



CAPITAL AREA IMMIGRANTS' RIGHTS COALITION

FINANCIAL STATEMENTS

DECEMBER 31, 2018

CAPITAL AREA IMMIGRANTS' RIGHTS COALITION

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DECEMBER 31, 2018**

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Independent Auditors' Report

To the Board of Directors
Capital Area Immigrants' Rights Coalition
Washington, D.C.

We have audited the accompanying financial statements of the Capital Area Immigrants' Rights Coalition (CAIR Coalition), which comprise the statement of financial position as of December 31, 2018, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 auditors consider internal control relevant to the entity'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 entity'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 CAIR Coalition as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Capital Area Immigrants' Rights Coalition

Emphasis of Matter

As discussed in Note 2 of the financial statements, CAIR Coalition adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited CAIR Coalition's 2017 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated September 24, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Councilor, Buchanan + Mitchell, P.C.

Washington, D.C.
October 3, 2019

Certified Public Accountants

CAPITAL AREA IMMIGRANTS' RIGHTS COALITION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF DECEMBER 31, 2017)

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 991,721	\$ 455,302
Contributions Receivable	120,503	75,000
Accounts Receivable	566,462	229,798
Prepaid Expenses	<u>83,476</u>	<u>57,257</u>
Total Current Assets	1,762,162	817,357
Property and Equipment		
Office Equipment	56,316	34,209
Furniture and Fixtures	2,140	2,140
Leasehold Improvements	3,221	3,221
Website	<u>13,500</u>	<u>13,500</u>
	75,177	53,070
Less Accumulated Depreciation and Amortization	<u>(46,248)</u>	<u>(32,345)</u>
Net Property and Equipment	28,929	20,725
Deposit	<u>3,808</u>	<u>3,808</u>
Total Assets	<u>\$ 1,794,899</u>	<u>\$ 841,890</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 48,304	\$ 47,710
Accrued Payroll and Vacation	185,591	102,424
Deferred Revenue	-	1,567
Deferred Rent	<u>2,361</u>	<u>3,355</u>
Total Current Liabilities	236,256	155,056
Net Assets		
Net Assets Without Donor Restrictions	1,008,602	503,297
Net Assets With Donor Restrictions		
Impact Lab	67,694	50,000
Legal Advocacy in Virginia	3,724	4,980
Detained Children's Program	34,577	-
General Legal Advocacy	376,043	53,557
Time Restricted	<u>68,003</u>	<u>75,000</u>
	550,041	183,537
Total Net Assets	<u>1,558,643</u>	<u>686,834</u>
Total Liabilities and Net Assets	<u>\$ 1,794,899</u>	<u>\$ 841,890</u>

See accompanying Notes to Financial Statements.

CAPITAL AREA IMMIGRANTS' RIGHTS COALITION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2018 Total</u>	<u>2017 Total</u>
Revenue				
Grants and Contributions	\$ 1,471,463	\$ 545,848	\$ 2,017,311	\$ 1,183,499
Contract Revenue	2,551,748	-	2,551,748	1,425,584
Donated Services	17,226,169	-	17,226,169	16,557,605
Interest and Dividends	446	-	446	200
Membership and Other	3,551	-	3,551	3,690
Net Assets Released from Restrictions				
Impact Lab	101,057	(101,057)	-	-
Legal Advocacy in Virginia	1,256	(1,256)	-	-
General Legal Advocacy	2,031	(2,031)	-	-
Time Restricted	75,000	(75,000)	-	-
Total Revenue	21,432,721	366,504	21,799,225	19,170,578
Expenses				
Program Services				
Legal	20,154,520	-	20,154,520	18,260,278
Outreach and Advocacy	16,052	-	16,052	97,920
Coalition	29,849	-	29,849	112,702
Total Program Services	20,200,421	-	20,200,421	18,470,900
Supporting Services				
Fundraising	232,926	-	232,926	111,297
General and Administration	494,069	-	494,069	178,566
Total Supporting Services	726,995	-	726,995	289,863
Total Expenses	20,927,416	-	20,927,416	18,760,763
Change in Net Assets	505,305	366,504	871,809	409,815
Net Assets, Beginning of Year	503,297	183,537	686,834	277,019
Net Assets, End of Year	\$ 1,008,602	\$ 550,041	\$ 1,558,643	\$ 686,834

See accompanying Notes to Financial Statements.

CAPITAL AREA IMMIGRANTS' RIGHTS COALITION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017)

	Legal	Outreach and Advocacy	Coalition	Total Program	Fundraising	General and Administration	2018 Total	2017 Total
Pro Bono Legal Services	\$ 17,226,169	\$ -	\$ -	\$ 17,226,169	\$ -	\$ -	\$17,226,169	\$ 16,557,605
Salaries	2,010,285	11,618	23,235	2,045,138	46,471	232,353	2,323,962	1,350,836
Payroll Taxes	148,332	857	1,715	150,904	3,430	17,148	171,482	101,715
Fringe Benefits	154,651	887	1,773	157,311	3,546	18,580	179,437	109,705
Staff Training	1,776	-	-	1,776	-	175	1,951	1,095
Travel	118,448	1,127	-	119,575	390	10,670	130,635	76,551
Office Expense	40,902	145	291	41,338	51,576	36,024	128,938	78,076
Rent Expense	197,723	1,143	2,286	201,152	4,572	24,105	229,829	184,734
Contractual Services	65,196	182	362	65,740	121,943	82,813	270,496	170,818
Communication Charges	-	-	-	-	-	26,903	26,903	13,572
Membership Dues	17,914	-	-	17,914	-	3,337	21,251	19,448
Equipment Rental and Maintenance	16,127	93	187	16,407	373	5,304	22,084	15,617
Printing and Publications	22	-	-	22	-	2,755	2,777	24,412
Taxes and Insurance	1,628	-	-	1,628	625	18,881	21,134	18,977
Depreciation and Amortization	-	-	-	-	-	13,903	13,903	11,007
In-House Litigation	154,617	-	-	154,617	-	-	154,617	25,481
Miscellaneous	730	-	-	730	-	1,118	1,848	1,114
Total Expenses	\$ 20,154,520	\$ 16,052	\$ 29,849	\$ 20,200,421	\$ 232,926	\$ 494,069	\$ 20,927,416	\$ 18,760,763

See accompanying Notes to Financial Statements.

CAPITAL AREA IMMIGRANTS' RIGHTS COALITION

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017)

	2018	2017
Cash Flows from Operating Activities		
Change in Net Assets	\$ 871,809	\$ 409,815
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	13,903	11,007
Loss on Disposal of Property and Equipment	-	169
<u>(Increase) Decrease in Assets</u>		
Contributions Receivable	(45,503)	(75,000)
Accounts Receivable	(336,664)	(48,454)
Prepaid Expenses	(26,219)	(11,194)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable	594	11,703
Accrued Payroll and Vacation	83,167	19,455
Deferred Revenue	(1,567)	(6,933)
Deferred Rent	(994)	820
	558,526	311,388
Cash Flows from Investing Activities		
Purchases of Property and Equipment	(22,107)	(10,288)
Net Cash Used in Investing Activities	(22,107)	(10,288)
Net Increase in Cash and Cash Equivalents	536,419	301,100
Cash and Cash Equivalents, Beginning of Year	455,302	154,202
Cash and Cash Equivalents, End of Year	\$ 991,721	\$ 455,302

See accompanying Notes to Financial Statements.

CAPITAL AREA IMMIGRANTS' RIGHTS COALITION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Capital Area Immigrants' Rights Coalition (CAIR Coalition) is a public interest legal organization incorporated on January 11, 1999, in the District of Columbia. CAIR Coalition brings immigrants, attorneys, volunteers, and community leaders together to work for a fair and humane immigration policy. CAIR Coalition provides legal advocacy, education and training services, public policy development, information sharing, and community empowerment programs.

The programs of CAIR Coalition fall into the following three areas:

Legal: CAIR Coalition conducts legal rights presentations at county jails in Virginia and Maryland, providing advice and assistance to individuals detained by the Department of Homeland Security (DHS). When possible, CAIR Coalition secures legal counsel for immigration detainees being held in the Virginia and Maryland detention facilities. CAIR Coalition also provides legal assistance to unaccompanied immigrant children in the custody of the Office of Refugee Resettlement who are being detained at juvenile facilities in Virginia and Maryland. In addition, CAIR Coalition assists detained asylum seekers during their Credible Fear Interviews or Reasonable Fear Interviews and tries to secure legal counsel for their Immigration Court proceedings.

CAIR Coalition holds annual trainings on asylum law, co-sponsored by the D.C. Bar and the Washington Lawyers' Committee for Civil Rights and Urban Affairs. Additionally, CAIR Coalition sponsors and conducts workshops to train pro bono lawyers, public defenders, and advocates throughout the year, and mentors attorneys who are providing pro bono legal representation. CAIR Coalition also provides "Know Your Rights" trainings for the immigrant community.

Outreach and Advocacy: CAIR Coalition staff and members regularly meet with DHS offices including the Arlington Asylum Office, the Washington District Office of U.S. Citizenship and Immigration Services, the Washington Field Office of Immigration and Customs Enforcement, and the Executive Office for Immigration Review to advocate on behalf of individual clients as well as recommend changes in immigration policies and procedures that will help to ensure the fair treatment of the immigrant populations served by CAIR Coalition members.

Coalition: CAIR Coalition sponsors periodic coalition meetings that bring together community groups, immigrants, pro bono attorneys, and government representatives to increase the knowledge, skills, and impact of member organizations so that they can best meet the needs of the immigrants they serve.

The operations of CAIR Coalition are primarily funded by grants, government contracts, and contributions.

CAPITAL AREA IMMIGRANTS' RIGHTS COALITION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

CAIR Coalition is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code). In addition, CAIR Coalition has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

CAIR Coalition requires that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. This applies to positions taken or expected to be taken in a tax return. CAIR Coalition does not believe its financial statements include, or reflect, any uncertain tax positions.

CAIR Coalition's Forms 990, *Return of Organization Exempt from Income Tax*, 990-T, *Exempt Organization Business Income Tax Return*, and D-20, *Corporate Franchise Tax Return*, are subject to examination by the Internal Revenue Service generally for three years after filing.

Cash and Cash Equivalents

CAIR Coalition considers all highly liquid investments which have an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consists of amounts due for services. Accounts receivable are charged to bad debt expense as they are deemed uncollectible. At December 31, 2018, management believes all accounts receivable are collectible. Therefore, no reserve for bad debt expense has been recorded.

Contributions Receivable

Contributions receivable are considered to be fully collectible by management and, accordingly, no allowance for doubtful accounts is considered necessary.

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when incurred.

Property and Equipment

Property and equipment, which consist of furniture and office equipment, are stated at cost, if purchased, or fair market value at date of donation, if contributed. CAIR Coalition capitalizes all expenditures for property and equipment in excess of \$500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

CAPITAL AREA IMMIGRANTS' RIGHTS COALITION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

CAIR Coalition reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions for which the restrictions are met in the year received are considered without donor restrictions for financial statement purposes.

Classification of Net Assets

The financial statements of CAIR Coalition have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which requires CAIR Coalition to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of CAIR Coalition. These net assets may be used at the discretion of CAIR Coalition's management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CAIR Coalition or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Deferred Rent

All rental payments, including fixed rent increases, are recognized on a straight-line basis.

Functional Expense Allocation

Certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation, benefits, and general expenses, which are allocated on the basis of estimates of time and effort by employees. Expenses directly identifiable to specific programs and supporting activities are allocated accordingly.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by CAIR Coalition.

CAPITAL AREA IMMIGRANTS' RIGHTS COALITION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements prepared in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from those estimates.

Reclassifications

Certain 2017 amounts have been reclassified for comparative purposes.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative totals as of and for the year ended December 31, 2017. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CAIR Coalition's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

2. ADOPTION OF ACCOUNTING STANDARDS UPDATE 2016-14

For the year ended December 31, 2018, CAIR Coalition adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification and provides information about liquidity and availability of resources. The changes required by the update have been applied retrospectively to all periods presented. A key change under ASU 2016-14 is the terminology of net asset classes used in these financial statements. Amounts previously reported as temporarily restricted and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

CAIR Coalition manages its liquidity to meet general expenditures, liabilities, and other obligations as they come due. To meet unanticipated or seasonal needs, CAIR Coalition maintains a line of credit with Capital One Bank for \$120,000 at the bank's index interest rate plus 2.75%. There is no outstanding balance as of December 31, 2018.

CAPITAL AREA IMMIGRANTS' RIGHTS COALITION

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

3. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

The following reflects CAIR Coalition's financial assets as of December 31, 2018, reduced by amounts not available for general operating expenditure within one year:

Financial Assets

Cash and Cash Equivalents	\$ 991,721
Contributions Receivable	120,503
Accounts Receivable	566,462
Less Amounts Restricted by Donors for Purpose	<u>(482,038)</u>
Total Financial Assets Available within One Year	1,196,648

Other Liquidity Resources

Available Line of Credit	<u>120,000</u>
Total Financial Assets and Liquidity Resources Available within One Year	<u><u>\$ 1,316,648</u></u>

4. TAX SHELTERED ANNUITY PLAN

In 2000, CAIR Coalition established a salary reduction plan (the Plan) under Section 403(b) of the Internal Revenue Code. The Plan covers substantially all full-time employees who have completed one year of employment and at least 1,000 hours of service. CAIR Coalition determines a discretionary employee matching contribution for each plan year. CAIR Coalition's discretionary matching contribution was approximately \$9,000 for the year ended December 31, 2018.

5. DONATED SERVICES

The value of donated services, included as revenue in the financial statements, was for legal services and related expenses.

6. CONCENTRATIONS

As of December 31, 2018, 93% of accounts receivable was due from one funding source and 21% of contributions receivable was due from one donor.

One funding source accounted for 96% of the contract revenue for the year ended December 31, 2018.

CAIR Coalition maintains cash balances at financial institutions in the Washington, D.C., metropolitan area. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times during the year, the CAIR Coalition's cash balances exceeded the FDIC insurance amount. Management believes the risk in these situations to be minimal.

7. OFFICE AND EQUIPMENT LEASES

CAIR Coalition has several non-cancelable lease agreements for office space, expiring at various times through October 2021. CAIR Coalition also has a copier lease agreement that extends through September 2021 accounted for as an operating lease.

CAPITAL AREA IMMIGRANTS' RIGHTS COALITION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

7. OFFICE AND EQUIPMENT LEASES (CONTINUED)

Total future minimum lease payments under these leases are as follows:

For the Years Ending December 31,

2019	\$	272,692
2020		260,917
2021		145,767
Total	\$	<u>679,376</u>

8. SUBSEQUENT EVENTS

In January 2019, CAIR Coalition entered into an operating lease for office space in Baltimore, Maryland. The lease commencement date is January 14, 2019 and expires December 31, 2021. Under the terms of the lease, annual base rent is approximately \$50,000 with a fixed annual escalation of 2.5%. In addition, two office leases were extended subsequent to December 31, 2018, resulting in additional lease commitments through October 31, 2021 of approximately \$313,000.

In January 2019, CAIR Coalition entered into a contract with a hotel for a future event. The contract contains a clause whereby CAIR Coalition is liable for liquidated damages in the event of cancellation based upon percentage of the contract price determined by the length of time between the cancellation and the event date. Management does not believe any cancellations under the contract will occur and result in a material impact on the financial statements.

Subsequent events were evaluated through October 3, 2019, which is the date the financial statements were available to be issued.