



**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**

AMERICAN IMMIGRATION COUNCIL

TABLE OF CONTENTS  
DECEMBER 31, 2018 AND 2017

---

	<u>Pages</u>
Independent Auditors' Report.....	3-4
Financial Statements	
Statements of Financial Position .....	5
Statements of Activities .....	6-7
Statement of Functional Expenses.....	8
Statements of Cash Flows .....	9
Notes to Financial Statements.....	10-18

## Independent Auditors' Report

To the Board of Directors  
American Immigration Council  
Washington, D.C.

We have audited the accompanying financial statements of American Immigration Council, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. We have also audited American Immigration Council's statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Immigration Council as of December 31, 2018 and 2017, 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.

To the Board of Directors  
American Immigration Council

***Emphasis of Matter***

As discussed in Note 2 of the financial statements, American Immigration Council adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, for the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

***Report on Summarized Comparative Information***

We have previously audited American Immigration Council's 2017 financial statements, and our report dated July 17, 2018, 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, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Councilor, Buchanan + Mitchell, P.C.*

Washington, D.C.  
June 27, 2019

Certified Public Accountants

**AMERICAN IMMIGRATION COUNCIL**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2018 AND 2017**

<b>Assets</b>	<b>2018</b>	<b>2017</b>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 3,455,163	\$ 2,518,233
Certificates of Deposit	1,570,257	1,828,528
Accounts Receivable	79,815	-
Contributions Receivable	800,608	1,246,707
Due from AILA	75,032	-
Prepaid Expenses	25,019	59,641
Total Current Assets	<b>6,005,894</b>	5,653,109
<b>Property and Equipment, at Cost</b>		
Furniture and Equipment	504,393	448,817
Less Accumulated Depreciation	(371,392)	(323,270)
Property and Equipment, Net	<b>133,001</b>	125,547
<b>Other Assets</b>		
Contributions Receivable, Net of Current Portion	250,000	250,000
Ratner Sculptures	65,000	65,750
Total Other Assets	<b>315,000</b>	315,750
<b>Total Assets</b>	<b>\$ 6,453,895</b>	<b>\$ 6,094,406</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 290,192	\$ 213,285
Accrued Expenses	362,403	289,728
Deferred Revenue	75,000	25,086
Due to AILA	-	222,754
Total Current Liabilities	<b>727,595</b>	750,853
<b>Net Assets</b>		
Net Assets Without Donor Restrictions	<b>1,098,671</b>	549,299
Board Designated Net Assets		
Legal Fee Award Fund	112,164	399,304
Board Designated Reserve Fund	1,502,860	1,502,860
Total Board Designated Net Assets	<b>1,615,024</b>	1,902,164
Total Net Assets Without Donor Restrictions	<b>2,713,695</b>	2,451,463
Net Assets With Donor Restrictions	<b>3,012,605</b>	2,892,090
Total Net Assets	<b>5,726,300</b>	5,343,553
<b>Total Liabilities And Net Assets</b>	<b>\$ 6,453,895</b>	<b>\$ 6,094,406</b>

*See accompanying Notes to Financial Statements.*

**AMERICAN IMMIGRATION COUNCIL**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>Support and Revenue</b>			
Contributions	\$ 2,171,563	\$ 3,270,100	\$ 5,441,663
Exchange Visitor Program	1,721,571	-	1,721,571
Special Events	423,293	-	423,293
Publication Sales	139,666	-	139,666
Contributed Services	122,571	-	122,571
Other Revenue	24,287	-	24,287
Interest Income	3,685	-	3,685
Net Assets Released from Restrictions			
Satisfaction of Time or Program Accomplishment	<u>3,149,585</u>	<u>(3,149,585)</u>	<u>-</u>
Total Support and Revenue	<u>7,756,221</u>	<u>120,515</u>	<u>7,876,736</u>
<b>Expenses</b>			
Program Services			
Legal Department	1,310,059	-	1,310,059
Policy Department	621,076	-	621,076
Cultural Exchange Program	954,656	-	954,656
Research	519,357	-	519,357
Justice Campaign	1,801,578	-	1,801,578
Communications	<u>560,510</u>	<u>-</u>	<u>560,510</u>
Total Program Services	<u>5,767,236</u>	<u>-</u>	<u>5,767,236</u>
Supporting Services			
Fundraising	855,878	-	855,878
Management and General	738,619	-	738,619
Leadership	<u>132,256</u>	<u>-</u>	<u>132,256</u>
Total Supporting Services	<u>1,726,753</u>	<u>-</u>	<u>1,726,753</u>
Total Expenses	<u>7,493,989</u>	<u>-</u>	<u>7,493,989</u>
Change in Net Assets	262,232	120,515	382,747
Net Assets, Beginning of Year	<u>2,451,463</u>	<u>2,892,090</u>	<u>5,343,553</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 2,713,695</u></u>	<u><u>\$ 3,012,605</u></u>	<u><u>\$ 5,726,300</u></u>

*See accompanying Notes to Financial Statements.*

**AMERICAN IMMIGRATION COUNCIL**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>Support and Revenue</b>			
Contributions	\$ 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
Contributed Services	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 Restrictions			
Satisfaction of Time or Program Accomplishment	<u>2,386,495</u>	<u>(2,386,495)</u>	<u>-</u>
Total Support and Revenue	<u>5,990,111</u>	<u>2,211,970</u>	<u>8,202,081</u>
<b>Expenses</b>			
Program Services			
Legal Department	1,202,828	-	1,202,828
Policy Department	1,231,535	-	1,231,535
Cultural Exchange Program	868,052	-	868,052
Justice Campaign	861,782	-	861,782
Communications	<u>492,346</u>	<u>-</u>	<u>492,346</u>
Total Program Services	<u>4,656,543</u>	<u>-</u>	<u>4,656,543</u>
Supporting Services			
Fundraising	724,535	-	724,535
Management and General	380,323	-	380,323
Leadership	<u>88,754</u>	<u>-</u>	<u>88,754</u>
Total Supporting Services	<u>1,193,612</u>	<u>-</u>	<u>1,193,612</u>
Total Expenses	<u>5,850,155</u>	<u>-</u>	<u>5,850,155</u>
Change in Net Assets	139,956	2,211,970	2,351,926
Net Assets, Beginning of Year	<u>2,311,507</u>	<u>680,120</u>	<u>2,991,627</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 2,451,463</u></u>	<u><u>\$ 2,892,090</u></u>	<u><u>\$ 5,343,553</u></u>

*See accompanying Notes to Financial Statements.*

AMERICAN IMMIGRATION COUNCIL

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

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

	Program Services						Supporting Services					Total 2018	Total 2017
	Legal Department	Policy Department	Cultural Exchange Program	Justice Campaign	Communi- cations	Research	Total Program Services	Fundraising	Management and General	Leadership	Total Supporting Services		
Salaries and Benefits	\$ 1,033,058	\$ 419,594	\$ 437,446	\$ 852,688	\$ 360,263	\$ 437,375	\$ 3,540,424	\$ 381,691	\$ 330,440	\$ -	\$ 712,131	\$ 4,252,555	\$ 3,127,117
Contributed Services	37,577	8,536	13,121	24,762	7,704	7,138	98,838	11,763	10,152	1,818	23,733	122,571	170,284
Accounting Fees	-	-	-	-	-	-	-	-	53,376	-	53,376	53,376	52,809
AILA Services and Equipment	17,958	7,191	7,569	16,037	6,059	7,766	62,580	6,639	4,346	-	10,985	73,565	57,540
Bank Charges	4	-	38,674	-	-	78	38,756	21,495	18,524	-	40,019	78,775	55,332
Conferences and Meetings	403	319	2,147	2,400	1,771	1,005	8,045	944	-	-	944	8,989	4,828
Consulting Services	16,595	124,930	23,091	187,679	18,534	15,423	386,252	91,601	217,017	98,553	407,171	793,423	473,564
Depreciation	-	-	-	-	-	-	-	-	48,122	-	48,122	48,122	31,487
Equipment Rental	1,108	289	645	1,165	244	312	3,763	267	418	-	685	4,448	4,843
Grants Funded Partnerships	-	-	-	396,373	85,000	-	481,373	-	-	-	-	481,373	548,290
Hosted Events	41,259	8,898	8,185	20,024	9,207	4,162	91,735	255,556	12,032	797	268,385	360,120	263,583
Insurance	10,518	4,792	307,017	6,213	-	-	328,540	-	-	-	-	328,540	314,922
Legal Fees	12,437	-	-	200	-	-	12,637	-	2,139	4,860	6,999	19,636	22,434
Library/Subscription Dues	12,307	1,337	5,347	4,698	1,447	746	25,882	8,227	2,646	472	11,345	37,227	25,677
Marketing and Promotion	46	-	2,087	4,387	42	37	6,599	7,671	156	-	7,827	14,426	12,151
Miscellaneous Expense	-	-	-	-	-	-	-	-	160	-	160	160	1,199
Occupancy	71,173	25,619	26,963	85,593	21,584	27,665	258,597	23,653	15,483	-	39,136	297,733	232,240
Outside Personnel	4,030	1,614	10,706	13,231	1,359	1,743	32,683	1,490	975	-	2,465	35,148	16,840
Postage and Shipping	924	2	25,195	206	20	3	26,350	1,468	317	-	1,785	28,135	28,158
Printing and Publications	81	222	60	155	11	13	542	609	582	-	1,191	1,733	7,403
Stipend/Training	4,408	3,801	1,605	3,907	1,665	1,695	17,081	2,057	922	-	2,979	20,060	55,410
Supplies	6,249	1,588	5,077	4,706	2,047	2,122	21,789	1,641	1,622	193	3,456	25,245	29,339
Taxes and Filing Fees	-	-	3,982	50	-	-	4,032	-	10,190	-	10,190	14,222	239
Telephone	4,287	2,006	1,979	11,078	1,573	525	21,448	1,865	1,332	2	3,199	24,647	21,047
Travel	24,255	6,091	5,095	99,189	31,304	6,962	172,896	15,988	1,918	18,561	36,467	209,363	189,140
Website and Online Services	11,382	4,247	28,665	66,837	10,676	4,587	126,394	21,253	5,750	7,000	34,003	160,397	104,279
<b>Total Expenses</b>	<b>\$ 1,310,059</b>	<b>\$ 621,076</b>	<b>\$ 954,656</b>	<b>\$ 1,801,578</b>	<b>\$ 560,510</b>	<b>\$ 519,357</b>	<b>\$ 5,767,236</b>	<b>\$ 855,878</b>	<b>\$ 738,619</b>	<b>\$ 132,256</b>	<b>\$ 1,726,753</b>	<b>\$ 7,493,989</b>	<b>\$ 5,850,155</b>

See accompanying Notes to Financial Statements.



AMERICAN IMMIGRATION COUNCIL

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 382,747	\$ 2,351,926
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	48,122	31,487
<u>(Increase) Decrease in Assets</u>		
Contributions Receivable	446,099	(1,329,107)
Accounts Receivable	(79,815)	-
Other Receivables	-	25,939
Other Assets	750	1,000
Prepaid Expenses	34,622	(8,413)
<u>Increase (Decrease) in Liabilities</u>		
Due from/to AILA	(297,786)	167,434
Accounts Payable	76,907	(158,819)
Accrued Expenses	72,674	7,972
Deferred Revenue	49,914	(75,504)
Net Cash Provided by Operating Activities	734,234	1,013,915
<b>Cash Flows from Investing Activities</b>		
Purchase of Property and Equipment	(55,574)	(96,607)
Redemption (Purchase) of Certificates of Deposit	258,270	(456,219)
Net Cash Provided by (Used in) Investing Activities	202,696	(552,826)
Net Increase in Cash	936,930	461,089
Cash, Beginning of Year	2,518,233	2,057,144
<b>Cash, End of Year</b>	\$ 3,455,163	\$ 2,518,233

*See accompanying Notes to Financial Statements.*

## AMERICAN IMMIGRATION COUNCIL

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

---

#### 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *Organization*

American Immigration Council (the 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:*

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.

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

---

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

*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 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](http://www.ImmigrationImpact.com).

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

---

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 American Immigration Lawyers Association (AILA) and American Immigration Council (the Council) launched a new joint initiative: Immigration Justice Campaign (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 Justice 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.

*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.

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

---

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

*Awards and Scholarships (Continued)*

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 a 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.

*Method of Accounting*

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

*Contributions*

The Council recognizes contributions revenue when an unconditional pledge is made or when cash is received if a pledge was not made. Contributions received are reported as net assets with donor imposed restrictions or net assets without donor imposed restrictions, 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 American Immigration Lawyers Association, an affiliated organization, is discussed in Note 5. During the years ended December 31, 2018 and 2017, the Council also received donated office space in Boston, Massachusetts, with a fair market value of \$19,571 and \$21,000, respectively.

*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 Contributions 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, 2018 and 2017, the Council's allowance for doubtful accounts was \$-0-. The Council had no bad debt expense for the years ended December 31, 2018 and 2017.

*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  
DECEMBER 31, 2018 AND 2017

---

1. ORGANIZATION AND 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, 2018 and 2017, Ratner sculptures totaled \$65,000 and \$65,750, respectively.

*Functional Allocation of Expenses*

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include most operating costs that support various programs and functions. The basis of the allocations is direct salary costs which have been allocated to program and supporting functions based on documentation of employee time and effort.

*Classes of Net Assets*

Under ASU 2016-14, the Council is required to report its financial position and activities according to two classes of net assets. Those categories are assets without donor-imposed restrictions and assets with donor-imposed restrictions.

Net assets without donor restrictions are received without a donor-imposed time and/or program restriction. The funds are available for general operating purposes.

Net assets with donor restrictions are received with donor-imposed time and/or program restrictions. These donor-restricted net assets require that resources be used for specific purposes and/or in a later period or after a specified date. Net assets with donor restrictions 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. Net assets with donor restrictions that are released in the same period are recorded as net assets without restrictions in the accompanying statements of activities.

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

---

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

*Reclassifications*

Certain reclassifications may have been made to the December 31, 2017 financial statements to make them comparable with the December 31, 2018 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 Council does not hold any uncertain tax positions.

**2. ADOPTION OF ACCOUNTING STANDARDS UPDATE 2016-14**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU made improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit's liquidity, financial performance, and cash flows. The ASU became effective for fiscal years beginning after December 15, 2017. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. However, a not-for-profit has the option to omit the analysis of expenses by both "functions" and "natural" classification as well as certain disclosures about liquidity and availability of resources, for any comparative periods originally presented before the period of adoption. These financial statements do not include the disclosure about American Immigration Council's liquidity for the year ended December 31, 2017. See Note 10 for the disclosure about the Council's liquidity at December 31, 2018.

**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.

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31, 2018 and 2017, are as follows:

	<u>2018</u>	<u>2017</u>
Receivables in Less than One Year	\$ 800,608	\$ 1,246,707
Receivables in One to Two Years	<u>250,000</u>	<u>250,000</u>
Total	<u>\$ 1,050,608</u>	<u>\$ 1,496,707</u>

5. RELATED PARTY TRANSACTIONS

The Council is related through aligned missions and operations to American Immigration Lawyers Association (AILA), a 501(c)(6) organization. AILA's Executive Director serves as a non-voting member on the Council's Board of Directors. 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, 2018 and 2017, AILA provided grant contributions to the Council in the amounts of \$400,000 and \$284,779, respectively. The Council provided grants to AILA in the amounts of \$30,000 and \$476,029 for the years ended December 31, 2018 and 2017. The Council also receives contributed services from AILA. For the years ended December 31, 2018 and 2017, the amount of contributed services was \$103,000 and \$149,284, respectively.

The amounts due from/to AILA as of December 31, 2018 and 2017, were \$75,032 and \$(222,754), respectively.

6. RETIREMENT PLAN

The Council maintains a 401(k) retirement plan (the 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, 2018 and 2017, the Council contributed \$140,489 and \$57,711, to the Plan, respectively.

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, 2019, is projected at \$300,000. Rent expense was \$297,733 and \$232,240 for the years ended December 31, 2018 and 2017, respectively.



AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

---

**8. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of December 31, 2018 and 2017, were available for the following purposes:

	<u>2018</u>	<u>2017</u>
Policy Department	\$ -	\$ 79,583
Legal Department	68,325	306,250
Justice Campaign	1,626,542	1,090,975
Communications	237,871	395,832
General Support - Time-Restricted	1,066,667	1,006,250
Williamson Fund	10,700	10,700
Legacy Fund	2,500	2,500
Total	<u>\$ 3,012,605</u>	<u>\$ 2,892,090</u>

**9. BOARD DESIGNATED FUNDS**

The Board of Directors has designated a portion of net assets without donor restrictions for specific purposes.

A reserve fund has been established to pay for unexpected expenses, subject to Board approval. The balance as of December 31, 2018 and 2017, 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, 2018 and 2017, was \$112,164 and \$399,304, 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.

**10. LIQUIDITY AND AVAILABILITY OF RESOURCES**

*Liquidity and Available Resources*

The Council's cash flows have seasonable variations due to the timing of grants and contributions. The Council manages its liquidity to meet general expenditures, liabilities, and other obligations as they become due.

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

---

**10. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)**

*Qualitative Analysis*

As of December 31, 2018, the following financial assets and liquidity resources were available for general operating expenditures in the year ending December 31, 2019.

*Financial Assets*

Cash and Cash Equivalents	\$ 3,455,163
Certificates of Deposits	1,570,257
Accounts Receivable	79,815
Contributions Receivable, Current	<u>800,608</u>
Total Financial Assets Available within One Year	<u>\$ 5,905,843</u>

**11. SUBSEQUENT EVENTS**

The Council has evaluated all subsequent events through June 27, 2019, which was the date the financial statements were available to be issued. No subsequent events requiring disclosure were identified based on this evaluation.