

**AMERICAN IMMIGRATION COUNCIL  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2016 AND 2015**

**AMERICAN IMMIGRATION COUNCIL**

**FINANCIAL STATEMENTS**

**AND**

**INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2016 AND 2015**

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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, 2016 and 2015, 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, 2016 and 2015 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 2015 financial statements, and our report dated August 8, 2016, 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, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Chaconas & Wilson, P.C.*

Washington, DC  
July 19, 2017



**AMERICAN IMMIGRATION COUNCIL**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2016 AND 2015**  
**ASSETS**

	2016	2015
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents (Note 2)	\$ 2,057,144	\$ 1,972,974
Certificates of deposit (Note 2)	1,110,396	1,107,080
Accounts Receivable (Note 2)	25,939	4,922
Contributions receivable (Notes 2 and 4)	282,978	749,084
Prepaid expenses	51,228	1,329
Total Current Assets	<u>\$ 3,527,685</u>	<u>\$ 3,835,389</u>
<b>PROPERTY AND EQUIPMENT, at cost (Note 2)</b>		
Furniture and equipment	\$ 352,211	\$ 302,552
Less, accumulated depreciation	(291,783)	(270,394)
Property and Equipment, net	<u>\$ 60,428</u>	<u>\$ 32,158</u>
<b>OTHER ASSETS:</b>		
Certificates of deposit - long term (Note 2)	\$ 261,912	\$ 260,864
Ratner sculptures (Note 2)	66,750	69,250
Total Other Assets	<u>\$ 328,662</u>	<u>\$ 330,114</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,916,775</u></u>	<u><u>\$ 4,197,661</u></u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 372,104	\$ 184,586
Accrued expenses	281,756	226,640
Deferred revenue (Note 2)	100,590	152,356
Due to AILA (Note 5)	170,698	306,897
Total Current Liabilities	<u>\$ 925,148</u>	<u>\$ 870,479</u>
<b>NET ASSETS:</b>		
Unrestricted (Note 2)	\$ 456,936	\$ 672,042
Board designated net assets (Note 10):		
Legal fee award fund	351,711	316,472
Board designated reserve fund	1,502,860	1,313,330
Total Board designated net assets	<u>\$ 1,854,571</u>	<u>\$ 1,629,802</u>
Total Unrestricted	<u>\$ 2,311,507</u>	<u>\$ 2,301,844</u>
Temporarily restricted (Notes 2 and 8)	666,920	1,012,138
Permanently restricted (Notes 2 and 9)	13,200	13,200
Total Net Assets	<u>\$ 2,991,627</u>	<u>\$ 3,327,182</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 3,916,775</u></u>	<u><u>\$ 4,197,661</u></u>

The accompanying notes are an integral part of these statements.

**AMERICAN IMMIGRATION COUNCIL**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES:</b>				
Contributions (Note 2)	\$ 677,110	\$ 847,250	\$ -	\$ 1,524,360
Exchange visitor program	1,611,537	-	-	1,611,537
Special events	620,228	-	-	620,228
Publication sales	134,622	-	-	134,622
Contract income	31,501	-	-	31,501
Contributed services (Notes 2 and 5)	131,997	-	-	131,997
Other revenue	12,256	-	-	12,256
Interest income	6,347	-	-	6,347
Legal fees recovered	35,239	-	-	35,239
Net assets released from restriction:				
Satisfaction of time or program accomplishment	1,166,892	(1,166,892)	-	-
<b>Total Support and Revenue</b>	<b>\$ 4,427,729</b>	<b>\$ (319,642)</b>	<b>\$ -</b>	<b>\$ 4,108,087</b>
<b>EXPENSES:</b>				
Program services:				
Legal Department	\$ 983,037	\$ -	\$ -	983,037
Policy Department	672,015	-	-	672,015
Cultural Exchange Program	854,356	-	-	854,356
Education Department	455,021	-	-	455,021
Communications	270,604	-	-	270,604
Total Program Services	<u>\$ 3,235,033</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,235,033</u>
Supporting services:				
Fundraising	\$ 602,361	\$ -	\$ -	\$ 602,361
Management and General	543,970	-	-	543,970
Leadership	36,702	-	-	36,702
Total Supporting Services	<u>\$ 1,183,033</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,183,033</u>
<b>Total Expenses</b>	<b>\$ 4,418,066</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,418,066</b>
<b>CHANGE IN NET ASSETS BEFORE REIMBURSEMENT OF TEMPORARILY RESTRICTED CONTRIBUTION</b>	<b>\$ 9,663</b>	<b>\$ (319,642)</b>	<b>\$ -</b>	<b>\$ (309,979)</b>
<b>REIMBURSEMENT OF TEMPORARILY RESTRICTED CONTRIBUTION (NOTE 11 )</b>	<u>-</u>	<u>(25,576)</u>	<u>-</u>	<u>(25,576)</u>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 9,663</b>	<b>\$ (345,218)</b>	<b>\$ -</b>	<b>\$ (335,555)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>2,301,844</u>	<u>1,012,138</u>	<u>13,200</u>	<u>3,327,182</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 2,311,507</u></u>	<u><u>\$ 666,920</u></u>	<u><u>\$ 13,200</u></u>	<u><u>\$ 2,991,627</u></u>

The accompanying notes are an integral part of these statements.

2015			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 751,800	\$ 1,148,117	\$ -	\$ 1,899,917
1,639,413	-	-	1,639,413
610,870	-	-	610,870
48,816	-	-	48,816
10,749	-	-	10,749
160,145	-	-	160,145
2,983	-	-	2,983
3,659	-	-	3,659
47,272	-	-	47,272
<u>1,159,034</u>	<u>(1,159,034)</u>	<u>-</u>	<u>-</u>
<u>\$ 4,434,741</u>	<u>\$ (10,917)</u>	<u>\$ -</u>	<u>\$ 4,423,824</u>
\$ 987,674	\$ -	\$ -	987,674
733,439	-	-	733,439
786,905	-	-	786,905
269,651	-	-	269,651
310,083	-	-	310,083
<u>\$ 3,087,752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,087,752</u>
\$ 575,709	\$ -	\$ -	\$ 575,709
444,564	-	-	444,564
28,247	-	-	28,247
<u>\$ 1,048,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,048,520</u>
<u>\$ 4,136,272</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,136,272</u>
\$ 298,469	\$ (10,917)	\$ -	\$ 287,552
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>298,469</u>	<u>(10,917)</u>	<u>-</u>	<u>287,552</u>
<u>2,003,375</u>	<u>1,023,055</u>	<u>13,200</u>	<u>3,039,630</u>
<u>\$ 2,301,844</u>	<u>\$ 1,012,138</u>	<u>\$ 13,200</u>	<u>\$ 3,327,182</u>



**AMERICAN IMMIGRATION COUNCIL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(WITH COMPARATIVE TOTALS FOR 2015)**

	Program Services					
	Legal Department	Policy Department	Cultural Exchange Program	Education Department	Communications	Total Program Services
Salaries and benefits	\$ 655,012	\$ 471,293	\$ 412,685	\$ 359,753	\$ 202,452	\$ 2,101,195
Contributed services	32,866	22,834	20,839	18,456	10,011	105,006
Accounting fees		-	-	-	-	-
AILA Services & Equipment	14,659	10,185	9,295	8,232	4,465	46,836
Bank Charges			35,355	240	-	35,595
Conferences and meetings	5,520	8,014	4,741	2,317	5,928	26,520
Consulting services	110,255	57,748	169	3,600	5,994	177,766
Depreciation	5,326	3,700	3,377	2,991	1,622	17,016
Equipment rental	-	-	-	-	-	-
Grants funded partnerships	12,500	-	-	-	-	12,500
Hosted events	28,561	17,707	6,198	13,508	5,126	71,100
Insurance	4,558		262,633	-		267,191
Legal fees	22,236			-		22,236
Library/subscription dues	5,954	1,372	3,630	315	96	11,367
Marketing and promotion			35		522	557
Miscellaneous expense	554	347	667	281	153	2,002
Occupancy	50,606	35,160	32,088	28,418	15,414	161,686
Outside personnel	150				-	150
Postage and shipping	911	100	24,844	293		26,148
Printing and publications	828	583	476	100	10	1,997
Stipend/Training	5,781	3,249	3,174	7,800	1,306	21,310
Supplies	5,151	4,940	4,405	2,315	1,815	18,626
Taxes and filing fees	-	-	3,982	-	-	3,982
Technology	-	-	-	62	34	96
Telephone	1,319	3,313	1,186	660	2,620	9,098
Travel	14,399	27,567	3,941	2,442	7,084	55,433
Travel stipends						-
Website and online services	5,891	3,903	20,636	3,238	5,952	39,620
Total Expenses	<u>\$ 983,037</u>	<u>\$ 672,015</u>	<u>\$ 854,356</u>	<u>\$ 455,021</u>	<u>\$ 270,604</u>	<u>\$ 3,235,033</u>

The accompanying notes are an integral part of this statement.



Supporting Services						
Fundraising	Management and General	Leadership	Total Supporting Services	Total 2016	Total 2015	
\$ 258,500	\$ 304,558	\$ -	\$ 563,058	\$2,664,253	\$2,576,543	Salaries and benefits
13,123	13,868	-	26,991	131,997	160,145	Contributed services
-	46,192	-	46,192	46,192	48,810	Accounting fees
5,853	6,186	-	12,039	58,875	54,512	AILA Services & Equipment
6,038	8,310	-	14,348	49,943	52,951	Bank charges
20,692	2,573	16,705	39,970	66,490	56,605	Conferences and meetings
5,214	71,495	-	76,709	254,475	98,502	Consulting services
2,126	2,247	-	4,373	21,389	16,988	Depreciation
-	-	-	-	-	1,378	Equipment rental
-	-	-	-	12,500	5,191	Grants funded partnerships
226,153	3,236	5,345	234,734	305,834	305,135	Hosted events
-	14,571	-	14,571	281,762	292,685	Insurance
-	20,215	-	20,215	42,451	7,545	Legal fees
8,858	3,968	-	12,826	24,193	18,144	Library/subscription dues
7,404	-	-	7,404	7,961	7,587	Marketing and promotion
200	213	1,500	1,913	3,915	442	Miscellaneous expense
20,206	21,354	-	41,560	203,246	195,476	Occupancy
-	6,317	-	6,317	6,467	-	Outside personnel
2,135	3,652	462	6,249	32,397	32,928	Postage and shipping
1,831	216	-	2,047	4,044	12,795	Printing and publications
1,797	1,809	-	3,606	24,916	8,293	Stipend/Training
1,963	3,242	82	5,287	23,913	19,415	Supplies
-	400	-	400	4,382	4,729	Taxes and filing fees
44	47	-	91	187	690	Technology
2,097	1,551	1,678	5,326	14,424	10,769	Telephone
11,386	5,326	10,930	27,642	83,075	108,776	Travel
-	-	-	-	-	1,500	Travel stipends
6,741	2,424	-	9,165	48,785	37,738	Website and online services
<u>\$ 602,361</u>	<u>\$ 543,970</u>	<u>\$ 36,702</u>	<u>\$1,183,033</u>	<u>\$4,418,066</u>	<u>\$4,136,272</u>	

# AMERICAN IMMIGRATION COUNCIL

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (309,979)	\$ 287,552
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	21,389	16,988
Reimbursement of contribution	(25,576)	-
(Increase) decrease in assets:		
Due from/to AILA	(136,199)	274,934
Contributions receivable	466,106	(15,077)
Other receivables	(21,017)	40,828
Other Assets	2,500	18,959
Prepaid expenses	(49,899)	128
Increase (decrease) in liabilities:		
Accounts payable	187,518	(118,952)
Accrued expenses	55,116	(12,478)
Deferred Revenue	(51,766)	6,201
Net Cash Provided by Operating Activities	<u>\$ 138,193</u>	<u>\$ 499,083</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	\$ (49,659)	\$ (22,500)
Redemption of certificates of deposit	-	257,186
Purchase of certificates of deposit	(4,364)	-
Net Cash Provided by (Used in) Investing Activities	<u>\$ (54,023)</u>	<u>\$ 234,686</u>
<b>NET INCREASE IN CASH</b>	<u>\$ 84,170</u>	<u>\$ 733,769</u>
<b>CASH, BEGINNING OF YEAR</b>	<u>1,972,974</u>	<u>1,239,205</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 2,057,144</u></u>	<u><u>\$ 1,972,974</u></u>

The accompanying notes are an integral part of these statements.



# AMERICAN IMMIGRATION COUNCIL

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

### 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**

**DECEMBER 31, 2016 AND 2015**

**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 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.

**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.



**AMERICAN IMMIGRATION COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2016 AND 2015**

Note 1. **Organization** (Concluded)

**Education Department** (Continued):

By the end of 2016 the American Immigration Council drastically scaled back its programmatic work in the education area. The Council's strengths and expertise are in immigration law and policy. 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 reflects 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 20<sup>th</sup> 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 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](http://www.ImmigrationImpact.com).

**AMERICAN IMMIGRATION COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2016 AND 2015**

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, 2016 and 2015, the Council's allowance for doubtful accounts was \$ 0. The Council had no bad debt expense for the years ended December 31, 2016 and 2015.

**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, 2016 AND 2015**

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, 2016 and 2015, Ratner sculptures totaled \$66,750 and \$69,250, 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, 2015 financial statements to make them comparable with the December 31, 2016 financial statements.



**AMERICAN IMMIGRATION COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2016 AND 2015**

**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.

**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:**

All contributions receivable are due in one year or less. As of December 31, 2016 and 2015 the balance of contributions receivable was \$282,978 and \$749,084, 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, 2016 and 2015, AILA provided grant contributions to the Council in the amounts of \$134,128 and \$282,434, respectively. The Council also receives contributed services from AILA. For the years ended December 31, 2016 and 2015 the amount of contributed services was \$131,997 and \$160,145, respectively.

As of December 31, 2016 and 2015, the Council owed AILA \$170,698 and \$306,897 respectively.



**AMERICAN IMMIGRATION COUNCIL**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2016 AND 2015**

**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, 2016 and 2015, the Council contributed \$90,295 and \$119,946, 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, 2017 is projected at \$200,206. Rent expense was \$203,246 and \$195,476 for the years ended December 31, 2016 and 2015.

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

Temporarily restricted net assets as of December 31, 2016 and 2015 were available for the following purposes:

	<u>2016</u>	<u>2015</u>
Policy Department	\$ 224,999	\$ 48,630
Legal Department	48,938	29,375
Education Department	--	43,750
General Support Time Restricted	392,983	890,383
Total	<u>\$ 666,920</u>	<u>\$ 1,012,138</u>

**AMERICAN IMMIGRATION COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS (CONCLUDED)**  
**DECEMBER 31, 2016 AND 2015**

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

Permanently restricted net assets as of December 31, 2016 and 2015 consisted of the following:

	2016	2015
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 and 2015 was \$1,502,860 and \$1,313,330, respectively.

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, 2016 and 2015 was \$351,711 and \$316,472, 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 19, 2017 which was the date the financial statements were available to be issued. No subsequent events requiring disclosure were identified based on this evaluation.