

AMERICAN IMMIGRATION COUNCIL

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2017 AND 2016

AMERICAN IMMIGRATION COUNCIL

FINANCIAL STATEMENTS

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Chaconas & Wilson, P.C.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
American Immigration Council
Washington, DC

We have audited the accompanying financial statements of the American Immigration Council, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. We have also audited the statement of functional expenses for the year ended December 31, 2016.

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 presentation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 auditor's 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 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 the American Immigration Council as of December 31, 2017 and 2016 and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the American Immigration Council's 2016 financial statements, and our report dated July 19, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Chaconas & Wilson, P.C.

Washington, DC
July 17, 2018

AMERICAN IMMIGRATION COUNCIL

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

ASSETS

	2017	2016
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	\$ 2,518,232	\$ 2,057,144
Certificates of deposit (Note 2)	1,828,528	1,110,396
Accounts Receivable (Note 2)	-	25,939
Contributions receivable current (Notes 2 and 4)	1,246,707	167,600
Prepaid expenses	59,641	51,228
Total Current Assets	<u>\$ 5,653,108</u>	<u>\$ 3,412,307</u>
PROPERTY AND EQUIPMENT, at cost (Note 2)		
Furniture and equipment	\$ 448,818	\$ 352,211
Less, accumulated depreciation	(323,270)	(291,783)
Property and Equipment, net	<u>\$ 125,548</u>	<u>\$ 60,428</u>
OTHER ASSETS:		
Certificates of deposit - long term (Note 2)	\$ -	\$ 261,912
Contributions receivable net of current portion (Notes 2 and 4)	250,000	-
Ratner sculptures (Note 2)	65,750	66,750
Total Other Assets	<u>\$ 315,750</u>	<u>\$ 328,662</u>
TOTAL ASSETS	<u><u>\$ 6,094,406</u></u>	<u><u>\$ 3,801,397</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 213,285	\$ 372,104
Accrued expenses	289,728	281,756
Deferred revenue (Note 2)	25,086	100,590
Due to AILA (Note 5)	222,754	55,320
Total Current Liabilities	<u>\$ 750,853</u>	<u>\$ 809,770</u>
NET ASSETS:		
Unrestricted (Note 2)	\$ 549,299	\$ 456,936
Board designated net assets (Note 10):		
Legal fee award fund	399,304	351,711
Board designated reserve fund	1,502,860	1,502,860
Total Board designated net assets	<u>\$ 1,902,164</u>	<u>\$ 1,854,571</u>
Total Unrestricted	<u>\$ 2,451,463</u>	<u>\$ 2,311,507</u>
Temporarily restricted (Notes 2 and 8)	2,878,890	666,920
Permanently restricted (Notes 2 and 9)	13,200	13,200
Total Net Assets	<u>\$ 5,343,553</u>	<u>\$ 2,991,627</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 6,094,406</u></u>	<u><u>\$ 3,801,397</u></u>

The accompanying notes are an integral part of these statements.

AMERICAN IMMIGRATION COUNCIL

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES:				
Contributions (Note 2)	\$ 1,182,698	\$ 4,598,465	\$ -	\$ 5,781,163
Exchange visitor program	1,537,453	-	-	1,537,453
Special events	563,316	-	-	563,316
Publication sales	40,222	-	-	40,222
Contract income	-	-	-	-
Contributed services (Notes 2 and 5)	170,284	-	-	170,284
Other revenue	54,705	-	-	54,705
Interest income	7,345	-	-	7,345
Legal fees recovered	47,593	-	-	47,593
Net assets released from restriction:				
Satisfaction of time or program accomplishment	2,386,495	(2,386,495)	-	-
 Total Support and Revenue	 \$ 5,990,111	 \$ 2,211,970	 \$ -	 \$ 8,202,081
EXPENSES:				
Program services:				
Legal Department	\$ 1,202,829	\$ -	\$ -	1,202,829
Policy Department	1,231,535	-	-	1,231,535
Cultural Exchange Program	868,052	-	-	868,052
Justice Campaign	861,782	-	-	861,782
Communications	492,346	-	-	492,346
Education Department	-	-	-	-
Total Program Services	<u>\$ 4,656,543</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,656,543</u>
Supporting services:				
Fundraising	\$ 724,535	\$ -	\$ -	\$ 724,535
Management and General	380,323	-	-	380,323
Leadership	88,754	-	-	88,754
Total Supporting Services	<u>\$ 1,193,612</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,193,612</u>
 Total Expenses	 <u>\$ 5,850,155</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 5,850,155</u>
 CHANGE IN NET ASSETS BEFORE REIMBURSEMENT OF TEMPORARILY RESTRICTED CONTRIBUTION	 \$ 139,956	 \$ 2,211,970	 \$ -	 \$ 2,351,926
 REIMBURSEMENT OF TEMPORARILY RESTRICTED CONTRIBUTION (NOTE 11)	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 CHANGE IN NET ASSETS	 \$ 139,956	 \$ 2,211,970	 \$ -	 \$ 2,351,926
 NET ASSETS, BEGINNING OF YEAR	 <u>2,311,507</u>	 <u>666,920</u>	 <u>13,200</u>	 <u>2,991,627</u>
 NET ASSETS, END OF YEAR	 <u>\$ 2,451,463</u>	 <u>\$ 2,878,890</u>	 <u>\$ 13,200</u>	 <u>\$ 5,343,553</u>

The accompanying notes are an integral part of these statements.

2016

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 677,110	\$ 847,250	\$ -	\$ 1,524,360
1,611,537	-	-	1,611,537
620,228	-	-	620,228
134,622	-	-	134,622
31,501	-	-	31,501
131,997	-	-	131,997
12,256	-	-	12,256
6,347	-	-	6,347
35,239	-	-	35,239
1,166,892	(1,166,892)	-	-
<u>\$ 4,427,729</u>	<u>\$ (319,642)</u>	<u>\$ -</u>	<u>\$ 4,108,087</u>
\$ 983,037	\$ -	\$ -	983,037
672,015	-	-	672,015
854,356	-	-	854,356
-	-	-	-
270,604	-	-	270,604
455,021	-	-	455,021
<u>\$ 3,235,033</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,235,033</u>
\$ 602,361	\$ -	\$ -	\$ 602,361
543,970	-	-	543,970
36,702	-	-	36,702
<u>\$ 1,183,033</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,183,033</u>
\$ 4,418,066	\$ -	\$ -	\$ 4,418,066
\$ 9,663	\$ (319,642)	\$ -	\$ (309,979)
-	(25,576)	-	(25,576)
9,663	(345,218)	-	(335,555)
2,301,844	1,012,138	13,200	3,327,182
<u>\$ 2,311,507</u>	<u>\$ 666,920</u>	<u>\$ 13,200</u>	<u>\$ 2,991,627</u>

AMERICAN IMMIGRATION COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

	Program Services					Total Program Services
	Legal Department	Policy Department	Cultural Exchange Program	Justice Campaign	Communications	
Salaries and benefits	\$ 898,497	\$ 704,877	\$ 382,999	\$ 248,615	\$ 340,146	\$ 2,575,134
Contributed services	64,407	33,501	18,556	11,868	16,294	144,626
Accounting fees	-	-	-	-	-	-
AILA Services & Equipment	16,731	12,913	7,152	4,574	6,280	47,650
Bank Charges	-	-	36,505	-	-	36,505
Conferences and meetings	-	535	3,489	149	655	4,828
Consulting services	18,885	297,590	8,929	22,390	13,306	361,100
Depreciation	9,155	7,066	3,914	2,503	3,437	26,075
Equipment and equipment rental	202	595	280	470	663	2,210
Grants funded partnerships	-	-	-	510,790	37,500	548,290
Hosted events	23,493	11,551	3,304	2,146	2,539	43,033
Insurance	14,559	3,394	291,518	1,202	1,650	312,323
Legal fees	16,550	2,960	-	-	2,695	22,205
Library/subscription dues	8,280	2,419	6,208	1,762	358	19,027
Marketing and promotion	-	-	1,970	-	-	1,970
Miscellaneous expense	80	7	109	-	6	202
Occupancy	59,467	73,619	25,422	16,259	22,322	197,089
Outside personnel	-	6,085	4,350	-	-	10,435
Postage and shipping	1,294	305	24,086	90	194	25,969
Printing and publications	596	927	2,272	868	1,374	6,037
Stipend/Training	16,029	11,291	7,506	4,563	6,307	45,696
Supplies	9,140	5,304	4,055	2,076	2,471	23,046
Taxes and filing fees	-	-	-	-	-	-
Technology	-	-	-	-	-	-
Telephone	2,797	8,802	1,260	30	2,934	15,823
Travel	29,343	36,909	7,829	17,762	13,914	105,757
Website and online services	13,324	10,885	26,339	13,665	17,300	81,512
Total Expenses	<u>\$ 1,202,829</u>	<u>\$ 1,231,535</u>	<u>\$ 868,052</u>	<u>\$ 861,782</u>	<u>\$ 492,346</u>	<u>\$ 4,656,543</u>

The accompanying notes are an integral part of this statement.

Supporting Services						
Fundraising	Management and General	Leadership	Total Supporting Services	Total 2017	Total 2016	
\$ 347,000	\$ 204,983	\$ -	\$ 551,983	\$3,127,117	\$2,664,253	Salaries and benefits
17,004	8,654	-	25,658	170,284	131,997	Contributed services
-	52,809	-	52,809	52,809	46,192	Accounting fees
6,554	3,336	-	9,890	57,540	58,875	AILA Services & Equipment
7,869	10,958	-	18,827	55,332	49,943	Bank charges
-	-	-	-	4,828	66,490	Conferences and meetings
31,276	34,037	47,151	112,464	473,564	254,475	Consulting services
3,587	1,825	-	5,412	31,487	21,389	Depreciation
912	1,721	-	2,633	4,843	-	Equipment and equipment rental
-	-	-	-	548,290	12,500	Grants funded partnerships
213,824	2,896	3,830	220,550	263,583	305,834	Hosted events
1,722	877	-	2,599	314,922	281,762	Insurance
-	229	-	229	22,434	42,451	Legal fees
4,132	1,018	1,500	6,650	25,677	24,193	Library/subscription dues
10,181	-	-	10,181	12,151	7,961	Marketing and promotion
77	920	-	997	1,199	3,915	Miscellaneous expense
23,295	11,856	-	35,151	232,240	203,246	Occupancy
-	6,405	-	6,405	16,840	6,467	Outside personnel
1,292	834	63	2,189	28,158	32,397	Postage and shipping
878	475	13	1,366	7,403	4,044	Printing and publications
5,776	2,922	1,016	9,714	55,410	24,916	Stipend/Training
2,797	3,379	117	6,293	29,339	23,913	Supplies
-	239	-	239	239	4,382	Taxes and filing fees
-	-	-	-	-	187	Technology
2,811	2,287	126	5,224	21,047	14,424	Telephone
23,997	24,448	34,938	83,383	189,140	83,075	Travel
19,551	3,215	-	22,767	104,279	48,785	Website and online services
<u>\$ 724,535</u>	<u>\$ 380,323</u>	<u>\$ 88,754</u>	<u>\$1,193,612</u>	<u>\$5,850,155</u>	<u>\$4,418,066</u>	

AMERICAN IMMIGRATION COUNCIL

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,351,926	\$ (309,979)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	31,487	21,389
Reimbursement of contribution	-	(25,576)
(Increase) decrease in assets:		
Due from/to AILA	167,434	(136,199)
Contributions receivable	(1,329,107)	466,106
Other receivables	25,939	(21,017)
Other Assets	1,000	2,500
Prepaid expenses	(8,413)	(49,899)
Increase (decrease) in liabilities:		
Accounts payable	(158,819)	187,518
Accrued expenses	7,972	55,116
Deferred Revenue	(75,504)	(51,766)
	<u>\$ 1,013,915</u>	<u>\$ 138,193</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	\$ (96,607)	\$ (49,659)
Purchase of certificates of deposit	(456,220)	(4,364)
Net Cash (Used in) Investing Activities	<u>\$ (552,827)</u>	<u>\$ (54,023)</u>
NET INCREASE IN CASH	\$ 461,088	\$ 84,170
CASH, BEGINNING OF YEAR	<u>2,057,144</u>	<u>1,972,974</u>
CASH, END OF YEAR	<u><u>\$ 2,518,232</u></u>	<u><u>\$ 2,057,144</u></u>

The accompanying notes are an integral part of these statements.

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

Note 1. **Organization:**

The American Immigration Council, a 501(c)(3) nonprofit, is a powerful voice in promoting laws, policies, and attitudes that honor our proud history as a nation of immigrants. Through research and policy analysis, litigation and communications, and international exchange, the Council seeks to shape a twenty-first century vision of the American immigrant experience.

What we do:

We use the courts to demand a fair judicial process for immigrants and to stand up for their rights. The Council works to achieve justice and fairness for immigrants under the law. The Council is highly respected for its willingness and ability to bring cutting-edge lawsuits that hold the government accountable for unlawful conduct and restrictive interpretations and implementation of the law.

We use the facts to educate the public on the important and enduring contributions that immigrants make to America. The Council is a national leader in challenging the myths and misinformation that too often dominate the political and public debate around immigration. Through research and analysis, the Council promotes the development of fair and rational immigration policies that reflect fundamental American values.

We use cultural exchange to connect American businesses with the global market of ideas and innovation. The Council sponsors interns and trainees for programs that secure the prosperity and cultural richness of a globally engaged society. Our experts provide direct support and training to participants, host communities, and attorneys involved in the Exchange Visitor Program.

In all its work, the Council seeks out and promotes the problem-solvers and creative thinkers who can help us shape a more humane and fair approach to immigration—not only as a matter of law and policy, but also as a tool for continuing to protect and nourish the values of tolerance and dignity on which the United States was founded.

Why we do it:

The American Immigration Council, established in 1987, works to strengthen America by honoring our immigrant history and shaping how America thinks about and acts towards immigrants and immigration.

- We believe that everyone deserves an opportunity to present their immigration claims in a fair and orderly way.
- We hold that our doors must be open to those who come to the United States in search of safety and protection.
- We believe that immigrants strengthen America by bringing skills, talents, and new energy to our economy.
- We believe in honest debates driven by the facts, not fear.

The Council's program areas are:

AMERICAN IMMIGRATION COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

Note 1. Organization (Continued):

Legal Department:

The Legal Department works to advance fundamental fairness in U.S. immigration law and to protect the constitutional and legal rights of noncitizens. In pursuit of its mission, the Legal Department has established itself as a leader in litigation, information-sharing, and collaboration among immigration litigators across the country. The Legal Department works with other immigrants' rights, civil rights and human rights organizations and immigration attorneys throughout the United States to promote the just and fair administration of our immigration laws and the accountability of immigration agencies.

Policy Department:

The Council's Policy Department provides thought leadership and expert insight on a broad range of immigration issues that are priorities for the Council. The team helps ensure that the Council's rigorous publications and analysis are communicated to the right decision makers and messengers at the right moment to improve immigration policy. The team actively monitors the immigration landscape to identify trends and works in close collaboration with other coalition partners to identify and implement effective advocacy strategies. Through administrative advocacy, the Policy Department shares its analysis of new proposals and developments, by participating in stakeholder engagements with government officials and filing complaints calling for investigations of agency wrong-doing. The team also educates Members of Congress by organizing and participating in briefings, submitting statements for the record, and offering lines of questioning for committee hearings.

Research

The Research team works to arm advocates, policy makers, and the media with accurate information, context, and sound analysis on a wide range of immigration issues. The creative work undertaken by the research staff and outside collaborators establishes or confirms facts, supports or refutes theories, and develops new arguments. Our research is generally aimed at advancing the Council's mission to highlight the contributions of immigrants, increase government accountability, and promote fundamental due process rights in all aspects of immigration law. The research team also serves as a conduit between the academic research community and the immigration policy community, seeking to inject knowledge and new voices from academia into the immigration debate that might otherwise remain unknown to policymakers.

Communications:

The Communications team at the Council is working to drive a rational conversation around immigration in the United States. The communications team supports the programs in planning and executing a wide range of outreach activities that reach target audiences. The team also manages our daily law and policy blog: www.ImmigrationImpact.com.

AMERICAN IMMIGRATION COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

Note 1. **Organization (Continued):**

Justice Campaign

Our mission is to fight for due process and justice for detained immigrants.

The Trump administration has authorized a dramatic increase in efforts to detain and deport immigrants. Indiscriminate enforcement measures that disregard due process and undermine access to a fair day in court present new challenges. With a lawyer, an immigrant is ten times more likely to prevail in their case. And yet, only 14 percent of detained immigrants have an attorney by their side in immigration court.

New times call for new strategies, which is why the American Immigration Lawyers Association (AILA) and the American Immigration Council (the Council) launched a new joint initiative: the Immigration Justice Campaign.

The primary goal of the Justice Campaign is to increase access to legal counsel for thousands of immigrants held in detention centers. To achieve this, the Campaign is building a broad network of pro bono allies to serve the many thousands of detained individuals who would otherwise go unrepresented and training private lawyers with new tactics and strategies to enable them to vigorously defend immigrants facing removal.

Cultural Exchange Program (CEP):

The Cultural Exchange program promotes the understanding of temporary immigration and participation in the global economy by sponsoring J-1 visas for international trainees and interns at U.S. businesses of all sizes. Designated by the U.S. Department of State to offer an exchange visitor program, the Cultural Exchange program facilitates emerging professionals to develop career enhancing skills at U.S. companies to use in their home countries. The participating businesses and institutions will, in turn, benefit from exposure to varying cultures in the countries into which they are operating or into which they are expanding. Short term outbound programs periodically offer Americans who are interested in learning about international immigration and human rights issues the opportunity to participate in overseas study tours to gain new perspectives on these vital issues.

AMERICAN IMMIGRATION COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2017 AND 2016

Note 1. Organization (Concluded):

Education Department:

By the end of 2016 the American Immigration Council drastically scaled back its programmatic work in the education area that had focused on providing support to school teachers to teach their studies about our history as a nation of immigrants. But since the Council's strengths and expertise are in immigration law and policy, the strategic decision was made to redirect its resources to these fields of work. For the past twelve years, the Council has recruited, cultivated and grown a strong staff of lawyers, policy analysts, and researchers who are recognized as leaders and experts in our field. Our staff and board leadership similarly reflect the Council's commitment and prioritization of law and policy.

The Council has successfully run the Fifth Grade Creative Writing Contest, now going into its 22nd year. With support from the Council, AILA chapters have taken on the responsibility of running local contests as way to engage with their local communities. The Council will continue to sponsor the contest at a national level, assuming AILA chapters maintain ownership over the local contests.

Awards and Scholarships:

The Council sponsors several awards each year at national and local levels to promote awareness and recognition of the significant contributions of immigrants to the U.S. economy, culture and society. The Immigrant Achievement and the American Heritage awards bestowed by the Council recognize immigrants who represent the immigrant spirit of tenacity, persistence and ambition to overcome obstacles in their efforts to achieve the American dream while having a direct impact in the community in which they live and thrive. The Immigrant Achievement Awards focus on politically relevant issues regarding immigration and its intersection with the other vital aspects of U.S. politics. The American Heritage Awards recognizes immigrants who have had a significant impact on their fields in relation to the topics being discussed in the annual immigration lawyers' conference. The Council also sponsors a creative writing contest for fifth graders nationwide that produces thousands of entries, with the winner and his or her family awarded a vacation trip to the city where the Council's annual benefit dinner is held.

The Council has successfully run the Fifth Grade Creative Writing Contest for over 20 years. With support from the Council, AILA chapters have taken on the responsibility of running local contests as way to engage with their local communities. The Council will continue to sponsor the contest at a national level, assuming AILA chapters maintain ownership over the local contests.

AMERICAN IMMIGRATION COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

Note 2. Summary of Significant Accounting Policies:

Method of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Contributions

The Council recognizes contribution revenue when an unconditional pledge is made or when cash is received if a pledge was not made. Contributions received are reported as unrestricted, temporarily restricted, or permanently restricted, based on donor intent.

In Kind Contributions

Contributions of donated services that create or enhance non-financial assets, or that require specialized skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The amount of contributed services received from the American Immigration Lawyers Association, an affiliated organization, is discussed in Note 5. During the year ended December 31, 2017 the Council also received donated office space with a fair market value of \$21,000.

Cash and Cash Equivalents

The Council considers all short term investments with original maturities of three months or less to be cash equivalents. At times, the demand deposits exceeded federally insured limits. The Council has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk.

Accounts and Grants Receivable

Accounts receivable are recorded at the amount the Council expects to collect on balances outstanding at the end of the fiscal year. Management closely monitors amounts receivable and charges off any balances that are determined to be uncollectible. As of December 31, 2017 and 2016, the Council's allowance for doubtful accounts was \$ 0. The Council had no bad debt expense for the years ended December 31, 2017 and 2016.

Certificates of Deposit

Certificates of deposit are recorded at cost which approximates fair market value based on quoted prices. The certificates of deposit are held to maturity and not considered a debt or equity security under Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) 820-10 *Fair Value Measurements and Disclosure*.

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2017 AND 2016

Note 2. **Summary of Significant Accounting Policies: (Continued)**

Deferred Revenue

Deferred revenue represents amounts received in advance of services rendered. Revenue is recognized as services are provided and earned.

Furniture, Equipment, and Artwork

Furniture and equipment are stated at cost. Depreciation is calculated on a straight line basis over a three year or five year estimated useful life. The Council capitalizes property and equipment purchases of \$500 or more.

The Council has capitalized artwork that consists of Ratner sculptures, acquired in 2008. Items acquired are recorded at cost if purchased and at appraised or fair value at date of accession if donated. Gains and losses from this artwork are reported as changes in net assets based on the absence or existence and nature of donor-imposed restrictions. Artwork that has indefinite or extraordinarily long useful lives are not depreciated as long as they have cultural value that is worth preserving and are actually being preserved. For the years ended December 31, 2017 and 2016, Ratner sculptures totaled \$65,750 and \$66,750, respectively.

Functional Allocation of Expenses

The allocation of the costs of providing various programs has been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain indirect costs have been allocated to program and supporting activities based on management's estimate of effort devoted to these activities.

Classes of Net Assets

The Council is required to report its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets are net assets without a donor imposed time and/or program restriction. The funds are available for general operating purposes.

Temporarily restricted net assets are contributions with donor-imposed time and/or program restrictions. These temporary restrictions require that resources be used for specific purposes and/or in a later period or after a specified date. Temporarily restricted net assets become unrestricted when the time restrictions expire or the funds are used for their restricted purposes and are reported in the accompanying statements of activities as net assets released from restrictions. Temporarily restricted net assets that are released in the same period are recorded as unrestricted net assets in the accompanying statements of activities.

Permanently restricted net assets must be maintained by the Council in perpetuity.

AMERICAN IMMIGRATION COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

Note 2. **Summary of Significant Accounting Policies: (Concluded)**

Reclassifications

Certain reclassifications may have been made to the December 31, 2016 financial statements to make them comparable with the December 31, 2017 financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting for Uncertainty in Income Taxes

The Council has adopted FASB ASC 740-10, *Income Taxes*, which prescribes measurements and disclosure requirements for current and deferred income tax provisions. The interpretation provides for a consistent approach in identifying and reporting uncertain tax positions. It is management's belief that the Organization does not hold any uncertain tax positions.

Note 3. **Tax Status:**

The Council has been recognized as exempt from federal income tax by the Internal Revenue Service under the provisions of Section 501(c)(3) of the Internal Revenue Code, and is classified as an organization that is not a private foundation.

Note 4. **Contributions Receivable:**

Contributions receivable at December 31, 2017 and 2016 are as follows:

	2017	2016
Receivables in less than one year	\$ 1,246,707	\$ 167,000
Receivables in one to two years	250,000	---
	<u>\$ 1,496,707</u>	<u>\$ 167,000</u>

AMERICAN IMMIGRATION COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

Note 5. Related Party Transactions:

The Council is related through common Board membership to the American Immigration Lawyers Association ("AILA"), a 501(c)(6) organization. AILA collects contributions for the Council on their dues invoices and remits the funds collected to the Council as needed. AILA is reimbursed by the Council for various operating costs including employee benefits, rent and office expenses paid by AILA on the Council's behalf. For the years ended December 31, 2017 and 2016, AILA provided grant contributions to the Council in the amounts of \$284,779 and \$134,128, respectively. During the year ended December 31, 2017, the Council provided \$476,029 in grant contributions to AILA. The Council also receives contributed services from AILA. For the years ended December 31, 2017 and 2016 the amount of contributed services was \$149,284 and \$131,997, respectively.

As of December 31, 2017 and 2016, the Council owed AILA \$222,754 and \$55,320 respectively.

Note 6. Retirement Plan:

The Council maintains a 401(k) retirement plan that covers eligible employees who have completed three months of service and are twenty-one years of age or older. The Council contributes a discretionary profit sharing contribution for eligible employees up to the legal limitation established by the Internal Revenue Service. Discretionary contributions vest over a five year period. For the years ended December 31, 2017 and 2016, the Council contributed \$57,711 and \$90,295, to the plan respectively.

Note 7. Operating Lease:

The Council's offices are housed within AILA's building and headquarters, as has been its operating practice since inception. The terms and conditions of the Council's use of office space have been documented in a memo of understanding between both organizations. The cost of rent, utilities and shared infrastructure is based on the actual annual costs that AILA incurs in financing its purchase and operations of the building. Although there is no actual lease agreement, both parties have agreed to give at least a year's prior notice to effect any changes to this arrangement. The Council's minimum lease obligation for the year ending December 31, 2018 is projected at \$239,207. Rent expense was \$232,240 and \$203,246 for the years ended December 31, 2017 and 2016.

Note 8. Temporarily Restricted Net Assets:

Temporarily restricted net assets as of December 31, 2017 and 2016 were available for the following purposes:

	<u>2017</u>	<u>2016</u>
Policy Department	\$ 79,583	\$ 224,999
Legal Department	306,250	48,938
Justice Campaign	1,090,975	---
Communications	395,832	---
General Support Time Restricted	<u>1,006,250</u>	<u>392,983</u>
Total	<u>\$ 2,878,890</u>	<u>\$ 666,920</u>

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

DECEMBER 31, 2017 AND 2016

Note 9. **Permanently Restricted Net Assets:**

Permanently restricted net assets as of December 31, 2017 and 2016 consisted of the following:

	2017	2016
Williamson Fund	\$ 10,700	\$ 10,700
Legacy Fund	2,500	2,500
Total	<u>\$ 13,200</u>	<u>\$ 13,200</u>

The interest earned from these funds can be used to support the Council's programs. Permanently restricted net assets are invested in savings accounts and certificates of deposit that are held to maturity. The investment policy of the Council is to provide financial stability and a source of funds to meet future needs.

Note 10. **Board Designated Funds:**

The Board of Directors has designated a portion of unrestricted net assets for specific purposes.

A reserve fund has been established to pay for unexpected expenses, subject to Board approval. The balance as of December 31, 2016 was \$1,502,860.

During the year ended December 31, 2016, the Board established a legal fee award fund. The purpose of this fund is to reserve some or all of the revenue generated by legal fees received through litigation so that it can be managed in a deliberate manner for specific activities and/or expenses. The balance of the legal awards fund at December 31, 2017 and 2016 was \$359,304 and \$351,711, respectively.

The Board designated net assets are invested in savings accounts and certificates of deposit. The Board of Directors has not established an investment return for these designated net assets. However, the Board has authorized that all interest earned by the savings account and certificates of deposit accrue to the Council's unrestricted net assets. The investment objectives of the Council are to create financial stability by preservation of capital that earns a reasonable rate of return.

Note 11. **Reimbursement of Temporarily Restricted Contributions:**

During the year ended December 31, 2016, the Council returned \$25,576 of temporarily restricted contributions to a donor. Management made a determination that the donor imposed restrictions would not be met.

Note 12. **Subsequent Events:**

The Council has evaluated all subsequent events through July 17, 2018 which was the date the financial statements were available to be issued. No subsequent events requiring disclosure were identified based on this evaluation.