INTERNATIONAL RESCUE COMMITTEE, INC.

Financial Statements

September 30, 2015
(with comparative financial information as of September 30, 2014)

(With Independent Auditors' Report Thereon)

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Directors
International Rescue Committee, Inc.:

We have audited the accompanying financial statements of International Rescue Committee, Inc., which comprise the balance sheet as of September 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Rescue Committee, Inc. as of September 30, 2015, and the changes in its net assets and its cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Information

We have previously audited International Rescue Committee, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 10, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

KPMG LLP

February 1, 2016

INTERNATIONAL RESCUE COMMITTEE, INC.

Balance Sheet

September 30, 2015
(with comparative financial information as of September 30, 2014)

(Amounts in thousands)

Assets		**2015**	**2014**
Cash and cash equivalents (notes 7, 8, and 11)	$	69,834	52,614
Short-term investments (note 2)		390	537
Grants and contracts receivable (notes 7, 8, and 12)		53,591	44,472
Inventory		12,903	11,473
Contributions receivable, net (note 11)		3,893	1,281
Loan program receivables		620	463
Other assets, net		8,056	7,180
Investments (notes 2 and 11):			
Endowment and emergency funds		105,603	111,759
Split-interest agreements		9,818	10,603
		115,421	122,362
Split-interest agreements – contributions receivable		188	250
Property and equipment, net (note 4)		5,247	4,955
Total assets	$	270,143	245,587
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	28,083	16,770
Accrued vacation and severance		11,619	10,780
Program advances (notes 7 and 8)		54,424	46,113
Deferred revenue and other liabilities		2,064	3,313
Loan program liability		1,327	1,670
Annuity liabilities related to split-interest agreements		5,026	5,510
Deferred rent obligation (note 5)		5,826	6,375
Total liabilities		108,369	90,531
Commitments and contingencies (notes 2, 5, 6, 8, and 14)			
Net assets:			
Unrestricted (note 11):			
Board-designated endowment		46,613	50,117
Undesignated		8,938	7,910
Renewals and replacement fund		18,846	12,321
Designated for special-purpose fund		2,233	1,981
Total unrestricted		76,630	72,329
Temporarily restricted (notes 9 and 11):			
Donor contributions		27,531	20,182
Reinvested return on endowment funds		2,290	7,240
Split-interest agreements		421	499
Total temporarily restricted		30,242	27,921
Permanently restricted (notes 10 and 11):			
Donor endowment and emergency funds		54,901	54,805
Contributions receivable		1	1
Total permanently restricted		54,902	54,806
Total net assets		161,774	155,056
Total liabilities and net assets	$	270,143	245,587

See accompanying notes to financial statements.

INTERNATIONAL RESCUE COMMITTEE, INC.

Statement of Activities

Year ended September 30, 2015
(with summarized financial information for the year ended September 30, 2014)

(Amounts in thousands)

	2015				
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**	**2014 Total**
Operating activities:					
Operating revenues:					
Contributions (note 12)	$ 46,192	31,068	—	77,260	60,961
Contributed goods and services	13,251	—	—	13,251	5,587
Grants and contracts (notes 7 and 12)	572,449	—	—	572,449	469,166
Foundation and private grants (note 7)	19,247	—	—	19,247	19,790
Investment return used for operations (note 3)	3,790	1,081	—	4,871	4,487
Loan administration fees and other income	3,916	223	—	4,139	3,545
Release from restrictions	25,012	(25,012)	—	—	—
Total operating revenues	683,857	7,360	—	691,217	563,536
Operating expenses:					
Program services:					
International programs	513,541	—	—	513,541	401,955
U.S. programs	75,625	—	—	75,625	73,932
Emergency preparedness, technical units, and other	33,909	—	—	33,909	33,515
Total program services	623,075	—	—	623,075	509,402
Supporting services:					
Management and general	29,280	—	—	29,280	25,613
Fund-raising	16,657	—	—	16,657	14,193
Total supporting services	45,937	—	—	45,937	39,806
Total operating expenses	669,012	—	—	669,012	549,208
Excess of operating revenues over operating expenses	14,845	7,360	—	22,205	14,328
Nonoperating activities:					
Bequests and contributions (note 11)	(1)	—	96	95	1,435
Split-interest agreements	(29)	(13)	—	(42)	(100)
(Deficiency) excess of investment return, net (note 3)	(4,182)	(5,026)	—	(9,208)	4,166
Expenses related to:					
Split-interest agreements and endowment – fund-raising	(110)	—	—	(110)	(1,839)
Designated special-purpose fund	(748)	—	—	(748)	(1,034)
Renewals and replacement fund	(5,474)	—	—	(5,474)	(1,989)
Total nonoperating activities	(10,544)	(5,039)	96	(15,487)	639
Increase in net assets	4,301	2,321	96	6,718	14,967
Net assets at beginning of year	72,329	27,921	54,806	155,056	140,089
Net assets at end of year	$ 76,630	30,242	54,902	161,774	155,056

See accompanying notes to financial statements.

INTERNATIONAL RESCUE COMMITTEE, INC.

Statement of Functional Expenses

Year ended September 30, 2015
(with summarized financial information for the year ended September 30, 2014)

(Amounts in thousands)

	Program services								Supporting services			Total	
	International												
	Africa	Asia	Middle east	Europe and other countries	Total	U.S. programs	Emergency preparedness, technical units, and other	Total program services	Management and general	Fund-raising	Total supporting services	2015	2014
Personnel	$ 101,835	24,196	43,098	2,028	171,157	38,514	19,333	229,004	21,754	8,572	30,326	259,330	212,533
Professional services	3,386	1,182	1,670	69	6,307	1,498	1,994	9,799	3,858	1,333	5,191	14,990	13,159
Travel, conferences, and events	11,427	1,580	1,485	368	14,860	1,651	3,780	20,291	762	880	1,642	21,933	17,774
Occupancy	8,878	1,839	2,594	123	13,434	4,899	1,512	19,845	3,531	976	4,507	24,352	20,805
Communications	3,291	394	896	58	4,639	1,012	960	6,611	1,049	4,939	5,988	12,599	11,777
Vehicles, equipment, and supplies	19,002	1,826	3,240	188	24,256	2,027	792	27,075	1,299	155	1,454	28,529	27,033
Subgrants	51,080	40,907	12,552	303	104,842	1,128	1,492	107,462	11	2	13	107,475	93,928
Program materials and direct assistance	83,478	15,535	59,071	821	158,905	23,044	456	182,405	—	—	—	182,405	144,430
Contributed goods and services	4,337	82	7,743	9	12,171	1,489	11	13,671	—	—	—	13,671	5,259
Other	1,397	51	1,419	103	2,970	431	4,554	7,955	1,981	124	2,105	10,060	7,372
Total expenses	288,111	87,592	133,768	4,070	513,541	75,693	34,884	624,118	34,245	16,981	51,226	675,344	554,070
Less nonoperating expenses, primarily personnel related to split-interest agreements and endowment, and brand promotion	—	—	—	—	—	(68)	(975)	(1,043)	(4,965)	(324)	(5,289)	(6,332)	(4,862)
Total operating expenses reported by function in the statement of activities	$ 288,111	87,592	133,768	4,070	513,541	75,625	33,909	623,075	29,280	16,657	45,937	669,012	549,208
2014 total	$ 233,495	78,894	85,135	4,431	401,955	73,932	33,515	509,402	25,613	14,193	39,806	—	549,208

See accompanying notes to financial statements.

INTERNATIONAL RESCUE COMMITTEE, INC.

Statement of Cash Flows

Year ended September 30, 2015
(with comparative financial information for the year ended September 30, 2014)

(Amounts in thousands)

	2015	2014
Cash flows from operating activities:		
Increase in net assets	$ 6,718	14,967
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,068	973
Net realized and unrealized losses (gains) on investments	6,027	(7,311)
Proceeds on disposal of property and equipment	258	49
Change in value of split-interest agreements	213	395
Permanently restricted contributions	(96)	(1,435)
Changes in operating assets and liabilities:		
Grants and contracts receivable	(9,119)	(6,331)
Inventory	(1,430)	(3,127)
Contributions receivable	(2,581)	145
Loan program receivables	(157)	(28)
Other assets	(876)	98
Accounts payable and accrued expenses	11,313	2,310
Accrued vacation and severance	839	1,175
Program advances	8,311	10,634
Deferred revenue and other liabilities	(1,249)	931
Loan program liability	(343)	552
Deferred rent obligation	(549)	(458)
Net cash provided by operating activities	18,347	13,539
Cash flows from investing activities:		
Purchases of property and equipment	(1,618)	(1,293)
Proceeds from sale or redemption of investments	19,509	33,468
Purchases of investments	(18,595)	(32,787)
Proceeds (purchases) from short-term investments, net	147	(476)
Net cash used in investing activities	(557)	(1,088)
Cash flows from financing activities:		
Permanently restricted contributions	96	1,435
(Increase) decrease in contributions receivable	(31)	1,039
Proceeds from contributions under split-interest agreements	168	295
Payments to beneficiaries under split-interest agreements	(803)	(902)
Net cash (used in) provided by financing activities	(570)	1,867
Net increase in cash and cash equivalents	17,220	14,318
Cash and cash equivalents at beginning of year	52,614	38,296
Cash and cash equivalents at end of year	$ 69,834	52,614

See accompanying notes to financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

International Rescue Committee, Inc. (IRC) is a private, not-for-profit organization that serves refugees and communities victimized by oppression or violent conflict worldwide. IRC is committed to freedom, human dignity, and self-reliance. This commitment is expressed in emergency relief, protection of human rights, post conflict development, resettlement assistance, and advocacy.

(b) Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, IRC's net assets and changes therein are classified and reported as follows:

- Unrestricted net assets – net assets that are not subject to donor-imposed restrictions or the donor-imposed restrictions have expired. As reflected in the accompanying financial statements and discussed below, IRC's board of directors has designated a portion of the unrestricted net assets for specific purposes.
- Temporarily restricted net assets – net assets that are subject to donor-imposed restrictions that permit IRC to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of IRC.
- Permanently restricted net assets – net assets that are subject to donor-imposed restrictions that they be maintained permanently by IRC and only the income be used as specified by the donor. Certain emergency funds allow temporary use of principal.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by donors or by law.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as release from restrictions in the statement of activities.

(c) Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments.
- Level 3 inputs are unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement.

The fair value of IRC's investments, contributions, and split-interest agreements is disclosed in their respective notes. The carrying amounts of all other financial instruments approximate their fair value at September 30, 2015 and 2014 because of the terms and relatively short maturities of these financial instruments. The estimated fair values, however, involve unobservable inputs considered to be Level 3 in the fair value hierarchy.

(d) Grants, Contracts, and Contributions

IRC receives grants contracts and contributions from a number of sources including federal, foreign and local governments, private foundations, and others. These agreements are evaluated as to whether they qualify as exchange transactions or contributions as defined by U.S. generally accepted accounting principles.

Grants and contracts that are treated as exchange transactions are reported as unrestricted revenue when expenses are incurred in accordance with the terms of the agreement and are classified as grants and contracts or foundation and private grants in the statement of activities. Accordingly, amounts received but not recognized as revenue are classified in the balance sheet as program advances, and amount expended but not yet received are classified as grants and contracts receivable.

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Contributions, including unconditional promises to give (pledges), are recognized initially at fair value as revenue in the period received or pledged. Contributions are considered to be unrestricted unless they are received with donor stipulations that limit their use either through purpose or time restrictions. Contributions to be received after one year are discounted using a risk-adjusted rate. The inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. Bequest income is recorded when the will has passed through the probate court and amounts can be reasonably determined.

(e) Endowment and Emergency Funds

IRC's endowment is subject to the provision of the New York Prudent Management of Institutional Funds Act (NYPMIFA). Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities*, requires the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets to be classified as temporarily restricted net assets until appropriated for expenditure. Accordingly, the IRC classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. ASC 958-205 requires the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets to be classified as temporarily restricted net assets until appropriated for expenditure.

Board-Designated Endowment

The board of directors has established a fund to provide for the long-term financial stability of IRC and to enhance its ability to respond to extraordinary emergency needs. The purpose of this fund is to provide a mechanism for the board of directors to set aside and invest certain funds. Accordingly, the board of directors has designated the Leo Cherne Emergency Fund, certain unrestricted bequests, extraordinary gifts (as determined by the board of directors), and portions of unrestricted surpluses in operating funds for this purpose.

Donor Endowment and Emergency Funds

In further support of the long-term financial stability of the organization, IRC receives donations for which the principal must be permanently maintained. Included in this category are endowment donations and emergency funds that allow IRC to use principal on a temporary basis for emergency response situations and to preposition itself with commonly used emergency response inventory. Principal used by IRC must be subsequently returned to the fund.

(f) Contributed Goods and Services

Contributed goods are recognized as revenue at their estimated fair value at the date of receipt and expensed when used.

Contributed services are recognized as revenue if the services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. Contributed services are recorded at the fair value of the services provided. Contributed services and promises to contribute services that do not meet the above criteria are not recognized as revenue and are not reported in the financial statements.

(g) Split-Interest Agreements

IRC is the beneficiary of a number of split-interest agreements with donors. IRC may control donated assets and may share with the donor or the donor's designee income generated from those assets until such time as stated in the agreement, at which time the remaining assets are generally for IRC's unrestricted use.

IRC records the assets of the agreements (at fair value) if the assets are controlled and invested by IRC. IRC records nonoperating contribution revenue at the date the agreement is established after recording a liability for the present value of the estimated future payments expected to be made to the beneficiaries. The carrying amount approximates fair value. The estimated fair value, however, involves unobservable inputs considered to be Level 3 in the fair value hierarchy. Adjustments to the annuity liabilities to reflect the amortization of the discount and revaluation of expected future payments to beneficiaries based on changes in actuarial assumptions are made annually and recognized as a nonoperating activity in the line item split-interest agreements.

In other situations where assets are controlled and invested by an independent third party, IRC records a receivable and nonoperating contribution revenue at the date of the agreement based on the present value of the estimated future distributions expected to be received by IRC over the expected term of the agreement.

The discount rate used in valuing split-interest agreement liabilities as of September 30, 2015 and 2014 ranged from 1% to 10.6%.

(h) Functional Expense Allocations

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function are allocated to components of these services based on allocation factors determined by management.

(i) Operations

IRC excludes from operating activities bequests, contributions and expenses related to split-interest agreements and the Freedom Fund (note 11), changes in value of split-interest agreements, investment return on split-interest agreements, investment return of the Freedom Fund in excess of or less than the spending rate (note 3), nonrecurring expenses funded by the designated special-purpose fund and the renewals and replacement fund, and other nonrecurring items. All other revenue and expenses are included in operating activities.

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(j) Cash and Cash Equivalents

For the purposes of the statement of cash flows, IRC considers all highly liquid debt instruments purchased with original maturities of three months or less, other than those held as part of the investment portfolio, to be cash equivalents.

(k) Short-Term Investments

Short-term investments consist of money market funds with original maturities greater than three months.

(l) Investments

Investments are stated at fair value based on quoted market prices except for the fair values of alternative investments, which include hedge funds, commingled funds, and a direct lending fund, which are stated at net asset value (NAV) as provided by the general partners and fund managers, respectively, based upon the underlying net assets of the funds. These estimated values are reviewed and evaluated by management for reasonableness. Alternative investments are generally less liquid than other investments and the reported fair value may differ significantly from the values that would have been reported had a ready market for these securities existed. Included in the investments of the alternative investments are certain types of financial instruments, including, among others, futures and forward contracts, options, and securities sold not yet purchased, intended to hedge against changes in the market value of investments. These financial instruments, which involve varying degrees of off-balance-sheet risk, may result in loss due to changes in the market. Losses from investments in alternative investments are limited to its investment.

(m) Inventory

Inventory consists of program materials and emergency response supplies not used as of September 30. Inventory is recorded at cost upon purchase, while contributed inventory is recorded at fair value. Inventory is deducted and expensed when used.

(n) Property and Equipment

Property and equipment are recorded at cost, if purchased, or at fair value at the date of the gift, if donated, less accumulated depreciation and amortization. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, generally three to seven years. Amortization of leasehold improvements is provided on the straight-line method over the lesser of their useful lives or the terms of the related lease. Property and equipment acquired with funds received from grants in which the grantor retains a reversionary interest in the assets at the end of the grant period are expensed in the year of acquisition.

(o) Foreign Currency Translation

IRC applies the current rate method of translation when including the accounts of its foreign offices. All foreign-denominated assets and liabilities are translated into U.S. dollars using the current

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exchange rates in effect at the balance sheet date. Revenue and expenses are translated at the average rate in effect during the year. The resulting translation loss for 2015 and 2014 of $1,263 and $1,063, respectively, is reflected in the statement of activities.

(p) Tax Status

The Internal Revenue Service has ruled that, pursuant to Section 501(c)(3) of the Internal Revenue Code (the Code), IRC is exempt from federal income taxes and is a publicly supported organization, as defined in Section 509(a)(1) of the Code. As a not-for-profit organization, IRC is also exempt from state and local income taxes. Accordingly, IRC is not subject to income taxes except to the extent it has taxable income from activities that are not related to its exempt purposes. IRC utilizes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. No provision for income taxes was required for fiscal year 2015 or 2014.

(q) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Significant estimates and assumptions include allowances for uncollectible receivables, the present value of multiyear pledges, the valuation of alternative investments, annuity liabilities, and the allocation of expenses to functional classifications.

(r) Recently Issued Accounting Pronouncements

In 2015, IRC early adopted Accounting Standards Update (ASU) No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*, which removes the requirements to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient and removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. IRC applied the provisions of the update retrospectively to 2014.

(s) Comparative Financial Information

The statements of activities and functional expenses are presented with prior year summarized comparative totals. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with IRC's 2014 financial statements, from which the comparative totals were derived.

(t) Reclassifications

Certain reclassifications of 2014 amounts have been made to conform to the 2015 presentation.

(Amounts in thousands)

(2) Investments

(a) Fair Value Hierarchy

The following tables present IRC's investments at fair value, the only financial instruments measured at fair value as of September 30, 2015 and 2014:

	2015		
	Level 1	**NAV**	**Total**
Equities:			
Mutual funds:			
United States	$ 27,352	—	27,352
International	15,964	—	15,964
Commingled funds	—	5,043	5,043
Total	43,316	5,043	48,359
Fixed income:			
Direct ownership:			
U.S. government/agency	382	—	382
U.S. corporate and other	240	—	240
Mutual funds:			
U.S. government/agency	11,682	—	11,682
U.S. corporate and other	4,348	—	4,348
Commingled fund	—	2,713	2,713
Total	16,652	2,713	19,365
Closed-end macro fund	4,636	—	4,636
Direct lending funds	—	6,490	6,490
Hedge funds	—	36,481	36,481
Total	—	36,481	36,481
Cash and cash equivalents	90	—	90
Short-term investments	390	—	390
Total	$ 65,084	50,727	115,811

INTERNATIONAL RESCUE COMMITTEE, INC.

Notes to Financial Statements

September 30, 2015
(with comparative financial information as of September 30, 2014)

(Amounts in thousands)

		2014	
	Level 1	**NAV**	**Total**
Equities:			
Direct ownership – United States	$ 9,523	—	9,523
Mutual funds:			
United States	22,964	—	22,964
International	14,138	—	14,138
Commingled funds	—	5,733	5,733
Total	46,625	5,733	52,358
Fixed income:			
Direct ownership:			
U.S. government/agency	409	—	409
U.S. corporate and other	48	—	48
Mutual funds:			
U.S. government/agency	11,671	—	11,671
U.S. corporate and other	7,536	—	7,536
Commingled fund	—	2,889	2,889
Total	19,664	2,889	22,553
Closed-end macro fund	4,618	—	4,618
Direct lending funds	—	4,669	4,669
Hedge funds	—	37,935	37,935
Total	—	37,935	37,935
Cash and cash equivalents	229	—	229
Short-term investments	537	—	537
Total	$ 71,673	51,226	122,899

Commingled funds of $7,756 and $8,622 at September 30, 2015 and 2014, respectively, do not trade publicly and, therefore, do not have published market prices. The underlying investments, however, are principally marketable securities.

Investments at September 30, 2015 and 2014 include $105,603 and $111,759, respectively, relating to IRC's Freedom Fund (note 11) and $9,818 and $10,603, respectively, relating to split-interest agreements.

IRC has an Investment Committee comprising members of the Board of Directors and Overseers, which is charged with the responsibility of providing fiduciary oversight over IRC's investments. The Investment Committee meets with executive management and external advisers on a regular basis to review investment performance, asset allocation, and investment manager performance.

(Amounts in thousands)

(b) Strategies of Commingled, Hedge, and Direct Lending Funds

The following table lists the investment strategies, redemption terms, and assets for commingled and hedge funds measured at fair value as of September 30, 2015:

		Total fair value		Redemption dates per year	Redemption notice period
Commingled bond fund:					
United States	$	2,713	(a)	Daily	N/A
Commingled stock funds:					
United States		3,379		Daily	N/A
International		1,664		Daily	N/A
Total commingled stock funds		5,043	(a)		
Direct lending fund		6,490	(b)	N/A	N/A
Hedge funds:					
Distressed debt		7,640		Quarterly	65 days
Multistrategy fund		6,523		Annually	90 days
Long-short equity		16,822		Annually; quarterly	45 days
Special situations		5,496		Semiannually	60 days
Total hedge funds		36,481	(c)		
Total	$	50,727			

The following provides details for the investment strategies listed above:

(a) Commingled Bond and Stock Funds

These common trust funds are not publicly traded. Notice of redemptions can be made daily, with payouts to IRC at each month-end.

(b) Direct Lending Fund

These consist of two investments in direct lending funds that provide debt financing for middle market companies. These investments have commitments of three and nine years remaining.

(c) Multistrategy Hedge Funds

This consists of $36,481 invested in five hedge funds at September 30, 2015. All five funds are fully redeemable. These hedge funds invest in equity, fixed income, and derivatives, and vary their investment strategies in response to changing market opportunities. As of September 30, 2015, the IRC’s combined investments in these funds included 21% credit strategies, 46% long-short equity strategies, 18% multistrategies, and 15% special situations.

(Amounts in thousands)

At September 30, 2015 and 2014, the IRC had unfunded commitments to limited partnerships of $1,125 and $2,925, respectively.

(3) Investment Return

IRC maintains a spending rate policy on the Freedom Fund (note 11) invested assets. The spending rate policy was designed to preserve the value of the investment portfolio in real terms and to reduce the impact of market fluctuations on operations. The spending rate used for operations is set at 4.5% of the previous two-year rolling average fair value. In addition to the return on the Freedom Fund invested assets, investment return used for operations includes investment income on working capital cash and short-term investments.

Investment return for the years ended September 30, 2015 and 2014 consisted of the following:

		2015	2014
Interest and dividend income	$	1,690	1,342
Net realized gains		2,033	1,296
Net unrealized (losses) gains		(8,060)	6,015
Total return on investments		(4,337)	8,653
Less investment return used for operations		(4,871)	(4,487)
Investment return (less than) in excess of amounts used for operations	$	(9,208)	4,166

Return on investment is shown net of investment manager fees at September 30, 2015 and 2014.

(4) Property and Equipment

Property and equipment consisted of the following as of September 30, 2015 and 2014:

		2015	2014
Furniture and equipment	$	2,437	2,493
Cars, vans, and mobile units		3,252	3,022
Leasehold improvements		8,275	9,698
Land		—	135
Donated art portfolios		80	95
Construction in progress		13	—
		14,057	15,443
Less accumulated depreciation and amortization		(8,810)	(10,488)
	$	5,247	4,955

(Amounts in thousands)

(5) Lease Agreements

IRC leases several office facilities and equipment under operating leases expiring at various dates through 2021. Rental expense is recognized on the straight-line basis, rather than in accordance with base payment schedules, for purposes of recognizing a constant annual rental expense. The difference between straight lining the rental charge and actual payments is reported as deferred rent in the balance sheet. The deferred rent obligation grew as payments were less than expenses until fiscal year 2012. Future rental payments are subject to escalation for IRC's proportionate share of increases in certain building operating expenses. Lease agreements for facilities in overseas locations are generally for periods of one year or less.

The following is a schedule, by fiscal year, of the minimum future rentals on leases with expiration dates greater than one year as of September 30, 2015:

Year ending September 30:		
2016	$	7,159
2017		6,731
2018		6,087
2019		5,474
2020		5,274
Thereafter		3,042
Total minimum future payments	$	33,767

Rent expense for the years ended September 30, 2015 and 2014 was $15,600 and $14,621, respectively.

(6) Defined Contribution Retirement Plan

IRC's 403(b) Retirement Savings Plan covers all U.S.-based and expatriate personnel subject to plan eligibility requirements. IRC makes contributions based on a prescribed matching schedule of employee contributions. Basic employee contributions up to 6% of compensation are eligible for a matching contribution by IRC. Matching contributions are deposited in the plan each payroll period based on the following formula:

- 100% of the basic employee contribution up to the first 3% of compensation plus
- 50% of the basic employee contribution up to the next 3% of compensation

IRC provides base contributions, in addition to the existing matching contributions program, which allows for immediate eligibility with a three-year vesting requirement for the base contributions.

Pension expense relating to the defined contribution plan for 2015 and 2014 was $5,445 and $5,439, respectively.

(Amounts in thousands)

IRC's 457(b) Plan covers highly compensated employees and enables eligible employees to enhance their retirement security by permitting them to defer a portion of their compensation once limits on the 403(b) plan have been reached during the calendar year.

IRC's 457(f) Plan is a nonqualified deferred compensation plan and is intended to constitute an unfunded plan for a select group of management or highly compensated employees and be exempt from Parts 2, 3, and 4 of Subtitle B of Title I of the Employee Retirement Income Security Act of 1974, as amended and is intended to constitute a deferred compensation plan as defined in Section 457(f) of the Internal Revenue Code of 1986, as amended.

(7) Significant Funders and Concentrations of Credit Risk

Grants and contracts revenues were from the following for the years ended September 30, 2015 and 2014:

		2015	2014
U.S. federal and local government agencies	$	247,070	199,655
European agencies		205,640	175,506
United Nations agencies		91,455	71,352
Other agencies		28,284	22,653
	$	572,449	469,166

During the year ended September 30, 2015, 12% and 22% (14% and 19% each during fiscal year 2014) of revenues from grants and contracts were received from the U.S. Department of State (Bureau of Population, Refugees, and Migration) and the U.S. Agency for International Development, including the Office of Foreign Disaster Assistance, respectively. The operation of IRC's programs at present levels is dependent upon continued funding from these organizations and from United Nations and European agencies.

During the year ended September 30, 2015, approximately 72% of the revenues from foundation and private donors was comprised of grants from six donors (78% from 9 donors during fiscal year 2014).

Financial instruments that potentially subject IRC to concentrations of credit risk consist principally of cash and cash equivalents and grants and contracts receivable. Cash and cash equivalents include program advances and, as of September 30, 2015 and 2014, 47% and 53%, respectively, is deposited in banks in foreign locations. At September 30, 2015 and 2014, 48% and 30%, respectively, of grants and contracts receivable are due from the European Union agencies, including Europeaid, the European Commission Humanitarian Aid Office, and the United Kingdom's Department for International Development, through IRC's foreign affiliate.

(Amounts in thousands)

(8) Grants and Contracts Receivable and Program Advances

Grants and contracts receivable were from the following as of September 30, 2015 and 2014:

		2015	2014
Federal and local government agencies	$	7,826	11,349
United Nations agencies		7,799	7,762
European agencies		27,510	17,618
Foundation and private donors		1,683	1,440
Other agencies		8,773	6,303
	$	53,591	44,472

Program advances, included in cash and cash equivalents, were received from the following as of September 30, 2015 and 2014:

		2015	2014
United Nations agencies	$	10,217	10,524
European agencies		25,174	19,454
Foundation and private donors		10,448	12,244
Other agencies		8,585	3,891
	$	54,424	46,113

In accordance with the terms of certain government contracts, the records of IRC are subject to audit for varying periods after the date of final payment of the contracts. IRC is liable for any disallowed costs. In the opinion of management, adjustments that might result from such audits would not have a significant effect on IRC's financial position or changes in net assets.

(Amounts in thousands)

(9) Temporarily Restricted Net Assets

Temporarily restricted net assets as of September 30, 2015 and 2014 are available subject to time and purpose restrictions as follows:

		2015	2014
Time restrictions:			
Split-interest agreements	$	421	499
General purpose		3,540	7,740
Purpose restrictions:			
Balkans, Caucasus, and other programs		1,482	796
Middle East programs		4,946	2,962
Asian programs		2,122	2,378
African programs		5,131	3,289
Total international programs		13,681	9,425
U.S. programs		4,384	3,572
Emergency preparedness, technical units, and other		7,893	6,297
Supporting services		323	388
	$	30,242	27,921

(10) Permanently Restricted Net Assets

The income earned on permanently restricted net assets as of September 30, 2015 and 2014 is available for the following purposes:

		2015	2014
Reproductive health	$	9,870	9,870
Emergency response		9,414	9,414
U.S. programs		1,203	1,202
President’s office		1,000	1,000
Children’s programs		294	294
International programs		99	99
General purposes		33,022	32,927
	$	54,902	54,806

(Amounts in thousands)

(11) Freedom Fund

IRC's Freedom Fund comprises the board-designated endowment, donor endowment, and emergency funds assets and net assets. As of September 30, 2015 and 2014, the Freedom Fund is categorized on the balance sheets as follows:

		2015	2014
Assets (liabilities):			
Cash and cash equivalents	$	—	403
Contributions receivable		1	1
Investments		105,603	111,759
Due to operating account		(1,799)	—
Total	$	103,805	112,163
Net assets:			
Unrestricted board-designated endowment	$	46,613	50,117
Temporarily restricted – reinvested return		2,290	7,240
Permanently restricted		54,902	54,806
Total	$	103,805	112,163

The IRC endowment consists of 20 individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the IRC to function as endowments (board-designated). At September 30, 2015, the fair values of four donor-restricted endowment funds were less than their original fair value (underwater) by a total of approximately $216.

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net assets, which exclude contributions receivable, consist of the following at September 30, 2015 and 2014:

		2015			
		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted	$	(216)	2,290	54,901	56,975
Quasi (board-designated)		46,829	—	—	46,829
Total	$	46,613	2,290	54,901	103,804

(Amounts in thousands)

	2014				
		Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Donor-restricted	$	—	7,240	54,805	62,045
Quasi (board-designated)		50,117	—	—	50,117
Total	$	50,117	7,240	54,805	112,162

Changes in endowment net assets, which exclude contributions receivable, for the fiscal years ended September 30, 2015 and 2014 were as follows:

	2015				
		Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Net assets, September 30, 2014	$	50,117	7,240	54,805	112,162
Net (depreciation) appreciation (realized and unrealized)		(1,660)	(2,427)	2	(4,085)
Contributions		591	—	94	685
Distributions		(2,435)	(2,523)	—	(4,958)
Net assets, September 30, 2015	$	46,613	2,290	54,901	103,804

	2014				
		Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Net assets, September 30, 2013	$	48,898	5,469	52,145	106,512
Net appreciation (depreciation) (realized and unrealized)		3,506	4,419	(6)	7,919
Contributions		710	—	2,468	3,178
Distributions		(2,819)	(2,628)	—	(5,447)
Reclassifications of restrictions		(178)	(20)	198	—
Net assets, September 30, 2014	$	50,117	7,240	54,805	112,162

(12) Foreign Affiliates

IRC is currently affiliated with two separately incorporated organizations, International Rescue Committee, U.K. and International Rescue Committee, Belgium. Revenue provided by these affiliates, primarily funded by the European Commission Humanitarian Aid Office and Department for International Development, was $183,964 and $167,183 for fiscal years 2015 and 2014, respectively, and is included in grants and contracts and contributions in the statement of activities. Net payables due from the International Rescue Committee, U.K., consisting primarily of grants and contracts (payables, were $4,212 and $3,725 as of September 30, 2015 and 2014, respectively.

(13) Line of Credit

IRC has an $8,000 unsecured line of credit from a financial institution bearing interest at a rate of LIBOR plus 125 basis points per annum. There were no amounts outstanding under such line during the year or at September 30, 2015 and 2014.

(14) Contingencies

IRC is contingently liable under certain claims and lawsuits, many of which are covered in whole or in part by insurance. In management's opinion, none of these claims and lawsuits will have a material adverse effect on the financial position or changes in net assets of IRC.

(15) Subsequent Events

In connection with the preparation of the financial statements, the IRC evaluated subsequent events from September 30, 2015 through February 1, 2016, which was the date the financial statements were approved for issuance, and concluded that no additional disclosures are required.