

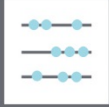
**AMERICANS FOR  
IMMIGRANT JUSTICE, INC.**

FINANCIAL STATEMENTS,  
INDEPENDENT AUDITOR'S REPORT  
AND SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED  
DECEMBER 31, 2018 AND 2017

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Officers of  
Americans for Immigrant Justice, Inc.  
Miami, Florida

We have audited the accompanying financial statements of Americans for Immigrant Justice, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Organization as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Prior Period Financial Statements***

The financial statements of the Organization as of December 31, 2017, were audited by other auditors whose report dated June 20, 2018, expressed an unmodified opinion on those financial statements.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of Florida Bar Foundation Financial Assistance is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2019, on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization’s internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 15, 2019

**AMERICANS FOR IMMIGRANT JUSTICE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2018 AND 2017**

	<b>ASSETS</b>	
	<u><b>2018</b></u>	<u><b>2017</b></u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,174,421	\$ 2,394,011
Restricted cash	8,670	8,665
Investments	16,370	12,780
Receivables	783,457	537,362
<b>TOTAL CURRENT ASSETS</b>	<u>2,982,918</u>	<u>2,952,818</u>
Furniture and equipment, net	221,922	39,450
Deposits	42,563	3,180
Other assets	25,829	50,732
<b>TOTAL ASSETS</b>	<u>\$ 3,273,232</u>	<u>\$ 3,046,180</u>
 <b>LIABILITIES AND NET ASSETS</b>  		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 114,594	\$ 59,608
Refundable advances	50,000	545,321
Case settlements held in trust	8,468	8,468
Deferred revenues	-	41,650
<b>TOTAL CURRENT LIABILITIES</b>	<u>173,062</u>	<u>655,047</u>
<b>NET ASSETS</b>		
Net assets without donor restrictions		
Designated by the Board for operating reserve	350,000	350,000
Undesignated	2,620,130	2,041,133
<b>Total net assets without donor restrictions</b>	<u>2,970,130</u>	<u>2,391,133</u>
Net assets with donor restrictions	130,040	-
<b>TOTAL NET ASSETS</b>	<u>3,100,170</u>	<u>2,391,133</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,273,232</u>	<u>\$ 3,046,180</u>

The accompanying notes are an integral part of these financial statements.

**AMERICANS FOR IMMIGRANT JUSTICE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUES</b>			
Contributions	\$ 400,147	\$ 3,590	\$ 403,737
Grants	3,725,319	390,000	4,115,319
Government contracts	549,073	-	549,073
Investment income	15,208	5	15,213
Events	128,555	-	128,555
Other income	1,423	-	1,423
Net assets released from restrictions	285,000	(285,000)	-
<b>TOTAL SUPPORT AND REVENUES</b>	<u>5,104,725</u>	<u>108,595</u>	<u>5,213,320</u>
<b>EXPENSES</b>			
Program services			
Impact advocacy	451,805	-	451,805
Direct services	3,168,124	-	3,168,124
<b>TOTAL PROGRAM SERVICES</b>	<u>3,619,929</u>	<u>-</u>	<u>3,619,929</u>
Supporting services			
Management and general	680,728	-	680,728
Fundraising	203,626	-	203,626
<b>TOTAL SUPPORTING SERVICES</b>	<u>884,354</u>	<u>-</u>	<u>884,354</u>
<b>TOTAL EXPENSES</b>	<u>4,504,283</u>	<u>-</u>	<u>4,504,283</u>
<b>CHANGE IN NET ASSETS</b>	600,442	108,595	709,037
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>2,391,133</u>	<u>-</u>	<u>2,391,133</u>
Transfer of net assets	(21,445)	21,445	-
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 2,970,130</u>	<u>\$ 130,040</u>	<u>\$ 3,100,170</u>

The accompanying notes are an integral part of these financial statements.

**AMERICANS FOR IMMIGRANT JUSTICE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>			
Contributions	\$ 246,111	\$ -	\$ 246,111
Grants	3,919,132	-	3,919,132
Government contracts	526,229	-	526,229
Investment income	2,441	-	2,441
Events	192,354	-	192,354
Other income	48,468	-	48,468
<b>TOTAL SUPPORT AND REVENUES</b>	<b>4,934,735</b>	<b>-</b>	<b>4,934,735</b>
<b>EXPENSES</b>			
Program services			
Impact advocacy	278,935	-	278,935
Direct services	2,996,759	-	2,996,759
<b>TOTAL PROGRAM SERVICES</b>	<b>3,275,694</b>	<b>-</b>	<b>3,275,694</b>
Supporting services			
Management and general	567,366	-	567,366
Fundraising	102,238	-	102,238
<b>TOTAL SUPPORTING SERVICES</b>	<b>669,604</b>	<b>-</b>	<b>669,604</b>
<b>TOTAL EXPENSES</b>	<b>3,945,298</b>	<b>-</b>	<b>3,945,298</b>
<b>CHANGE IN NET ASSETS</b>	<b>989,437</b>	<b>-</b>	<b>989,437</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>1,401,696</b>	<b>-</b>	<b>1,401,696</b>
<b>NET ASSETS AT END OF YEAR, as restated</b>	<b>\$ 2,391,133</b>	<b>\$ -</b>	<b>\$ 2,391,133</b>

The accompanying notes are an integral part of these financial statements.

**AMERICANS FOR IMMIGRANT JUSTICE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Program Services			Supporting Services			Total Expenses
	Impact Advocacy & Statewide	Direct Services	Total Program	Management and General	Fundraising	Total Supporting	
<b>OPERATING EXPENSES</b>							
Personnel compensation	\$ 260,953	\$ 2,317,190	\$ 2,578,143	\$ 509,807	\$ 149,224	\$ 659,031	\$ 3,237,174
Client services	778	12,063	12,841	6	95	101	12,942
Depreciation	-	-	-	23,713	-	23,713	23,713
Dues and licenses	4,099	6,952	11,051	7,394	1,337	8,731	19,782
Equipment rental and maintenance	3,220	11,222	14,442	390	1,108	1,498	15,940
Insurance	907	6,172	7,079	487	95	582	7,661
Legal library	2,994	1,174	4,168	-	-	-	4,168
Litigation	35,973	950	36,923	-	-	-	36,923
Miscellaneous	-	8,592	8,592	10,061	5,247	15,308	23,900
Professional fees	17,885	142,473	160,358	14,893	18,443	33,336	193,694
Rent	57,374	229,899	287,273	12,440	3,909	16,349	303,622
Repairs and maintenance	986	4,312	5,298	68,238	180	68,418	73,716
Subgrants	-	217,516	217,516	-	-	-	217,516
Supplies and postage	24,603	89,149	113,752	21,356	20,658	42,014	155,766
Telephone	6,116	32,659	38,775	2,563	1,192	3,755	42,530
Training	534	7,072	7,606	3,044	-	3,044	10,650
Travel	35,383	80,729	116,112	6,336	2,138	8,474	124,586
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 451,805</b>	<b>\$ 3,168,124</b>	<b>\$ 3,619,929</b>	<b>\$ 680,728</b>	<b>\$ 203,626</b>	<b>\$ 884,354</b>	<b>\$ 4,504,283</b>

The accompanying notes are an integral part of these financial statements.



**AMERICANS FOR IMMIGRANT JUSTICE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Program Services			Supporting Services			Total Expenses
	Impact Advocacy & Statewide	Direct Services	Total Program	Management and General	Fundraising	Total Supporting	
OPERATING EXPENSES							
Personnel compensation	\$ 161,140	\$ 2,158,629	\$ 2,319,769	\$ 465,953	\$ 81,721	\$ 547,674	\$ 2,867,443
Client services	347	6,151	6,498	12	4	16	6,514
Depreciation	-	-	-	12,712	-	12,712	12,712
Dues and licenses	2,010	7,704	9,714	2,865	1,792	4,657	14,371
Equipment rental and maintenance	188	16,713	16,901	1,952	-	1,952	18,853
Insurance	-	6,611	6,611	-	-	-	6,611
Legal library	85	3,357	3,442	46	-	46	3,488
Litigation	47,849	36,219	84,068	-	-	-	84,068
Miscellaneous	-	3,439	3,439	-	244	244	3,683
Professional fees	4,081	145,739	149,820	18,884	5,279	24,163	173,983
Rent	56,290	164,051	220,341	52,924	-	52,924	273,265
Repairs and maintenance	224	5,419	5,643	692	81	773	6,416
Subgrants	-	225,176	225,176	-	-	-	225,176
Supplies and postage	5,127	82,380	87,507	9,922	10,720	20,642	108,149
Telephone	1,594	33,288	34,882	1,180	672	1,852	36,734
Training	-	2,302	2,302	224	844	1,068	3,370
Travel	-	99,581	99,581	-	881	881	100,462
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 278,935</b>	<b>\$ 2,996,759</b>	<b>\$ 3,275,694</b>	<b>\$ 567,366</b>	<b>\$ 102,238</b>	<b>\$ 669,604</b>	<b>\$ 3,945,298</b>

The accompanying notes are an integral part of these financial statements.

**AMERICANS FOR IMMIGRANT JUSTICE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 709,037	\$ 989,437
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Unrealized gain on investments	(3,590)	-
Depreciation	23,713	7,487
(Increase) Decrease in assets:		
Receivables	(246,095)	(63,599)
Deposits	(39,383)	-
Other assets	24,903	(31,703)
Increase (Decrease) in liabilities:		
Accounts payable and accrued expenses	54,986	(73,632)
Refundable advances	(495,321)	494,306
Deferred revenue	(41,650)	6,150
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>	<u>(13,400)</u>	<u>1,328,446</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net proceeds from sale/purchase of investments	-	(12,780)
Acquisition of property and equipment	(206,185)	(14,251)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(206,185)</u>	<u>(27,031)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(219,585)	1,301,415
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>2,402,676</u>	<u>1,101,261</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 2,183,091</u>	<u>\$ 2,402,676</u>
<b>CASH PER STATEMENT OF FINANCIAL POSITION</b>		
Undesignated	\$ 2,174,421	\$ 2,394,011
Restricted	8,670	8,665
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>\$ 2,183,091</u>	<u>\$ 2,402,676</u>

The accompanying notes are an integral part of these financial statements.

**AMERICANS FOR IMMIGRANT JUSTICE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND OPERATIONS

**Organization**

Americans for Immigrant Justice, Inc. (formerly known as Florida Immigrant Advocacy Center, Inc.) is a not-for-profit organization incorporated in Florida on July 31, 1995, to protect the basic human rights of immigrants of all nationalities in Florida through direct legal services and impact advocacy efforts. The Organization operates from one office located in Miami, Florida. It provides direct legal assistance to individual clients that meet 125% of the Federal poverty guidelines and require an attorney to represent them in complex immigration issues.

**Basis of Accounting**

The financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recognized when earned and expenses are recognized when incurred.

**Financial Statement Presentation**

The financial statements have been prepared on the accrual basis of accounting and in accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”). The Organization is required to report information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions on the use of the net assets. The two net asset categories are as follows.

Net Assets Without Donor Restrictions

The portion of the net assets of the Organization that can be used subject to the broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws. In some cases, the use of these resources is also subject to limits resulting from contractual agreements with suppliers, creditors, and others entered into by the Organization in the normal course of business. The Organization has the greatest ability to choose when using these resources. Net assets without donor restrictions generally result from contributions that are not subject to donor-imposed restrictions. There was an amount designated by the board for operating reserve of approximately \$350,000 and \$350,000 as of December 31, 2018 and 2017, respectively.

Net Assets With Donor Restrictions

The portions of net assets of the Organization that is subject to either donor-imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit the Organization’s choices when using these resources because the Organization has a fiduciary responsibility to its donors to follow the donor’s instructions. Net assets with donor restrictions generally result from donor-restricted contributions. There were \$130,040 and \$0 with donor restrictions as of December 31, 2018 and 2017, respectively.

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

**Concentration of Credit Risk**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of temporary cash deposits, accounts and grants receivable. The Organization limits its exposure by placing its deposits with quality financial institutions. At times, such balances may be in excess of the \$250,000 insurance limits of the Federal Deposit Insurance Corporation.

**AMERICANS FOR IMMIGRANT JUSTICE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND OPERATIONS (Continued)

**Promises to Give**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**Donor Restricted and Without Donor Restricted Revenue**

Contributions received are recorded as donor restricted or without donor restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Federal and State grant awards are classified as refundable advances until expended for the purpose of the grant since they are conditional promises to give. Without donor restricted support increases net assets without donor restrictions.

**Allowance for Doubtful Accounts**

Management monitors the collection status of its receivables on an ongoing basis. Management believes that all receivables are collectible; therefore, the Organization has not included a provision for uncollectible accounts. Any accounts deemed uncollectible will be charged to expense when the determination is made.

**Furniture and Equipment**

Purchases of depreciable assets are recorded at cost or, if donated, at the fair value at the date of donation. Assets purchased with funds with explicit restrictions regarding their use and restrictions on the disposition of those assets are reported as restricted support. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions by releasing the depreciation charged for those assets during the period. All of the Organization's depreciable assets are without restrictions. Normal repairs and maintenance are charged to expense as incurred. Depreciation is recorded as an expense of net assets without donor restrictions and is computed using the straight-line method over the assets estimated useful life.

Estimated useful lives of property and equipment are as follows:

	<u>Years</u>
Computer equipment	3 – 5
Office equipment	3 – 7
Office furniture	3 – 7
Office furniture	5 – 15

The Organization capitalizes assets with a cost greater than \$5,000 and a useful life greater than one year.

**Deferred Revenue/Refundable Advances**

Revenue received in advance of the Organization incurring allowable grant expenses are recorded as deferred revenues or refundable advances.

**AMERICANS FOR IMMIGRANT JUSTICE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND OPERATIONS (Continued)

**Functional Expenses Allocation**

The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Expenses incurred and attributable to more than one function are allocated to the functions based on the overall percent of time spent by the employees related to the purpose for which costs were incurred. Rent is allocated based on square footage.

**Income Taxes**

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is subject to a tax on income from any unrelated business. The Organization did not have any unrelated business income for the years ended December 31, 2018 and 2017.

The Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required.

Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2018 and 2017.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2014.

The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

**Use of Estimates**

The preparation of financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of receivables, and the useful lives and impairment of tangible assets. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statement in the period they are determined to be necessary. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

**Reclassification of Prior Year Presentation**

Certain items in 2017 have been reclassified to conform to the 2018 financial statements' presentation. This reclassification had no effect on the reported results of operations.

**AMERICANS FOR IMMIGRANT JUSTICE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND OPERATIONS (Continued)

**New Accounting Pronouncement**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The Organization has adjusted the presentation of its financial statements accordingly. The new standard changes the following aspects of the Organization’s financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called *net assets with donor restrictions*.
- The unrestricted net asset class has been renamed *net assets without donor restrictions*.
- The financial statements include a new disclosure about liquidity and availability of resources (see Note 9) and expands on the disclosure related to the functional allocation of expenses.

**Subsequent Events**

The Organization has evaluated subsequent events through August 15, 2019, which is the date the financial statements were available to be issued.

NOTE 2 - CONTRACT FUNDING AND ECONOMIC DEPENDENCE

A significant portion of the Organization’s funding is received from Vera Institute of Justice, Inc. and The Children’s Trust. The majority of the contracts are on a cost reimbursement basis and are renewable on an annual basis. A significant reduction in the level of this funding, if this were to occur, may have a material effect on the Organization’s programs and activities.

Revenues received and receivables due under contracts with Vera Institute of Justice, Inc. and The Children’s Trust consisted of the following for December 31, 2018 and 2017:

	<u>2018</u>		<u>2017</u>	
	<u>Revenues</u>	<u>Receivables</u>	<u>Revenues</u>	<u>Receivables</u>
Vera Institute of Justice, Inc.	44%	55%	43%	40%
The Children's Trust	9%	18%	9%	20%

NOTE 3 - FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Computer equipment	\$ 219,827	\$ 176,123
Office equipment	8,059	8,059
Office furniture	65,011	21,097
Leasehold improvements	118,567	-
	<u>411,464</u>	<u>205,279</u>
Less: Accumulated depreciation	<u>(189,542)</u>	<u>(165,829)</u>
	<u>\$ 221,922</u>	<u>\$ 39,450</u>

Depreciation expense for the years ended December 31, 2018 and 2017 was \$23,713 and \$7,487, respectively.

**AMERICANS FOR IMMIGRANT JUSTICE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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**NOTE 4 - COMMITMENTS AND CONTINGENCIES**

**Office Lease**

The Organization leases two office spaces under the terms of two separate operating leases (One lease for the Miami office and one for the Washington D.C. office). The lease for the Miami office was relocated to a new location beginning on December 1, 2018 and calls for a monthly base rent of \$18,819. The lease for the Washington D.C. office expired and a new agreement was entered into in February of 2018, which calls for a monthly fee of \$170 for a virtual office that provides an answering service, receipt of mail, conference room and office space as needed. Rent expense totaled approximately \$304,000 and \$273,000 for the years ended December 31, 2018 and 2017, respectively.

**Copy Machine**

The Organization leases three copy machines under the terms of one operating lease. The lease agreement was entered into in May of 2018, which calls for a monthly fee of approximately \$1,200.

Total future minimum payments for the office lease and copy machines are as follows:

2019	\$	240,144
2020		240,708
2021		247,500
2022		254,496
2023		235,749
		<u>\$ 1,218,597</u>

**Grants**

The Organization receives grants that require compliance with certain provisions stated in the grant document. Failure to comply with these provisions could result in the return of funds to grantors. Although this is a possibility, management deems the contingency remote since, in their opinion, the Organization has fully complied with the provisions of the grants.

**NOTE 5 – FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs of other categories were allocated on estimates of time and effort.

**NOTE 6 -EMPLOYEE BENEFITS**

**IRC Section 125 Smart Plan**

The Organization maintains a cafeteria plan under Section 125 of the Internal Revenue Code. The plan allows employees to pay for family health and dental coverage through pre-tax earnings. Employees are eligible to participate after 90 days of continuous employment.

**IRC Section 403 (b)(7) Annuity Plan**

The Organization maintains an annuity plan under Internal Revenue Code IRC Section 403 (b)(7), however, as of January 1, 2016, the Organization discontinued its contributions.

**AMERICANS FOR IMMIGRANT JUSTICE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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**NOTE 7 - CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash in bank deposit accounts, which at times may exceed the federally insured limits. The Organization has not experienced any losses in such accounts. The Organization maintains its cash with high quality financial institutions, which the Organization believes limits these risks.

**NOTE 8 - BOARD DESIGNATED OPERATING RESERVE**

In January 2010, the Board of Directors approved the establishment of a Board designated operating reserve. The purpose of this fund or account is to establish a financial reserve to provide for a minimum of one to two months of operating income (operating reserve or reserve). The goal is to position the Organization to handle fiscal emergencies such as lack of short-term cash flow, unanticipated loss of grants or other funding, and unexpected replacement of physical assets. Any use of the operating reserve must first be approved by the executive committee of the Board. As of December 31, 2018, the balance of the operating reserve was approximately \$350,000.

**NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization’s financial assets as of December 31, 2018 and 2017 that are available for general use within one year of that date to meet cash for general expenditures:

	<u>2018</u>	<u>2017</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,183,091	\$ 2,402,676
Restricted cash	8,770	8,665
Investments	16,370	-
Receivables	<u>783,457</u>	<u>537,362</u>
Total financial assets	<u>2,991,688</u>	<u>2,948,703</u>
Less amounts not available to be used within one year:		
Restricted cash	8,770	8,665
Investments	16,370	-
Donor imposed time or purpose restrictions	50,000	-
Designated by the Board for operating reserve	<u>350,000</u>	<u>350,000</u>
	<u>425,140</u>	<u>358,665</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 2,566,548</u></u>	<u><u>\$ 2,590,038</u></u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

**NOTE 10 – INVESTMENTS**

Investments recorded at fair market value at December 31, 2018 and 2017 are comprised of:

	<u>2018</u>	<u>2017</u>
Equity securities	<u>\$ 16,730</u>	<u>\$ 12,780</u>

As of December 31, 2018 and 2017, the Organization had a gain on investments of \$3,590 and \$0, respectively.



**AMERICANS FOR IMMIGRANT JUSTICE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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**NOTE 11 – FAIR VALUE MEASUREMENTS**

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures of its investments in marketable securities and investment partnerships on a recurring basis.

FASB guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment for estimation.

Items Measured at Fair Value on a Recurring Basis

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value: Equity securities are valued at cost, which approximates fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in methodologies as of December 31, 2018 and 2017.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31:

	2018			
	Level 1	Level 2	Level 3	Total
Equity securities	\$ 16,370	\$ -	\$ -	\$ 16,370
Investments: Donor restricted				\$ 16,370
				\$ -
	2017			
	Level 1	Level 2	Level 3	Total
Equity securities	\$ 12,780	\$ -	\$ -	\$ 12,780
Investments: Donor restricted				\$ -

SUPPLEMENTARY INFORMATION

**AMERICANS FOR IMMIGRANT JUSTICE, INC.**  
**SCHEDULE OF FLORIDA BAR FOUNDATION FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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GENERAL AWARDS	
General operating	\$ 200,000
TOTAL GENERAL AWARDS	<u>\$ 200,000</u>

EXPENSES	
Personnel compensation	\$ 164,603
Space	19,081
Equipment rental	1,470
Supplies	4,860
Telephone	1,800
Travel	1,500
Audit	2,856
Insurance	330
Insurance	3,500
TOTAL EXPENSES	<u>\$ 200,000</u>



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

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To the Board of Directors of  
Americans for Immigrant Justice, Inc.  
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Americans For Immigrant Justice, Inc. (the "Organization"), 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, and have issued our report thereon dated August 15, 2019.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 15, 2019