cash equivalents:

For financial-reporting purposes, SCR considers all highly liquid investments, with maturities of three months or less, to be cash equivalents.

[5] Property and equipment:

Property and equipment are stated at their original costs at the dates of acquisition, or, if contributed, at their appropriate fair values at the dates of donation. SCR capitalizes items of property and equipment that have a cost of \$5,000 or more and a useful life greater than one year, of which there are none as of December 31, 2022 and 2021.

[6] Accrued vacation:

SCR's employees are entitled to be paid for unused vacation time if they leave SCR. Accordingly, at each year-end, SCR must recognize a liability for the amount that would be incurred if employees with such unused vacation were to leave. The accrued vacation obligation for 2022 and 2021 was approximately \$132,000 and \$127,000, respectively, and is included in accounts payable and accrued expenses in the accompanying statements of financial position.

SECURITY COUNCIL REPORT, INC.

Notes to Financial Statements December 31, 2022 and 2021

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[7] Leases:

SCR determines if an arrangement is a lease at inception. For SCR's operating lease, a right-of-use ("ROU") asset represents SCR's right to use an underlying asset for the lease term and an operating lease liability represents an obligation to make lease payments arising from the lease. The ROU asset and lease liability are recognized at the lease commencement date based on the present value of lease payments over the lease term. Since SCR's lease agreements do not provide an implicit interest rate, SCR uses a risk-free rate based on the information available at the commencement date in determining the present value of the lease payments. Operating lease expense is recognized on a straight-line basis over the lease term, subject to any changes in the lease or expectations regarding the terms. Variable lease costs, such as operating costs, are expensed as incurred.

[8] Net assets:

SCR's net assets and changes therein are classified and reported as follows:

(i) *Net assets without donor restrictions:*

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

(ii) *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 as net assets without donor restrictions and are reported in the accompanying statements of activities as "net assets released from restrictions."

[9] Revenue recognition:

The operations of SCR are financed principally by foundation grants and contributions received from foreign governments. Grants and contributions are recognized as revenue upon the receipt of either cash or other assets, or unconditional pledges. Grants and contributions are reported as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use. Conditional grants and contributions are recorded when the conditions have been met, and, if received in advance, are recognized in the statement of financial position as funds received in advance. Grants and contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

During 2022, SCR received grants from various donors including; \$80,295 from Ireland, \$176,000 from Denmark, \$247,000 from the Netherlands, and \$257,094 from Switzerland. During 2021, SCR received grants from various donors including; \$92,534 from Ireland, \$1,183,350 from Norway, \$148,719 from Denmark and \$236,975 from Switzerland. All funds were disbursed and spent per the respective grant agreement guidelines. These grants are included in the accompanying statements of activities as "grants and contributions."

SECURITY COUNCIL REPORT, INC.

Notes to Financial Statements December 31, 2022 and 2021

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[10] Functional allocation of expenses:

The costs of providing SCR's programs and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by natural classification and function. Accordingly, certain costs that are directly attributable to a specific functional area of SCR are reported as an expense to the appropriate program or supporting service. Natural expenses attributable to more than one functional expense category have been allocated among the programs and supporting services based on the time and effort spent by employees and the nature of the expense. The expenses that are allocated include occupancy, publications, professional fees, information technology and meetings and conferences.

[11] Income taxes:

SCR is subject to the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") ASC Topic 740, *Income Taxes*, relating to accounting and reporting for uncertainty in income taxes. Because of SCR's general tax-exempt status, management believes ASC Topic 740 has not had, and is not expected to have, a material impact on SCR's financial statements.

[12] Foreign currency translation:

The gains or losses on foreign currency translations are the inherent result of the process of translating into U.S. dollars, for financial-reporting purposes, those foreign grants and contributions that SCR receives as stated in their respective functional currencies. Such annual translation adjustments are not included in determining the net change in assets from operations, but they are instead disclosed as a separate component in the accompanying statements of activities. Likewise, the cumulative translation gains or losses continue to be reported as an element of net assets without donor restrictions in the accompanying statements of financial position.

[13] Adoption accounting pronouncement:

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases*, to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than twelve months on the consolidated statements of financial position. This accounting update also requires additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. SCR elected to adopt ASU 2016-02 as of January 1, 2022 on a prospective basis.

SCR has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, SCR accounted for its existing operating lease as an operating lease under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether classification of the operating leases would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments (as of December 31, 2021) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

The new lease standard also provides practical expedients for an entity's ongoing accounting. SCR elected the short-term lease recognition exemption, under which SCR will not recognize ROU or lease liabilities on new or existing short-term leases. Short-term leases are defined as those with a term of twelve months or less. SCR also elected the practical expedient to not separate lease and non-lease components for certain classes of assets.

SECURITY COUNCIL REPORT, INC.

Notes to Financial Statements December 31, 2022 and 2021

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[13] Adoption accounting pronouncement: (continued)

As a result of the adoption of the new lease accounting guidance, SCR recognized on January 1, 2022 (a) a lease liability of \$1,545,550, which represented the present value of the remaining lease payments of \$1,591,552 discounted using a risk-free rate of 1.37%, and (b) ROU assets of approximately \$1,394,458. This standard did not have a material impact on SCR's statement of financial position or cash flows from operations and had no impact on SCR's statements of activities and changes in net assets. The most significant impact was the recognition of a ROU asset and lease obligation for an operating lease for fiscal-year 2022.

[14] Subsequent events:

SCR evaluates subsequent events through May 8, 2023, the date at which the financial statements were available to be issued.

NOTE B - GRANTS RECEIVABLE

At each year-end, grants receivable consisted of the following:

	December 31,	
	2022	2021
Due in less than one year	\$ 953,187	\$ 746,906
Due in one to five years	826,000	397,250
	1,779,187	1,144,156
Less: allowance for doubtful collection	(7,000)	-
Less: discount to present value, at a rate of 4.85% and 3.25% in 2021 and 2022, respectively	(98,660)	(24,615)
	\$ 1,673,527	\$ 1,119,541

During 2022 and 2021, approximately 91% and 90%, respectively, of SCR's total gross grants receivable were due from three grantors.

SECURITY COUNCIL REPORT, INC.

Notes to Financial Statements December 31, 2022 and 2021

NOTE C - NET ASSETS WITH DONOR RESTRICTIONS

At each year-end, net assets with donor restrictions consisted of the following:

	December 31,	
	2022	2021
Restricted for future periods	<u>\$ 564,629</u>	<u>\$ 128,000</u>
Restricted for the following purpose:		
Capacity Building Program	100,194	166,890
What's in Blue	153,811	341,635
Technical Assistance Program	29,662	54,766
Monthly Forecast	<u>923,890</u>	<u>452,865</u>
	<u>1,207,557</u>	<u>1,016,156</u>
	<u>\$ 1,772,186</u>	<u>\$ 1,144,156</u>

During each year, net assets with donor restrictions were associated with the following:

	December 31,	
	2022	2021
Time restrictions satisfied	<u>\$ 479,000</u>	<u>\$ 272,228</u>
Purpose restrictions satisfied:		
Capacity Building Program	198,446	73,865
What's in Blue	187,824	293,934
Technical Assistance Program	25,447	75,132
Outreach	-	84,486
Monthly Forecast	<u>424,976</u>	<u>385,970</u>
	<u>836,693</u>	<u>913,387</u>
	<u>\$ 1,315,693</u>	<u>\$ 1,185,615</u>

NOTE D - RELATED-PARTY TRANSACTIONS

Three members of SCR Board of Directors, in both 2022 and 2021, were also stewards of private foundations and/or foreign governments that are principal contributors of resources to SCR; the total amount contributed by these related parties was approximately \$495,000 and \$419,000 for 2022 and 2021, respectively. Total contributions from these related parties represented 19% and 15% of total contribution revenues for 2022 and 2021, respectively.

SECURITY COUNCIL REPORT, INC.

Notes to Financial Statements December 31, 2022 and 2021

NOTE E - COMMITMENT

Information relating to the "lease costs," which include all costs during the period associated with an operating lease as well as the costs related to variable lease components:

	December 31,	
	2022	2021
Operating lease costs	\$ 352,766	\$ 352,766
Variable lease costs	18,915	20,941
Total lease cost	\$ 371,681	\$ 373,707

SCR's operating lease agreement for office space expires in January 2026. At December 31, 2022 and 2021, the future minimum lease payments under the non-cancellable lease agreement are as follows:

Year Ending December 31,	Amount
2023	\$ 375,586
2024	405,386
2025	415,521
2026	35,272
Total minimum lease payments	1,231,765
Less: amount representing interest	(26,975)
Amount reported on statements of financial position	<u>1,204,790</u>

The table below presents additional information related to SCR's lease for 2022:

Weighted average remaining lease term:	
Operating lease	37 months
Weighted average discount rate:	
Operating lease	1.37%

Rental expense under operating leases for 2022 and 2021 amounted to \$371,681 and \$373,707, respectively.

SCR's lease security deposit is held by the lessor.

SECURITY COUNCIL REPORT, INC.

Notes to Financial Statements December 31, 2022 and 2021

NOTE F - PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

On May 3, 2020, SCR received \$267,300 in funds from the Paycheck Protection Program (the "PPP") and is reported as a PPP loan payable in the statement of financial position at December 31, 2020. The loan would have matured on May 3, 2022, and bore interest at a rate of 1%. This loan would be forgiven subject to bank approval in accordance with SBA guidelines. In accordance with SBA guidelines, required monthly principal and interest payments would have begun no earlier than the end of the covered period of October 2020. SCR received full forgiveness of the PPP loan in August 2021. Accordingly, SCR reported a gain on forgiveness of PPP loan in 2021.

NOTE G - LINE OF CREDIT

SCR has a business line of credit agreement in the amount of \$35,000 with a bank and is secured by the general assets of SCR. Interest on the line is payable at a variable rate subject to the market rate and the prime rate, which at December 31, 2022 was equivalent to 24.99%. At December 31, 2022 and 2021, the outstanding balances were approximately \$16,000 and \$17,000, respectively.

NOTE H - RISK CONSIDERATIONS

Financial instruments that potentially subject SCR to concentrations of credit risk consist principally of cash and cash-equivalent accounts deposited in high-credit-quality financial institutions, the balances of which, from time to time, may exceed federal insurance limits. However, based on the current Federal Deposit Insurance Coverage, management monitors the risk associated with concentrations on an ongoing basis and believes that SCR does not face a significant risk of loss on these accounts that might result from the failures of the financial institutions.

In addition, as a percentage of its total public support in 2022 and 2021, SCR received 98% and 95%, respectively, from nine and eleven grantors, respectively.

NOTE I - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects SCR's financial assets available for general use within one year of the statements of financial position date:

	December 31,	
	2022	2021
Cash and cash equivalents	\$ 621,299	\$ 1,124,226
Grants receivable, net	1,673,527	1,119,541
Total financial assets available within one year	<u>2,294,826</u>	<u>2,243,767</u>
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose and time restrictions	<u>(1,772,186)</u>	<u>(1,144,156)</u>
Total financial assets available to meet cash general expenditures within one year	<u>\$ 522,640</u>	<u>\$ 1,099,611</u>

SECURITY COUNCIL REPORT, INC.

Notes to Financial Statements December 31, 2022 and 2021

NOTE I - LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

Liquidity policy:

SCR has a policy to structure its financial assets to maintain a sufficient level of operating cash to be available as its general expenditures, liabilities and other obligations come due as part of SCR's liquidity management. Additionally, SCR has access to a \$35,000 bank line of credit, as discussed in Note G, which is available for short-term liquidity needs.

NOTE J - OTHER UNCERTAINTY

The extent of the impact of global events and conflicts on SCR's operations and services will depend on continuing developments, including the availability of funding, all of which are highly uncertain and cannot be predicted. If SCR's funding is impacted for an extended period, SCR's operations may be materially adversely affected.