

AMERICAN IMMIGRATION COUNCIL
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2015 AND 2014

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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, 2015 and 2014, 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, 2015.

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, 2015 and 2014 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 2014 financial statements, and our report dated August 17, 2015, 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, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Chaconas & Wilson, P.C.

Washington, DC
August 8, 2016

AMERICAN IMMIGRATION COUNCIL
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015 AND 2014

ASSETS

	2015	2014
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	\$ 1,972,974	\$ 1,239,205
Certificates of deposit (Note 2)	1,107,080	1,365,307
Accounts Receivable (Note 2)	4,922	45,750
Contributions receivable (Notes 2 and 4)	749,084	734,007
Prepaid expenses	1,329	1,457
Total Current Assets	\$ 3,835,389	\$ 3,385,726
 PROPERTY AND EQUIPMENT, at cost (Note 2)		
Furniture and equipment	\$ 302,552	\$ 280,052
Less, accumulated depreciation	(270,394)	(253,406)
Property and Equipment, net	\$ 32,158	\$ 26,646
 OTHER ASSETS:		
Certificates of deposit - long term (Note 2)	\$ 260,864	\$ 259,823
Deposit	-	16,209
Ratner sculptures (Note 2)	69,250	72,000
Total Other Assets	\$ 330,114	\$ 348,032
 TOTAL ASSETS	\$ 4,197,661	\$ 3,760,404

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 184,586	\$ 303,538
Accrued expenses	226,640	239,118
Deferred revenue (Note 2)	152,356	146,155
Due to AILA (Note 5)	306,897	31,963
Total Current Liabilities	\$ 870,479	\$ 720,774
 NET ASSETS:		
Unrestricted (Note 2)	\$ 672,042	\$ 764,171
Board designated net assets (Note 10):		
Legal fee award fund	316,472	-
Board designated reserve fund	1,313,330	1,239,204
Total Board designated net assets	\$ 1,629,802	\$ 1,239,204
Total Unrestricted	\$ 2,301,844	\$ 2,003,375
Temporarily restricted (Notes 2 and 8)	1,012,138	1,023,055
Permanently restricted (Notes 2 and 9)	13,200	13,200
Total Net Assets	\$ 3,327,182	\$ 3,039,630
 TOTAL LIABILITIES AND NET ASSETS	\$ 4,197,661	\$ 3,760,404

The accompanying notes are an integral part of these statements.

AMERICAN IMMIGRATION COUNCIL

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUES:				
Contributions (Note 2)	\$ 751,800	\$ 1,148,117	\$ -	\$ 1,899,917
Exchange visitor program	1,639,413	-	-	1,639,413
Special events	610,870	-	-	610,870
Publication sales	48,816	-	-	48,816
Contract income	10,749	-	-	10,749
Contributed services (Notes 2 and 5)	160,145	-	-	160,145
Other revenue	2,983	-	-	2,983
Interest income	3,659	-	-	3,659
Legal fees recovered	47,272	-	-	47,272
Net assets released from restriction:				
Satisfaction of time or program accomplishment	1,159,034	(1,159,034)	-	-
Total Support and Revenue	\$ 4,434,741	\$ (10,917)	\$ -	\$ 4,423,824
EXPENSES:				
Program services:				
Legal Department	\$ 987,674	\$ -	\$ -	987,674
Policy Department	733,439	-	-	733,439
Cultural Exchange Program	786,905	-	-	786,905
Education Department	269,651	-	-	269,651
Communications	310,083	-	-	310,083
Total Program Services	\$ 3,087,752	\$ -	\$ -	\$ 3,087,752
Supporting services:				
Fundraising	\$ 575,709	\$ -	\$ -	\$ 575,709
Management and General	444,564	-	-	444,564
Leadership	28,247	-	-	28,247
Total Supporting Services	\$ 1,048,520	\$ -	\$ -	\$ 1,048,520
Total Expenses	\$ 4,136,272	\$ -	\$ -	\$ 4,136,272
CHANGE IN NET ASSETS	\$ 298,469	\$ (10,917)	\$ -	\$ 287,552
NET ASSETS, BEGINNING OF YEAR	2,003,375	1,023,055	13,200	3,039,630
NET ASSETS, END OF YEAR	\$ 2,301,844	\$ 1,012,138	\$ 13,200	\$ 3,327,182

The accompanying notes are an integral part of these statements.

2014

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 675,563	\$ 1,247,500	\$ -	\$ 1,923,063
1,434,973	-	-	1,434,973
595,014	-	-	595,014
120,993	-	-	120,993
10,750	-	-	10,750
144,535	-	-	144,535
84,546	-	-	84,546
5,353	-	-	5,353
292,290	-	-	292,290
<u>1,062,261</u>	<u>(1,062,261)</u>	<u>-</u>	<u>-</u>
<u>\$ 4,426,278</u>	<u>\$ 185,239</u>	<u>\$ -</u>	<u>\$ 4,611,517</u>
\$ 1,233,427	\$ -	\$ -	\$ 1,233,427
882,429	-	-	882,429
932,378	-	-	932,378
170,494	-	-	170,494
295,122	-	-	295,122
<u>\$ 3,513,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,513,850</u>
\$ 482,739	\$ -	\$ -	\$ 482,739
384,514	-	-	384,514
22,586	-	-	22,586
<u>\$ 889,839</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 889,839</u>
<u>\$ 4,403,689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,403,689</u>
\$ 22,589	\$ 185,239	\$ -	\$ 207,828
<u>1,708,113</u>	<u>837,816</u>	<u>13,200</u>	<u>2,559,129</u>
<u>\$ 1,730,702</u>	<u>\$ 1,023,055</u>	<u>\$ 13,200</u>	<u>\$ 2,766,957</u>

AMERICAN IMMIGRATION COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	Program Services					Total Program Services
	Legal Department	Policy Department	Cultural Exchange Program	Education Department	Communications	
Salaries and benefits	\$ 725,681	\$ 583,436	\$ 340,369	\$ 192,679	\$ 214,460	\$ 2,056,625
Contributed services	38,240	28,397	30,467	10,440	12,006	119,550
Accounting fees	-	-	-	-	-	-
AILA Services & Equipment	15,263	12,538	7,087	4,361	4,361	43,610
Bank Charges	868	686	35,294	263	341	37,452
Conferences and meetings	3,493	6,748	2,928	4,662	3,206	21,037
Consulting services	47,490	14,435	2,000	-	31,387	95,312
Depreciation	4,901	4,091	1,997	1,411	1,377	13,777
Equipment rental	386	317	179	110	110	1,102
Grants funded partnerships	-	-	-	5,191	-	5,191
Hosted events	27,859	5,563	3,153	22,372	6,776	65,723
Insurance	10,346	-	272,673	-	-	283,019
Legal fees	3,797	158	89	55	55	4,154
Library/subscription dues	2,745	2,485	3,595	294	355	9,474
Marketing and promotion	-	-	-	327	-	327
Miscellaneous expense	168	138	1,283	48	48	1,685
Occupancy	54,733	44,960	25,412	15,638	15,638	156,381
Outside personnel	-	-	-	-	-	-
Postage and shipping	865	978	26,905	478	97	29,323
Printing and publications	1,054	1,340	735	436	277	3,842
Stipend/Training	1,420	558	1,103	1,644	42	4,767
Supplies	4,843	3,474	2,817	1,281	2,481	14,896
Taxes and filing fees	-	-	3,982	-	-	3,982
Technology	193	159	90	55	55	552
Telephone	760	2,837	754	821	1,678	6,850
Travel	41,294	19,351	3,223	6,317	6,784	76,969
Travel stipends	-	-	-	-	1,500	1,500
Website and online services	1,275	790	20,770	768	7,049	30,652
Total Expenses	<u>\$ 987,674</u>	<u>\$ 733,439</u>	<u>\$ 786,905</u>	<u>\$ 269,651</u>	<u>\$ 310,083</u>	<u>\$ 3,087,752</u>

The accompanying notes are an integral part of this statement.

Supporting Services						
Fundraising	Management and General	Leadership	Total Supporting Services	Total 2015	Total 2014	
\$ 234,098	\$ 285,820	\$ -	\$ 519,918	\$2,576,543	\$2,545,649	Salaries and benefits
22,290	17,212	1,093	40,595	160,145	144,535	Contributed services
-	48,810	-	48,810	48,810	42,757	Accounting fees
4,906	5,996	-	10,902	54,512	48,629	AILA Services & Equipment
10,568	4,931	-	15,499	52,951	56,105	Bank charges
8,030	11,002	16,536	35,568	56,605	31,897	Conferences and meetings
-	-	3,190	3,190	98,502	156,138	Consulting services
1,357	1,854	-	3,211	16,988	19,332	Depreciation
124	152	-	276	1,378	11,955	Equipment rental
-	-	-	-	5,191	17,211	Grants funded partnerships
236,281	1,912	1,219	239,412	305,135	275,912	Hosted events
-	9,666	-	9,666	292,685	492,729	Insurance
370	3,021	-	3,391	7,545	9,149	Legal fees
6,151	2,519	-	8,670	18,144	16,256	Library/subscription dues
54	61	-	115	442	-	Miscellaneous expense
5,714	188	-	5,902	7,587	3,823	Marketing and promotion
17,593	21,502	-	39,095	195,476	195,062	Occupancy
-	-	-	-	-	10,378	Outside personnel
2,427	876	302	3,605	32,928	32,554	Postage and shipping
2,614	6,339	-	8,953	12,795	13,464	Printing and publications
23	3,503	-	3,526	8,293	49,042	Stipend/Training
1,612	2,724	183	4,519	19,415	20,070	Supplies
-	747	-	747	4,729	5,058	Taxes and filing fees
62	76	-	138	690	3,610	Technology
1,251	1,589	1,079	3,919	10,769	14,780	Telephone
13,521	13,674	4,612	31,807	108,776	71,025	Travel
-	-	-	-	1,500	67,806	Travel stipends
6,663	390	33	7,086	37,738	48,763	Website and online services
<u>\$ 575,709</u>	<u>\$ 444,564</u>	<u>\$ 28,247</u>	<u>\$1,048,520</u>	<u>\$4,136,272</u>	<u>\$4,403,689</u>	

AMERICAN IMMIGRATION COUNCIL

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 287,552	\$ 207,828
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	16,988	19,332
(Increase) decrease in assets:		
Due from/to AILA	274,934	(220,942)
Contributions receivable	(15,077)	(391,657)
Other receivables	40,828	(45,750)
Other Assets	18,959	(12,209)
Prepaid expenses	128	8,363
Increase (decrease) in liabilities:		
Accounts payable	(118,952)	100,023
Accrued expenses	(12,478)	84,546
Deferred Revenue	6,201	146,155
Net Cash Provided by (Used in) Operating Activities MGL	\$ 499,083	\$ (104,311)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	\$ (22,500)	\$ (12,229)
Redemption of certificates of deposit	257,186	-
Purchase of certificates of deposit	-	(664,236)
Net Cash Provided by (Used in) Investing Activities	\$ 234,686	\$ (676,465)
NET INCREASE (DECREASE) IN CASH	\$ 733,769	\$ (780,776)
CASH, BEGINNING OF YEAR	1,239,205	1,747,308
CASH, END OF YEAR	\$ 1,972,974	\$ 1,239,205

The accompanying notes are an integral part of these statements.

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

Note 1. **Organization:**

The American Immigration Council (the Council), formerly the American Immigration Law Foundation, was established in 1987 as an IRS designated 501(c)(3), tax-exempt, not-for-profit educational, charitable organization.

Our mission is to strengthen America by honoring our immigrant history and shaping how Americans think about and act towards immigration now and in the future.

The Council exists to promote the prosperity and cultural richness of our diverse nation by:

- Educating citizens about the enduring contributions of America's immigrants,
- Standing up for sensible and humane immigration policies that reflect American values,
- Insisting that our immigration laws be enacted and implemented in a way that honors fundamental constitutional and human rights, and
- Working tirelessly to achieve justice and fairness for immigrants under the law.

The American Immigration Council believes that the dignity of the individual knows no boundary. Our nation's moral and ethical values must be reflected in the way we welcome immigrants.

The Council's program areas are:

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 is the policy and research arm of the Council. It is dedicated to producing and supporting research and analysis about the contributions made to America by immigrants and immigration, particularly focusing on the economic and social contributions made possible by a well regulated immigration policy. The Policy Department publishes fact sheets, perspectives pieces and special reports. The Policy Department also works to disseminate its studies and papers to a broad audience of both national policymakers and media and local opinion leaders in cities throughout the country. Congressional briefings, press conferences, and symposia are also used to present our findings to the public.

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015 AND 2014

Note 1. **Organization** (Concluded)

Cultural Exchange Program (CEP):

The Cultural Exchange Program (CEP) 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 CEP 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.

Education Department:

The Education Department strives to promote a better understanding of immigrants and immigration by providing educational resources that inspire thoughtful dialogue, creative teaching and critical thinking. Dedicated to the American values of fairness, social justice and respect for all people, the Education Department is committed to making immigration an “everybody issue”. The Education Department also highlights the positive contributions immigrants have made and continue to make to American society through its programmatic work. Through educator workshops, an annual creative writing contest, resources for teachers created by teachers and community grants, the Education Department brings the discussion of immigration to communities across the nation.

Awards and Scholarships:

The Council sponsors several awards each year at national and local levels in an effort 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.

Communications:

The Communications team at the Council is working to drive a rational conversation about immigration in the United States. The communications team supports the programs in planning and executing a wide range of publications and outreach activities with the goal of reaching target audiences. The team also runs our social media components including the highly successful immigration blog www.ImmigrationImpact.com.

AMERICAN IMMIGRATION COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015 AND 2014

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 (see Note 5).

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, 2015 and 2014, the Council's allowance for doubtful accounts was \$ 0. The Council had no bad debt expense for the years ended December 31, 2015 and 2014.

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*.

Deferred Revenue

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

AMERICAN IMMIGRATION COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015 AND 2014

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

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, 2015 and 2014, Ratner sculptures totaled \$69,250 and \$72,000, 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.

Reclassifications

Certain reclassifications may have been made to the December 31, 2014 financial statements to make them comparable with the December 31, 2015 financial statements.

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015 AND 2014

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

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. The Council's Form 990 *Return of Organization Exempt from Income Tax* for the years ended 2012, 2013 and 2014 are subject to examination by the IRS, generally for three years after they were filed.

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. **Grants Receivable:**

All grants receivable are due in one year or less. As of December 31, 2015 and 2014 the balance of grants receivable was \$749,084 and \$734,007, respectively.

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, 2015 and 2014, AILA provided grant contributions to the Council in the amounts of \$282,434 and \$254,006, respectively. The Council also receives contributed services from AILA. For the years ended December 31, 2015 and 2014 the amount of contributed services was \$160,145 and \$144,535, respectively.

As of December 31, 2015 and 2014, the Council owed AILA \$306,897 and \$31,963, respectively.

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015 AND 2014

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, 2015 and 2014, the Council contributed \$119,946 and \$133,680, 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, 2016 is projected at \$195,476. Rent expense was \$195,476 and \$195,062 for the years ended December 31, 2015 and 2014.

Note 8. **Temporarily Restricted Net Assets:**

Temporarily restricted net assets as of December 31, 2015 and 2014 were available for the following purposes:

	<u>2015</u>	<u>2014</u>
Policy Department	\$ 48,631	\$ 313,557
Legal Department	29,375	48,332
Education Department	43,750	96,250
General Support Time Restricted	890,383	564,916
Total	<u>\$ 1,012,139</u>	<u>\$ 1,023,055</u>

AMERICAN IMMIGRATION COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONCLUDED)
DECEMBER 31, 2015 AND 2014

Note 9. Permanently Restricted Net Assets:

Permanently restricted net assets as of December 31, 2015 and 2014 consisted of the following:

	2015	2014
Williamson Fund	\$ 10,700	\$ 10,700
Legacy Fund	2,500	2,500
Total	\$ 13,200	\$ 13,200

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, 2015 and 2014 was \$1,313,330 and \$1,239,204, respectively.

During the year ended December 31, 2015, the Board established a legal awards 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, 2015 was \$316,472.

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. Subsequent Events:

The Council has evaluated all subsequent events through August 8, 2016 which was the date the financial statements were available to be issued. No subsequent events requiring disclosure were identified based on this evaluation.

