



**RAZOM, INC. AND AFFILIATE**

**COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**RAZOM INC. AND AFFILIATE**

Contents  
December 31, 2023 and 2022

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	<u>Pages</u>
<b>Independent Auditor's Report</b> .....	1 - 1A
<b>Combined Financial Statements:</b>	
Combined Statements of Financial Position .....	2
Combined Statements of Activities and Changes in Net Assets .....	3
Combined Statements of Cash Flows .....	4
Combined Statements of Functional Expenses .....	5
Notes to Combined Financial Statements .....	6 - 18

## Independent Auditor's Report

To the Board of Directors of  
Razom, Inc. and Affiliate:

### **Opinion**

We have audited the combined financial statements of Razom, Inc. (a New Jersey nonprofit corporation) and Razom Dlia Ukrayiny (a Ukrainian nonprofit, the Affiliate) (collectively, the Organization), which comprise the combined statements of financial position as of December 31, 2023 and 2022, and the related combined statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of Razom, Inc. and Affiliate as of December 31, 2023 and 2022, and the changes in their net assets and their cash flows for 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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**

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the combined 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 combined financial statements.

## Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 combined 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 combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

*AAFCPA, Inc.*

Westborough, Massachusetts  
August 23, 2024

**RAZOM, INC. AND AFFILIATE**

 Combined Statements of Financial Position  
 December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Assets</b>						
Current Assets:						
Cash and cash equivalents	\$ 16,811,796	\$ 47,089	\$ 16,858,885	\$ 21,556,926	\$ 389,265	\$ 21,946,191
Pledges receivable	-	-	-	23,686	665,075	688,761
Funds held for others	65,065	-	65,065	173,797	-	173,797
Inventory	2,553,515	-	2,553,515	812,580	-	812,580
Certificates of deposit	4,231,292	-	4,231,292	106,410	-	106,410
Prepaid expenses	532,680	-	532,680	35,381	-	35,381
Total current assets	24,194,348	47,089	24,241,437	22,708,780	1,054,340	23,763,120
Investments	3,467,948	-	3,467,948	3,531,410	-	3,531,410
Property and Equipment, net	48,556	-	48,556	64,453	-	64,453
Crypto Currency	200,092	-	200,092	95,756	-	95,756
Total assets	<u>\$ 27,910,944</u>	<u>\$ 47,089</u>	<u>\$ 27,958,033</u>	<u>\$ 26,400,399</u>	<u>\$ 1,054,340</u>	<u>\$ 27,454,739</u>
<b>Liabilities and Net Assets</b>						
Current Liabilities:						
Accounts payable	\$ 103,683	\$ -	\$ 103,683	\$ 25,122	\$ -	\$ 25,122
Accrued expenses	119,910	-	119,910	181,230	-	181,230
Deferred revenue	67,662	-	67,662	-	-	-
Funds held for others	65,065	-	65,065	173,797	-	173,797
Total current liabilities	356,320	-	356,320	380,149	-	380,149
Net Assets:						
Without donor restrictions:						
Operating	20,258,586	-	20,258,586	18,650,928	-	18,650,928
Property and equipment	48,556	-	48,556	64,453	-	64,453
Board designated	7,304,869	-	7,304,869	7,304,869	-	7,304,869
Total without donor restrictions	27,612,011	-	27,612,011	26,020,250	-	26,020,250
With donor restrictions	-	47,089	47,089	-	1,054,340	1,054,340
Cumulative adjustment for foreign currency translation	(57,387)	-	(57,387)	-	-	-
Total net assets	27,554,624	47,089	27,601,713	26,020,250	1,054,340	27,074,590
Total liabilities and net assets	<u>\$ 27,910,944</u>	<u>\$ 47,089</u>	<u>\$ 27,958,033</u>	<u>\$ 26,400,399</u>	<u>\$ 1,054,340</u>	<u>\$ 27,454,739</u>

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

**RAZOM, INC. AND AFFILIATE**

Combined Statements of Activities and Changes in Net Assets  
For the Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Support and Revenue:</b>						
Donated goods and services	\$ 59,351,988	\$ -	\$ 59,351,988	\$ 10,646,618	\$ -	\$ 10,646,618
Grants and contributions	18,335,797	15,000	18,350,797	76,013,744	1,054,340	77,068,084
Special events	149,603	-	149,603	327,118	-	327,118
Net assets released from time restrictions	25,000	(25,000)	-	-	-	-
Net assets released from purpose restrictions	997,251	(997,251)	-	-	-	-
Total operating support and revenue	<u>78,859,639</u>	<u>(1,007,251)</u>	<u>77,852,388</u>	<u>86,987,480</u>	<u>1,054,340</u>	<u>88,041,820</u>
<b>Operating Expenses:</b>						
Program services	73,743,349	-	73,743,349	59,359,346	-	59,359,346
General and administrative	2,999,118	-	2,999,118	1,615,968	-	1,615,968
Fundraising	407,352	-	407,352	163,547	-	163,547
Total operating expenses	<u>77,149,819</u>	<u>-</u>	<u>77,149,819</u>	<u>61,138,861</u>	<u>-</u>	<u>61,138,861</u>
Changes in net assets from operations	<u>1,709,820</u>	<u>(1,007,251)</u>	<u>702,569</u>	<u>25,848,619</u>	<u>1,054,340</u>	<u>26,902,959</u>
<b>Non-Operating Revenue (Expenses):</b>						
Unrealized gains - crypto currency	104,336	-	104,336	-	-	-
Currency translation loss	(57,387)	-	(57,387)	-	-	-
Investment loss, net	(222,395)	-	(222,395)	(109,112)	-	(109,112)
Impairment loss on crypto currency	-	-	-	(128,831)	-	(128,831)
Total non-operating revenue (expenses)	<u>(175,446)</u>	<u>-</u>	<u>(175,446)</u>	<u>(237,943)</u>	<u>-</u>	<u>(237,943)</u>
Changes in net assets	1,534,374	(1,007,251)	527,123	25,610,676	1,054,340	26,665,016
<b>Net Assets:</b>						
Beginning of year	<u>26,020,250</u>	<u>1,054,340</u>	<u>27,074,590</u>	<u>409,574</u>	<u>-</u>	<u>409,574</u>
End of year	<u>\$ 27,554,624</u>	<u>\$ 47,089</u>	<u>\$ 27,601,713</u>	<u>\$ 26,020,250</u>	<u>\$ 1,054,340</u>	<u>\$ 27,074,590</u>

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

**RAZOM, INC. AND AFFILIATE**Combined Statements of Cash Flows  
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ 527,123	\$ 26,665,016
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	54,675	14,494
Impairment loss on crypto currency	-	128,831
Unrealized gains - crypto currency	(104,336)	-
Net realized and unrealized losses on investments	504,699	161,982
Donated intangible assets	-	(224,587)
Donated investments	(422,440)	(3,693,392)
Changes in operating assets and liabilities:		
Pledges receivable	688,761	(688,761)
Inventory	(1,740,935)	(812,580)
Prepaid expenses	(497,299)	(35,381)
Accounts payable	78,561	25,122
Accrued expenses	(61,320)	181,176
Deferred revenue	67,662	(3,580)
	<u>(904,849)</u>	<u>21,718,340</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of certificates of deposit	(4,124,882)	(106,410)
Reinvestment of interest and dividends	(18,797)	-
Acquisition of property and equipment	(38,778)	(78,947)
	<u>(4,182,457)</u>	<u>(185,357)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(5,087,306)	21,532,983
<b>Cash and Cash Equivalents:</b>		
Beginning of year	<u>21,946,191</u>	<u>413,208</u>
End of year	<u>\$ 16,858,885</u>	<u>\$ 21,946,191</u>

**RAZOM, INC. AND AFFILIATE**

 Combined Statements of Functional Expenses  
 For the Years Ended December 31, 2023 and 2022

	2023					2022				
	Supporting Services				Total	Supporting Services				Total
	Program Services	General and Administrative	Fund-raising	Total Supporting Services		Program Services	General and Administrative	Fund-raising	Total Supporting Services	
Donated goods and services	\$ 58,449,945	\$ 854,843	\$ 47,200	\$ 902,043	\$ 59,351,988	\$ 9,832,687	\$ 752,881	\$ 61,050	\$ 813,931	\$ 10,646,618
Program aid	7,166,398	1,538	-	1,538	7,167,936	40,462,536	5,817	-	5,817	40,468,353
Grants	2,923,803	351,579	-	351,579	3,275,382	5,559,373	106,200	500	106,700	5,666,073
Personnel and related	1,262,256	735,791	209,879	945,670	2,207,926	13,138	-	-	-	13,138
Professional fees	1,508,640	503,201	-	503,201	2,011,841	813,881	164,572	-	164,572	978,453
Program events	723,331	30,002	-	30,002	753,333	244,692	40,989	-	40,989	285,681
Shipping and logistics	602,488	944	-	944	603,432	1,773,770	-	-	-	1,773,770
Advertising and marketing	466,644	37,300	76,105	113,405	580,049	47,504	43,039	628	43,667	91,171
Travel	367,385	54,725	13,833	68,558	435,943	332,521	3,900	8,644	12,544	345,065
Occupancy	150,425	62,278	-	62,278	212,703	55,653	5,720	-	5,720	61,373
Office expenses	81,154	76,980	19,235	96,215	177,369	44,899	74,555	22,235	96,790	141,689
Bank fees	6,216	151,476	1,320	152,796	159,012	159,405	369,889	5,142	375,031	534,436
Information technology	34,664	82,072	1,322	83,394	118,058	1,366	41,776	-	41,776	43,142
Depreciation	-	54,675	-	54,675	54,675	14,494	-	-	-	14,494
Special events	-	-	38,458	38,458	38,458	-	-	65,348	65,348	65,348
Miscellaneous expenses	-	1,714	-	1,714	1,714	3,427	6,630	-	6,630	10,057
<b>Total expenses</b>	<b>\$ 73,743,349</b>	<b>\$ 2,999,118</b>	<b>\$ 407,352</b>	<b>\$ 3,406,470</b>	<b>\$ 77,149,819</b>	<b>\$ 59,359,346</b>	<b>\$ 1,615,968</b>	<b>\$ 163,547</b>	<b>\$ 1,779,515</b>	<b>\$ 61,138,861</b>

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



## RAZOM INC. AND AFFILIATE

Notes to Combined Financial Statements  
December 31, 2023 and 2022

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### 1. OPERATIONS AND NONPROFIT STATUS

#### Operations

Razom, Inc. (Razom US), which means “together” in Ukrainian, was formed in 2014 to support human rights and democracy in Ukraine through programs in humanitarian aid, education, culture, and civic society. Razom maintains a relentless focus on the needs on the ground in Ukraine and on the opportunities to amplify voices from Ukraine in conversations in the United States.

Razom Dlia Ukrayiny (Razom For Ukraine), a Ukrainian nonprofit organization, was formed in 2016 for the purpose of assisting Razom US in meeting the needs of Ukrainian’s citizens by conducting charitable activities within Ukraine. Razom US and Razom For Ukraine are related through common control and management, and are collectively referred to as the Organization (or Razom) throughout these combined financial statements.

In February 2022, the Organization responded immediately to the full-scale invasion of Ukraine with large-scale efforts to provide disaster relief. Hundreds of thousands of people donated to Razom because of its track record, its deep roots in Ukraine, and its ability to determine need and match it with relief. Over the last two years, Razom has raised \$139+ million, deployed \$116+ million and has a permanent presence in the U.S. and in Ukraine. As December 31, 2023, Razom had more than 220,000 donors and subscribers and some 100,000 social media followers.

In 2023, Razom transformed itself from a volunteer organization with 501(c)(3) status to a professional non-profit with a Board of Directors that delivers complex programs and assistance in Ukraine while abiding by all U.S. laws. Organizational oversight is managed by a fiduciary governing board along with an executive team that includes CEO, CFO, COO, VP of Development, Executive Director Ukraine and Operations Director Ukraine.

The Organization delivers on its mission through five program areas:

- Razom Heroes is delivering life-saving aid to first responders and frontline medics.
- Razom Health is strengthening a modern healthcare system to serve Ukrainians now and after victory.
- Razom Relief is supporting Ukrainian grassroots NGOs that supply aid to vulnerable communities.
- Razom Advocacy is advancing legislation and policy for Ukrainian victory.
- Razom Connect is celebrating and promoting the vibrancy of Ukrainian voices through education, volunteering, and the arts.

Key achievements of Razom’s programs include:

**Razom Heroes** - providing lifesaving support to those doing the valiant work of safeguarding lives. We are focused on delivering medical supplies, disaster relief supplies like radios and generators, and vehicles equipped for medical evacuations. Working with on-the-ground partners, Razom Heroes enables comprehensive medic training based on international best practices. This is supported by best-in-class first-aid equipment. In 2023, Razom provided 40,000 fully-equipped IFAKS (Individual First Aid Kits) and 1,250 Medic Backpacks, as well as tens of thousands in resupplies of tourniquets, gauze, chest seals, and related gear. With the support of the grant from the US Embassy in Ukraine, Razom For Ukraine was able to provide Basic Life Support, CPR and wound treatment training to over 2,000 people in Ukraine, including educators, medical students and community leaders.

## RAZOM INC. AND AFFILIATE

Notes to Combined Financial Statements  
December 31, 2023 and 2022

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### 1. OPERATIONS AND NONPROFIT STATUS (Continued)

#### Operations (Continued)

**Razom Health** - supporting Ukraine's healthcare with the equipment, supplies and necessary skills training to serve Ukrainians now and after victory. The Organization delivered patient centered surgical, mental health and psychological support (MHPSS) care, distributed critical medical supplies and supported medical education and training initiatives with an emphasis of delivering favorable patient outcomes. During this time, 308 medical institutions primarily in the cities of Kharkiv, Dnipro, Mykolaiv, Ivano-Frankivsk and Lviv, received much needed medical supplies. In addition, over 110 essential heaters and generators, the lifeline of any medical facility in facing harsh weather and the rigors of war, were dispatched and installed across 25 Ukrainian hospitals. Under the Razom Health POCUS (Point of Care Ultrasound) initiative, the Organization procured 400 Butterfly devices and tablets and trained healthcare professionals in the use of these devices which are critical for the rapid identification of conditions such as internal hemorrhage, pneumothorax and pericardial effusion, and delivering essential care outside of traditional medical facilities.

Under the Razom Z Toboyu (Razom with You) program, the Organization operated six mental health centers in Ukraine, which delivered free therapy in 9,738 individual and 700 group sessions to populations such as women, children, internally displaced people (IDPs) and those individuals who suffered the loss of loved ones during the war.

The Co-Pilot project which addresses the need for high quality neurosurgical, orthopedic and facial reconstructive training and care in Ukraine, led 14 medical trips, facilitated 7 observerships and deployed 112 international medical care providers to deliver surgeries, treatments and training that are otherwise unavailable in Ukraine, in close cooperation with Ukrainian medical institutions.

**Razom Relief** - helping civilians rebuild and continue to strengthen civil society by investing in trusted, vetted grass-roots non-governmental organizations in Ukraine that supply aid to vulnerable communities. The Organization awarded approximately \$3.1 million in grants to a network of 85 organizations in Ukraine that help local communities. These organizations delivered aid to over 150,000 people in 189 towns and villages in liberated and frontline areas. The focus of Razom Relief is also to support Ukrainian children at the time of war by providing access to children's centers, summer camps, psychological services. Razom Toy Drive initiative focused on children of fallen and injured defenders, delivered birthday presents to 1,000 children and prepared 720 kids for the school year by providing schools supplies, and delivered 1,000 presents for St. Nicholas holiday. Through Razom Ticket, the Organization assisted the Ukrainian team representing its country at the international Olympiad in Greece and in Moot Courts in Austria, the US and Switzerland. In Ukraine, Razom supported math and science camps for gifted students, provided assistance with equipment and tuition, engaging nearly 400 participants in various Razom organized events throughout the year.

**Razom Advocacy** - working to advocate for Ukrainian victory along two lines of effort. The Organization's Government Affairs team works within Congress, the Executive Branch and other halls of power to advance policy to strengthen Ukraine, ensure its victory, and bring pro-Ukrainian voices to the forefront of the policy discussion. Razom's Public Engagement team mobilizes constituents and grassroots organizations across the U.S., connecting through social media and the press to marshal support for pro-Ukraine policy and legislation. Razom Advocacy received a grant supporting a six-month project titled Championing Freedom. Its purpose was to understand what motivates Americans to support pro-democracy causes and favor government support for the fight for freedom outside the U.S., like in Ukraine. As a founding member of the American Coalition for Ukraine, Razom helped organize two Ukraine Action Summits in Washington, D.C. during the year. Both events in April and October 2023 drew from 300 to more than 450 people from around the country to the U.S. Capitol, to meet with their representatives in Congress.

## RAZOM INC. AND AFFILIATE

Notes to Combined Financial Statements  
December 31, 2023 and 2022

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### 1. OPERATIONS AND NONPROFIT STATUS (Continued)

#### Operations (Continued)

**Razom Advocacy** (Continued) - During a trip to Ukraine in June 2023, the Advocacy team met with representatives of UCCRO, an ecumenical organization whose members collectively represent 95% of Ukraine's faithful. From this meeting came a formal invitation from Razom to bring UCCRO representatives to the U.S. to engage with political, religious, and media stakeholders in pursuit of improved dialogue between the nations' religious communities.

**Razom Connect** is a cohort of initiatives like Razom Culture, Razom Cinema, Razom Literature, Ukraine on Campus and more, providing platforms for that which Ukraine has to offer to the world. As part of Connect programming, the Organization launched an inaugural Ukrainian Cultural Festival in New York City, showcasing Ukrainian literature, music and cinema. The festival was dedicated to the memory of renowned Ukrainian writer Victoria Amelina, who tragically lost her life in June 2023 when Kramatorsk was attacked. Throughout the festival, organizers raised funds for Amelina's beloved New York Literary Festival based in Donetsk, Ukraine. As part of Cinema, Razom provided \$40,000 travel grants to various production teams to come to the U.S. to amplify Ukrainian movies at Sundance, Tribeca, Human Rights Watch Film Festival, and Cleveland International Film Festival. In addition, Razom helped support U.S. theatrical releases of a number of films, including the Oscar-winning documentary 20 Days in Mariupol. Razom piloted the Ukraine on Campus initiative in 2023, which has a database of 50+ Ukrainian student groups across U.S. university campuses. It is focused on connecting students interested in championing Ukraine and mobilizing the resources they need to activate their campuses in support of a Ukrainian victory.

The Organization's administrative and fundraising costs, during 2023, were approximately \$3.4 million (including \$855,000 in pro-bono professional services), respectively, comprising 4% of total expenses. In 2023, the Organization began transitioning from fully volunteer-led, to a professionally run organization, finishing the year with 26 employees in the US, and over 50 team members (primarily contractors) in Ukraine.

In 2023, the Organization continued to deploy the majority of its assets and funding toward emergency relief efforts, while cementing its reputation as a leading non-profit organization focused on supporting Ukraine.

#### Nonprofit Status

Razom US is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). Razom US is also exempt from state income taxes. Donors may deduct contributions made to Razom US within IRC requirements.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The Organization's combined financial statements have been prepared in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

#### Principles of Combination

The combined financial statements include the accounts of Razom US and Razom For Ukraine. All significant intercompany transactions and balances have been eliminated. Razom For Ukraine prepares separate financial statements, which are combined with the Organization's financial statements. Razom For Ukraine's financial statements include total net assets in U.S. dollars of \$5,215,258 and \$1,009,585 as of December 31, 2023 and 2022, respectively.

## RAZOM INC. AND AFFILIATE

Notes to Combined Financial Statements  
December 31, 2023 and 2022

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Recently Adopted Accounting Pronouncement

##### *ASU 2023-08, Intangibles – Goodwill and Other – Crypto Assets (Subtopic 350-60)*

In December 2023, the FASB issued Accounting Standards Update (ASU) 2023-08, *Intangibles – Goodwill and Other – Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets*. The amendments in ASU 2023-08 require that an entity measure crypto assets at fair value in the combined statement of financial position each reporting period and recognize changes from remeasurement in net income. The amendments also require that an entity provide enhanced disclosures to financial statement users with relevant information to analyze and assess the exposure and risk of significant individual crypto asset holdings. In addition, fair value measurement aligns the accounting required for holders of crypto assets with the accounting for entities that are subject to certain industry-specific guidance (such as investment companies) and eliminates the requirement to test those assets for impairment.

The Organization early adopted Subtopic 350-60, as permitted by the standard, as of the beginning of its calendar year, January 1, 2023. The cumulative-effect adjustment, which arose from the difference between the carrying amount of crypto assets as of December 31, 2022, and their fair value as of January 1, 2023, the effective date of adoption Subtopic 350-60, was immaterial.

#### Foreign Currency Translation

All cash balances in foreign accounts, other foreign assets, except for property and equipment, and liabilities have been translated at foreign exchange rates in effect at December 31, 2023 and 2022. Foreign property and equipment have been translated at historical foreign exchange rates. All of Razom For Ukraine's revenue and expense amounts are converted from Ukrainian hryvna to U.S. dollars at the average exchange rate for the year.

#### Use of Estimates

The preparation of combined financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Investments

Investments are recorded in the combined financial statements at fair value. If an investment is directly held by the Organization and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Reported fair values of shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. Donated securities are recorded at fair value at the time of donation. Investments are not insured and are subject to ongoing market fluctuations. Investments have been classified as long-term in the accompanying combined statements of financial position based on management's intent.

#### Cash and Cash Equivalents

Cash and cash equivalents consist of checking, savings and money market accounts, excluding cash in the investment portfolio. For the purpose of the combined statements of cash flows, management considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

## RAZOM INC. AND AFFILIATE

Notes to Combined Financial Statements  
December 31, 2023 and 2022

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Certificates of Deposit

As of December 31, 2023, the Organization held two twelve-month certificates of deposit (CD), with interest at 4.88%, which are expected to mature in May 2024 and September 2024. As of December 31, 2022, the Organization held a twelve-month CD, with interest at 3%, which matured in September 2023, and was then reinvested for another twelve-month term. The CDs are reflected as current assets in the accompanying combined statements of financial position due to the length of each initial term.

#### Pledges Receivable and Allowance for Doubtful Accounts

Pledges receivable are recorded as unconditionally committed and is stated at unpaid balances, less an allowance for doubtful accounts, if any. The allowance for doubtful accounts is recorded based on management's analysis of specific accounts and their estimate of amounts that may be uncollectible. There was no allowance for doubtful accounts as of December 31, 2023 and 2022. Pledges that are promised to be received more than one year after the combined statements of financial position date, if any, are discounted at an appropriate discount rate commensurate with the risks involved.

#### Property and Equipment and Depreciation

Property and equipment are recorded at cost. Renewals and betterments are capitalized as additions to the related asset accounts, while repairs and maintenance are expensed as incurred. Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

Generator equipment	5 years
Computer equipment	2 - 4 years

#### Fair Value Measurements

The Organization follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

## RAZOM INC. AND AFFILIATE

Notes to Combined Financial Statements  
December 31, 2023 and 2022

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fair Value Measurements (Continued)

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable, and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs.

#### Crypto Currency

The Organization accounts for intangible assets in accordance with ASC 350, *Intangibles - Goodwill and Other*. Intangible assets consist of the Organization's digital assets (Bitcoin and Ethereum). With the early adoption of *Subtopic 350-60*, effective January 1, 2023, the Organization began measuring crypto assets at fair value in the combined statement of financial position recognizing changes from remeasurement in changes in net assets.

During 2022, the Organization accounted for its digital assets as indefinite-lived intangible assets, which were initially recorded at market value on the date of donation, or cost on the date of purchase. Subsequently, they were measured at cost, net of any impairment losses incurred since the date of acquisition. The Organization determined the value of its digital assets based on quoted prices on the active exchange that was the Organization's principal market for these digital assets. The Organization considered the lowest price of each digital asset quoted on the active exchange at any time since acquiring the specific digital asset. If the carrying value of a digital asset exceeds that lowest price, an impairment loss was recognized. The Organization recognized \$128,831 of impairment reflected in the accompanying combined statements of activities and changes in net assets for the year ended December 31, 2022.

The Organization received donations of crypto assets during 2022, which did not have any restrictions or use-stipulations and were still held as of the year ended December 31, 2023. The crypto assets held by the Organization as of December 31, 2023, are summarized below:

<u>Name of Crypto Asset</u>	<u>Number of Units Held</u>	<u>Cost Basis</u>	<u>Fair Value</u>
Ethereum	64.18	\$ 176,146	\$ 146,402
Bitcoin	1.27	<u>52,088</u>	<u>53,690</u>
		<u>\$ 228,234</u>	<u>\$ 200,092</u>

The crypto assets held by the Organization as of December 31, 2022, are summarized below:

<u>Name of Crypto Asset</u>	<u>Number of Units Held</u>	<u>Cost Basis</u>	<u>Fair Value</u>
Ethereum	64.18	\$ 176,146	\$ 74,747
Bitcoin	1.27	<u>52,088</u>	<u>21,009</u>
		<u>\$ 228,234</u>	<u>\$ 95,756</u>

## RAZOM INC. AND AFFILIATE

Notes to Combined Financial Statements  
December 31, 2023 and 2022

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Crypto Currency (Continued)

During 2023, the Organization did not sell, purchase or receive any donations of crypto currency. The Organization uses first-in, first-out method for computing gains and losses.

The following table represents a reconciliation of the fair values of the Organization's crypto assets held for the year ended December 31, 2023:

Beginning balance at fair value	\$ 95,756
Unrealized gain - Ethereum	69,593
Unrealized gain - Bitcoin	<u>34,743</u>
	<u>\$ 200,092</u>

#### Net Assets

**Net assets without donor restrictions** are those net resources that bear no external restrictions and are generally available for use by the Organization. The Organization has grouped its net assets without donor restrictions into the following categories:

- *Operating* - represents net resources that bear no external restrictions and are generally available for operations.
- *Board designated* - represents funds set aside by the Board of Directors for strategic growth and capacity building. Any use of these funds requires Board approval.
- *Property and equipment* - represent amounts expended and resources available for property and equipment.

**Net assets with donor restrictions** represent amounts received or committed with donor restrictions which have not yet been expended for their designated purpose (purpose restricted) and amounts for operating use in future periods (time restricted).

Net assets with donor restrictions are as follows as of December 31:

	<u>2023</u>	<u>2022</u>
Purpose restricted	\$ 47,089	\$ 1,029,340
Time restricted	<u>-</u>	<u>25,000</u>
	<u>\$ 47,089</u>	<u>\$ 1,054,340</u>

#### Cumulative Adjustment for Foreign Currency Translation Net Assets

This adjustment represents the cumulative effect of translating the Razom For Ukraine's financial activities and net position into Razom US' reporting currency (U.S. dollars).

## RAZOM INC. AND AFFILIATE

Notes to Combined Financial Statements  
December 31, 2023 and 2022

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition

In accordance with ASC Subtopic 958-605, *Revenue Recognition*, the Organization must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance-related barriers or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement.

ASC Topic 958 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional. Assets received before the barrier is overcome are accounted for as deferred revenue in the accompanying combined statements of financial position.

Grants and contributions without donor restrictions are recorded as revenue when received or unconditionally committed. Grants and contributions with donor restrictions are recorded as net assets with donor restrictions when received or unconditionally committed. Transfers are made to net assets without donor restrictions as costs are incurred, program restrictions have been met, or time restrictions have lapsed. Donor restricted grants received and satisfied in the same period are included in net assets without donor restrictions.

Special events revenue is from the Organization's ability to host fundraising events, in which revenue is recognized at the time of the event.

Interest and dividends are recognized when earned. Realized gains and losses are recognized at the time of sale. Unrealized gains and losses are recorded based on changes in the fair value of investments and crypto currency during the year.

#### Leases

The Organization assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) and determines lease classification as operating or finance at inception. The Organization only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of twelve months or less are not recorded in the combined statement of financial position.

Operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The right of use (ROU) assets equal the lease liabilities adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate when it is readily determinable and a risk-free rate when the implicit rate is not readily determinable. Lease expense is recognized on a straight-line basis over the lease term. Variable lease payments are not included in the measurement of the lease liabilities. The Organization did not elect to combine lease and not lease component and accounts for them separately.



## RAZOM INC. AND AFFILIATE

Notes to Combined Financial Statements  
December 31, 2023 and 2022

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Donated Goods and Services

Donated goods and services are reflected as contributions at their fair value at date of donation and are reported as operating support and revenue without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Individuals and other organizations contribute goods and services to the Organization in support of various aspects of its programs and these contributions are not monetized. There were no donor-restricted donated goods and services during 2023 and 2022.

Donated goods and services are reflected in the accompanying combined financial statements at the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. Donated goods are recorded at approximate market value. Legal and other professional services are reported using current rates for similar services.

The estimated value of these contributions is as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Medical supplies and equipment	\$ 57,146,854	\$ 7,467,879
Energy and communication	1,077,455	2,117,762
Legal services	897,843	752,881
Food/ personal items	182,636	-
Fundraising event donations	47,200	61,050
Vehicles	-	247,046
	<u>\$ 59,351,988</u>	<u>\$ 10,646,618</u>

The Organization also receives services from volunteers in the various aspects of its programs. The value of these services is not reflected in the accompanying combined financial statements since the value assigned to these services by the donating volunteers do not meet the recognition criteria under U.S. GAAP.

#### Grant Expense

The Organization recognizes grant expenses when grants are approved to be issued.

#### Expense Allocation

The combined financial statements present expenses by functional classification in accordance with the overall service mission of the Organization. Each functional classification presents all expenses related to the underlying operations by natural classification. The combined financial statements report certain categories of expenses that are attributable to more than one program or supporting function and require an allocation on a reasonable basis that is consistently applied. Personnel and related expenses are allocated based on estimates of time and effort spent on each program or support function. Occupancy expenses are allocated based on square footage occupied by programs or supporting services. All other expenses are charged on a direct basis to specific programs or functions.

## RAZOM INC. AND AFFILIATE

Notes to Combined Financial Statements  
December 31, 2023 and 2022

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Inventory

Inventory consists of donated and purchased medical and humanitarian supplies that have not been given out to the intended recipients in Ukraine as of December 31, 2023 and 2022. This inventory is accounted for at the fair value at the time of donation or at cost if purchased.

#### Combined Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating support and revenue and operating expenses in the accompanying combined statements of activities and changes in net assets. Non-operating revenue (expenses) include investment activity (see Note 4), impairment loss and gains on crypto currency and currency translation gains or losses.

#### Marketing and Advertising Costs

The Organization expenses marketing and advertising costs as they are incurred.

#### Income Taxes

Razom US accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the combined financial statements regarding a tax position taken or expected to be taken in a tax return. Razom US has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the combined financial statements at December 31, 2023 and 2022. The information returns for Razom US are subject to examination by the Federal and state jurisdictions.

Razom For Ukraine is exempt from income taxes under Ukrainian law.

#### Subsequent Events

Subsequent events have been evaluated through August 23, 2024, which is the date the combined financial statements were available to be issued. See Note 6 for an event that met the criteria for disclosure in the accompanying combined financial statements.

### 3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 83,043	\$ 65,478
Generators	20,281	13,469
Vehicles	<u>14,401</u>	<u>-</u>
	117,725	78,947
Less - accumulated depreciation	<u>69,169</u>	<u>14,494</u>
	<u>\$ 48,556</u>	<u>\$ 64,453</u>

## RAZOM INC. AND AFFILIATE

Notes to Combined Financial Statements  
December 31, 2023 and 2022

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### 4. INVESTMENTS

The underlying assets within the Organization's investment portfolio are all valued using Level 1 inputs and are summarized as follows as of December 31:

	<u>2023</u>	<u>2022</u>
Money market accounts	\$ 226,020	\$ 3,495
Texas Pacific Land Corp common stock	1,651,073	2,461,442
Other common stock	405,028	122,330
Mutual funds:		
500 Index	1,185,827	939,352
Domestic Stock – IT Sector	<u>-</u>	<u>4,791</u>
Total	<u>\$ 3,467,948</u>	<u>\$ 3,531,410</u>

Investments are not insured and are subject to ongoing market fluctuations.

### 5. FUNDS HELD FOR OTHERS

The Organization acts as a fiscal agent for several small nonprofit organizations with similar missions and earns revenue equal to 15% of total funds raised on behalf of these nonprofits. During 2023 and 2022, the Organization earned approximately \$8,000 and \$45,000, respectively, which is included in grants and contributions in the accompanying combined statements of activities and changes in net assets. As of December 31, 2023 and 2022, the Organization held \$65,065 and \$173,797 for three and ten nonprofits, respectively, which is shown as funds held for others in current assets and current liabilities in the accompanying combined statements of financial position.

### 6. LEASES

The Organization has a lease for office space in New York under a tenant-at-will agreement that commenced in May 2022. This lease agreement is considered short-term as there is no certain likelihood that the Organization will use the underlying asset for longer than a year. Monthly payments for the lease ranged from \$400 to \$1,000.

The Organization also had a lease for an office space in Washington D.C. that commenced in May 2022 and expired in April 2023. Monthly payments for the lease were \$5,500 through the end of the lease term. During 2023, the Organization entered into a new short-term lease for another office space in Washington D.C. that commenced in April 2023 and expired in December 2023. Under the agreement, there were no renewal options to extend the lease beyond the expiration date. Monthly payments for the lease were \$4,450 through the end of the lease term.

During 2023, the Organization entered into a new short-term lease for an office space in New York that commenced in July 2023 and expired in November 2023. Under the agreement, there were no renewal options to extend the lease beyond the expiration date. Monthly payments for the lease were \$3,500 through the end of the lease term.

The Organization's short-term lease costs were \$170,009 and \$53,500 for the years ended December 31, 2023 and 2022, respectively, and are included in occupancy in the accompanying combined statements of functional expenses.

## RAZOM INC. AND AFFILIATE

Notes to Combined Financial Statements  
December 31, 2023 and 2022

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### 6. LEASES (Continued)

Subsequent to year end, the Organization entered into a lease agreement for an office space, starting April 2024 through April 2026, with monthly payments escalating from \$9,020 to \$9,291. Under this agreement, the Organization is responsible for its proportionate share of operating expenses, utilities and taxes and insurance, which vary each month. The Organization will use the risk-free rate of 4.93% to discount its future lease liabilities to present value. The ROU asset and operating lease liability will be \$212,328 at the commencement of the lease.

The undiscounted future minimum payments are expected to be as follows:

2024	\$ 75,467
2025	110,679
2026	<u>37,164</u>
	<u>\$ 223,310</u>

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

### 7. CONCENTRATIONS

#### Credit Risk

Razom US maintains its cash balances in various banks. The cash balances are insured by the Federal Deposit Insurance Corporation at each bank up to a certain threshold. At various times during the year, the cash balances exceeded the insured amount. Razom US monitors the financial condition of the banks on a regular basis to keep this concentration of credit risk to a minimum. Funds held in Ukraine, totaling \$866,641 and \$119,310 as of December 31, 2023 and 2022, respectively, are not insured.

#### Concentrations

Approximately 89% of pledges receivable were due from one foundation as of December 31, 2022.

### 8. LIQUIDITY

Financial assets available for use by the Organization within one year from the combined statements of financial position date are as follows as of December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 16,858,885	\$ 21,946,191
Pledges receivable	-	688,761
Certificates of deposits	<u>4,231,292</u>	<u>106,410</u>
	21,090,177	22,741,362
Less - amounts with purpose restrictions	47,089	1,029,340
Less – board designated net assets	<u>7,304,869</u>	<u>7,304,869</u>
Total liquid resources available	<u>\$ 13,738,219</u>	<u>\$ 14,407,153</u>

## **RAZOM INC. AND AFFILIATE**

Notes to Combined Financial Statements  
December 31, 2023 and 2022

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### **8. LIQUIDITY (Continued)**

The Organization has a policy to structure its financial assets to be available as its obligations become due. As of December 31, 2023 and 2022, the Organization had financial assets equal to approximately fourteen and seven months of operating expenses, respectively. In addition, the Organization has approximately \$3,468,000 and \$3,531,000 as of December 31, 2023 and 2022, respectively, in investments, which are being held for long-term purposes, that could otherwise be liquidated in the short-term to provide additional liquid resources as needed.

### **9. CONTINGENCY**

In February 2022, a full-scale invasion of Ukraine began prompting world-wide support for Ukrainians and organizations that support them. The ongoing armed conflict and political instability in Ukraine have created significant uncertainties that may impact the combined financial statements of the Organization. The situation in Ukraine has led to economic disruptions, including volatile exchange rates, trade restrictions, and heightened geopolitical risks. These factors, combined with the potential for further escalation of the conflict, create a level of uncertainty that could affect the Organization's financial performance, liquidity, and overall operations. While the Organization received and continues to receive significant donations to be able to send humanitarian and medical aid to Ukraine, the war is also bringing death and destruction to the country and Razom For Ukraine is not immune to its dangers. The potential financial effects cannot be reasonably estimated at this time, as these circumstances may have adverse effects on the Organization, its operations and future combined financial statements. The accompanying combined financial statements have not been adjusted for any potential financial effects that may occur in the future related to the current uncertainty.

Management, along with the Board of Directors of the Organization, has been closely monitoring the situation and is implementing appropriate measures to mitigate potential risks and adapt to the changing business environment. As of the date of this report, the Organization is unable to accurately predict how the war will affect the results of its operations because the unpredictability of the severity and the duration of the invasion are uncertain.

### **10. RECLASSIFICATIONS**

Certain amounts in the December 31, 2022 combined financial statements have been reclassified to conform with the December 31, 2023 combined financial statements presentation.