

COMBINED FINANCIAL STATEMENTS

IMMIGRATION EQUALITY

IMMIGRATION EQUALITY ACTION FUND

**FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2017**

**IMMIGRATION EQUALITY
IMMIGRATION EQUALITY ACTION FUND**

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GELMAN, ROSENBERG

& FREEDMAN

CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Immigration Equality
Immigration Equality Action Fund
New York, New York

We have audited the accompanying combined financial statements of Immigration Equality and Immigration Equality Action Fund (collectively, the Organizations), which comprise the combined statement of financial position as of December 31, 2018, and the related combined statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organizations as of December 31, 2018, and the combined change in their net assets and their combined cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

4550 MONTGOMERY AVENUE • SUITE 650 NORTH • BETHESDA, MARYLAND 20814
(301) 951-9090 • FAX (301) 951-3570 • WWW.GRFCPA.COM

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Report on Summarized Comparative Information

We have previously audited the Organizations' 2017 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated May 7, 2018. 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 combined financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The Combining Schedule of Financial Position on page 15, Combining Schedule of Activities on page 16, Combining Schedule of Change in Net Assets on page 17, Schedule of Functional Expenses - Immigration Equality on pages 18 - 19, and Schedule of Functional Expenses - Immigration Equality Action Fund on pages 20 - 21, are presented for purposes of additional analysis and are not required parts of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.



May 9, 2019

**IMMIGRATION EQUALITY
IMMIGRATION EQUALITY ACTION FUND**

**COMBINED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,269,179	\$ 1,276,507
Accounts receivable	1,044	5,106
Contributions receivable	10,000	403,183
Prepaid expenses	57,482	38,535
Other current assets	<u>631</u>	<u>631</u>
Total current assets	<u>1,338,336</u>	<u>1,723,962</u>
FIXED ASSETS		
Furniture and equipment	2,798	2,798
Leasehold improvements	<u>28,500</u>	<u>28,500</u>
	31,298	31,298
Less: Accumulated depreciation and amortization	<u>(31,298)</u>	<u>(31,298)</u>
Net fixed assets	<u>-</u>	<u>-</u>
NONCURRENT ASSETS		
Security deposit	<u>23,929</u>	<u>23,929</u>
TOTAL ASSETS	<u>\$ 1,362,265</u>	<u>\$ 1,747,891</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 120,543	\$ 62,023
Deferred rent	<u>5,631</u>	<u>1,637</u>
Total current liabilities	<u>126,174</u>	<u>63,660</u>
NONCURRENT LIABILITIES		
Deferred rent	<u>3,829</u>	<u>9,459</u>
Total liabilities	<u>130,003</u>	<u>73,119</u>
NET ASSETS		
Without donor restrictions	1,057,679	1,010,727
With donor restrictions	<u>174,583</u>	<u>664,045</u>
Total net assets	<u>1,232,262</u>	<u>1,674,772</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,362,265</u>	<u>\$ 1,747,891</u>

See accompanying notes to combined financial statements.

**IMMIGRATION EQUALITY
IMMIGRATION EQUALITY ACTION FUND**

**COMBINED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contributions	\$ 607,751	\$ 50,000	\$ 657,751	\$ 505,824
Foundation grants	137,293	526,435	663,728	1,163,239
In-kind contributions - legal services	33,914,849	-	33,914,849	33,373,128
Special events, net of expenses	162,470	-	162,470	306,470
Other	2,967	-	2,967	4,430
Net assets released from donor restrictions	<u>998,814</u>	<u>(998,814)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>35,824,144</u>	<u>(422,379)</u>	<u>35,401,765</u>	<u>35,353,091</u>
EXPENSES				
Program Services:				
Legal	34,752,494	-	34,752,494	34,118,859
Outreach	238,443	-	238,443	209,995
Advocacy	<u>6,303</u>	<u>-</u>	<u>6,303</u>	<u>25,048</u>
Total program services	<u>34,997,240</u>	<u>-</u>	<u>34,997,240</u>	<u>34,353,902</u>
Supporting Services:				
Management and General	299,541	-	299,541	306,612
Fundraising	<u>480,411</u>	<u>-</u>	<u>480,411</u>	<u>368,881</u>
Total supporting services	<u>779,952</u>	<u>-</u>	<u>779,952</u>	<u>675,493</u>
Total expenses	<u>35,777,192</u>	<u>-</u>	<u>35,777,192</u>	<u>35,029,395</u>
Change in net assets before other item	46,952	(422,379)	(375,427)	323,696
OTHER ITEM				
De-obligated Funds	<u>-</u>	<u>(67,083)</u>	<u>(67,083)</u>	<u>-</u>
Change in net assets	46,952	(489,462)	(442,510)	323,696
Net assets at beginning of year	<u>1,010,727</u>	<u>664,045</u>	<u>1,674,772</u>	<u>1,351,076</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,057,679</u>	<u>\$ 174,583</u>	<u>\$ 1,232,262</u>	<u>\$ 1,674,772</u>

**IMMIGRATION EQUALITY
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**COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	2018			
	Program Services			
	Legal	Outreach	Advocacy	Total Program Services
Salaries	\$ 528,094	\$ 159,237	\$ 4,300	\$ 691,631
Payroll taxes, benefits and expenses	119,131	28,289	562	147,982
Staff training and development	7,036	1,241	27	8,304
Professional services	10,825	6,822	-	17,647
Donated legal services	33,914,849	-	-	33,914,849
In-kind professional fees / Interns	-	-	-	-
Rent	69,704	12,362	285	82,351
Electricity and utilities	6,559	1,163	27	7,749
Telephone, fax and internet	6,586	1,133	26	7,745
Insurance	6,323	1,121	26	7,470
Postage and shipping	2,887	30	-	2,917
Food and refreshments	36	3,556	4	3,596
Office supplies	6,976	1,163	27	8,166
Computer and management information systems	52,915	9,384	216	62,515
Travel	6,538	5,137	303	11,978
Conference	1,666	-	-	1,666
Subscriptions/dues	4,664	200	500	5,364
Advertising and publicity	-	7,555	-	7,555
Bank and finance charges	-	-	-	-
Depreciation and amortization	-	-	-	-
Miscellaneous	7,705	50	-	7,755
Subtotal	34,752,494	238,443	6,303	34,997,240
Direct costs of special events	-	-	-	-
TOTAL EXPENSES REPORTED BY FUNCTION ON THE STATEMENT OF ACTIVITIES (EXHIBIT B)	\$ 34,752,494	\$ 238,443	\$ 6,303	\$ 34,997,240

						2017
Supporting Services						
Management and General	Fundraising	Total Supporting Services	Direct Cost of Special Events	Total Expenses	Total Expenses	
\$ 146,470	\$ 281,544	\$ 428,014	\$ -	\$ 1,119,645	\$ 999,148	
29,599	53,605	83,204	-	231,186	201,979	
2,993	2,916	5,909	-	14,213	7,389	
68,000	-	68,000	-	85,647	94,056	
-	-	-	-	33,914,849	33,297,828	
-	-	-	-	-	75,300	
18,944	31,316	50,260	-	132,611	121,052	
1,712	2,947	4,659	-	12,408	12,505	
1,668	2,871	4,539	-	12,284	10,745	
1,651	2,841	4,492	-	11,962	12,315	
199	2,219	2,418	-	5,335	7,193	
873	41,652	42,525	106,892	153,013	84,481	
1,826	3,083	4,909	-	13,075	18,282	
13,817	23,773	37,590	-	100,105	73,289	
4,706	1,225	5,931	-	17,909	9,539	
3,847	1,166	5,013	-	6,679	6,132	
1,496	602	2,098	-	7,462	3,909	
-	15,434	15,434	-	22,989	22,802	
641	13,061	13,702	-	13,702	15,827	
-	-	-	-	-	5,998	
1,099	156	1,255	-	9,010	6,576	
299,541	480,411	779,952	106,892	35,884,084	35,086,345	
-	-	-	(106,892)	(106,892)	(56,950)	
\$ 299,541	\$ 480,411	\$ 779,952	\$ -	\$ 35,777,192	\$ 35,029,395	

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**COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (442,510)	\$ 323,696
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	-	5,998
Decrease (increase) in:		
Accounts receivable	4,062	(5,003)
Contributions receivable	393,183	(44,850)
Prepaid expenses	(18,947)	(11,299)
Other current assets	-	13
Security deposit	-	(15,529)
Increase (decrease) in:		
Accounts payable and accrued liabilities	58,520	27,688
Deferred rent	(1,636)	5,541
Net cash (used) provided by operating activities	<u>(7,328)</u>	<u>286,255</u>
Net (decrease) increase in cash and cash equivalents	(7,328)	286,255
Cash and cash equivalents at beginning of year	<u>1,276,507</u>	<u>990,252</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,269,179	\$ 1,276,507

**IMMIGRATION EQUALITY
IMMIGRATION EQUALITY ACTION FUND**

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Immigration Equality is a national organization fighting for equality under U.S. immigration law for lesbian, gay, bisexual, transgender and HIV-positive individuals. Immigration Equality provides free legal aid and advocacy for LGBTQ and HIV-positive immigrants and their families.

Immigration Equality is headquartered in New York City. Its primary sources of revenue are contributions, foundation grants and special events.

Immigration Equality Action Fund is a 501(c)(4) not-for-profit organization incorporated in 2009. Immigration Equality Action Fund advocates on Capitol Hill for equality for lesbian, gay, bisexual, transgender and HIV-positive immigrants and their families. To end discrimination in U.S. immigration law, Immigration Equality Action Fund works to pass the Uniting American Families Act and LGBTQ-inclusive Comprehensive Immigration Reform. Immigration Equality Action Fund lobbies legislators and other policy makers, builds coalitions, and empowers LGBTQ immigrant families around the country to fight for change. Its primary source of revenue is contributions.

Immigration Equality and Immigration Equality Action Fund are related through overlapping Boards of Directors and common goals.

Basis of presentation -

The combined financial statements of Immigration Equality and Immigration Equality Action Fund (collectively, the Organizations) have been presented on the accrual basis of accounting, and in accordance with FASB ASC 958-810, *Not-for-Profit Entities, Consolidation*. All significant intercompany balances and transactions have been eliminated in combination. The financial statements are also presented in accordance with Accounting Standards Update (ASU) 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU was adopted for the year ended December 31, 2018 and applied retrospectively.

The combined financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organizations' combined financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Cash and cash equivalents -

The Organizations consider all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Organizations maintain cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Accounts and contributions receivable -

Accounts and contributions receivable are stated at net realizable value, which approximates fair value. Management considers all amounts to be fully collectible within one year. Accordingly, an allowance for doubtful accounts has not been established.

**IMMIGRATION EQUALITY
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**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Fixed assets -

Fixed assets in excess of \$5,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. All fixed assets have been fully depreciated and amortized for the year ended December 31, 2018.

Income taxes -

Immigration Equality is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Beginning January 1, 2018, it is subject to unrelated business income taxes on qualified transportation fringe benefits provided to its employees. The amount of the tax for the year ended December 31, 2018 is immaterial. Immigration Equality is not a private foundation.

Immigration Equality Action Fund is exempt from Federal income taxes under 501(c)(4) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying combined financial statements.

Uncertain tax positions -

For the year ended December 31, 2018, the Organizations have documented their consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and have determined that no material uncertain tax positions qualify for either recognition or disclosure in the combined financial statements.

Net asset classification -

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors (or certain grantors) are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Combined Statement of Activities and Change in Net Assets as net assets released from donor restrictions.

Contributions and grants -

Contributions and grants are recorded as revenue in the year notification is received from the donor. Contributions and grants with donor restrictions are recognized as without donor restrictions only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions.

**IMMIGRATION EQUALITY
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**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Contributions and grants (continued) -

Such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying combined financial statements.

Use of estimates -

The preparation of the combined 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 at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Combined Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Some expenses are allocated on a basis of time and effort (such as salaries, benefits, and office overhead, including rent). Other expenses are not allocated and categorized as they are incurred for specific programs (such as fundraising event costs and travel).

Reclassification -

Certain amounts in the prior year's combined financial statements have been reclassified to conform to the current year's presentation. The reclassifications are primarily due to the adoption of Accounting Standards Update 2016-14, as discussed above, which requires two classifications of net assets from the previously presented three classes. Net assets previously classified as of December 31, 2017 as unrestricted net assets in the amount of \$1,010,727 are now classified as without donor restrictions. Net assets previously classified as temporarily restricted net assets in the amount of \$664,045, are now classified as net assets with donor restrictions.

New accounting pronouncements -

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. The Organizations has not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance.

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**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

New accounting pronouncements (continued) -

The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. The Organizations have not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Combined Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

The Organizations plan to adopt the new ASUs at the respective required implementation dates.

In-kind contributions -

In-kind contributions are recognized as support and expense in the Combined Statement of Activities and Change in Net Assets in accordance with FASB ASC 958-605-15-2, *Revenue Recognition-Contributions Received*, if the contributions (a) create or enhance non-financial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Organizations. As part of its Legal program, Immigration Equality arranges for the provision of pro bono legal services to LGBTQ and HIV-positive immigrants and their families.

For the year ended December 31, 2018, the value of those services provided through Immigration Equality totaled \$33,914,849.

2. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of December 31, 2018:

Legal	\$ 164,583
Time Restricted	<u>10,000</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 174,583</u>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Legal	\$ 344,436
Advocacy	14,970
Passage of Time	<u>639,408</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 998,814</u>

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**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

3. LEASE COMMITMENT

During 2017, the Organizations renewed their lease for an additional three-year term, which expires in June 2020. The base rent required under the lease is \$10,930 per month, with an annual escalation of 3% (and a rental abatement of \$10,930 in the first year of the lease). The lease requires an additional security deposit of \$15,529, for a total security deposit of \$23,929.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the combined Statement of Financial Position. As of December 31, 2018, the deferred rent liability aggregated \$9,460.

Following is a schedule of the future minimum lease payments:

Year Ending December 31,

2019	\$ 137,126
2020	<u>69,576</u>
	<u>\$ 206,702</u>

Rent expense for the year ended December 31, 2018 totaled \$132,611 (including taxes and other operating expenses).

4. LIQUIDITY

Financial assets available for use within one year of the Statement of Financial Position, comprise the following at December 31, 2018:

Cash and cash equivalents	\$ 1,269,179
Accounts receivable	1,044
Contributions receivable	<u>10,000</u>
Total financial assets available within one year	1,280,223
Less: Amounts unavailable for general expenditures within one year due to donor restrictions	<u>(174,583)</u>
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 1,105,640</u>

The Organizations have a goal to maintain financial assets to meet four months of recurring operating expenses averaged based on the three largest months of operation expenses. For 2018, this amount was \$197,980 per month, or \$791,921 for a four month period. The Organization's goal is to increase financial assets available to meet general expenditures by 5% in 2019.

5. RETIREMENT PLAN

The Organizations maintain a 403(b) pension plan for its employees. Employees can contribute to the plan; however, the Organizations are not providing any matching contributions. During 2018, the Organizations froze the plan.

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**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

5. RETIREMENT PLAN (Continued)

Effective May 1, 2018, Immigration Equality adopted a 401(k) plan for all eligible employees who have completed three months of service. Contributions to the plan are at the discretion of employees. Immigration Equality provides a matching contribution equal to 25% of the employee's contribution, up to an amount equal to 1% of the employee's salary. During 2018, Immigration Equality contributed \$4,234 to the plan.

6. SUBSEQUENT EVENTS

In preparing these combined financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through May 9, 2019, the date the combined financial statements were issued. No subsequent events were noted for disclosure.

SUPPLEMENTAL INFORMATION

**IMMIGRATION EQUALITY
IMMIGRATION EQUALITY ACTION FUND**

**COMBINING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018**

	ASSETS			
	<u>Immigration Equality</u>	<u>Immigration Equality Action Fund</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 955,960	\$ 313,219	\$ -	\$ 1,269,179
Accounts receivable	1,044	-	-	1,044
Contributions receivable	10,000	-	-	10,000
Prepaid expenses	57,482	-	-	57,482
Other current assets	631	-	-	631
Due from related party	<u>17,273</u>	<u>-</u>	<u>(17,273)</u>	<u>-</u>
Total current assets	<u>1,042,390</u>	<u>313,219</u>	<u>(17,273)</u>	<u>1,338,336</u>
FIXED ASSETS				
Furniture and equipment	2,798	-	-	2,798
Leasehold improvements	<u>28,500</u>	<u>-</u>	<u>-</u>	<u>28,500</u>
	31,298	-	-	31,298
Less: Accumulated depreciation and amortization	<u>(31,298)</u>	<u>-</u>	<u>-</u>	<u>(31,298)</u>
Net fixed assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NONCURRENT ASSETS				
Security deposit	<u>23,929</u>	<u>-</u>	<u>-</u>	<u>23,929</u>
TOTAL ASSETS	<u>\$ 1,066,319</u>	<u>\$ 313,219</u>	<u>\$ (17,273)</u>	<u>\$ 1,362,265</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$ 120,543	\$ -	\$ -	\$ 120,543
Deferred rent	5,631	-	-	5,631
Due to related party	<u>-</u>	<u>17,273</u>	<u>(17,273)</u>	<u>-</u>
Total current liabilities	<u>126,174</u>	<u>17,273</u>	<u>(17,273)</u>	<u>126,174</u>
NONCURRENT LIABILITIES				
Deferred rent, net of current portion	<u>3,829</u>	<u>-</u>	<u>-</u>	<u>3,829</u>
Total liabilities	<u>130,003</u>	<u>17,273</u>	<u>(17,273)</u>	<u>130,003</u>
NET ASSETS				
Without donor restrictions	760,279	295,946	1,454	1,057,679
With donor restrictions	<u>176,037</u>	<u>-</u>	<u>(1,454)</u>	<u>174,583</u>
Total net assets	<u>936,316</u>	<u>295,946</u>	<u>-</u>	<u>1,232,262</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,066,319</u>	<u>\$ 313,219</u>	<u>\$ (17,273)</u>	<u>\$ 1,362,265</u>

**IMMIGRATION EQUALITY
IMMIGRATION EQUALITY ACTION FUND**

**COMBINING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Immigration Equality</u>	<u>Immigration Equality Action Fund</u>	<u>Eliminations</u>	<u>Total</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS SUPPORT AND REVENUE				
Contributions	\$ 541,698	\$ 66,053	\$ -	\$ 607,751
Foundation grants	137,293	-	-	137,293
In-kind contributions - legal services	33,914,849	-	-	33,914,849
Special events, net of expenses	173,159	(10,689)	-	162,470
Other	2,967	-	-	2,967
Net assets released from donor restrictions	<u>997,360</u>	<u>1,454</u>	<u>-</u>	<u>998,814</u>
Total net assets without donor restrictions support and revenue	<u>35,767,326</u>	<u>56,818</u>	<u>-</u>	<u>35,824,144</u>
EXPENSES				
Program Services:				
Legal	34,752,494	-	-	34,752,494
Outreach	237,852	591	-	238,443
Advocacy	<u>2,818</u>	<u>3,485</u>	<u>-</u>	<u>6,303</u>
Total program services	<u>34,993,164</u>	<u>4,076</u>	<u>-</u>	<u>34,997,240</u>
Supporting Services:				
Management and General	288,596	10,945	-	299,541
Fundraising	<u>475,132</u>	<u>5,279</u>	<u>-</u>	<u>480,411</u>
Total supporting services	<u>763,728</u>	<u>16,224</u>	<u>-</u>	<u>779,952</u>
Total expenses	<u>35,756,892</u>	<u>20,300</u>	<u>-</u>	<u>35,777,192</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ 10,434</u>	<u>\$ 36,518</u>	<u>\$ -</u>	<u>\$ 46,952</u>
NET ASSETS WITH DONOR RESTRICTIONS SUPPORT AND REVENUE				
Contributions	\$ 50,000	\$ -	\$ -	\$ 50,000
Foundation grants	526,435	-	-	526,435
Net assets released from donor restrictions	(997,360)	(1,454)	-	(998,814)
De-obligated funds	<u>(67,083)</u>	<u>-</u>	<u>-</u>	<u>(67,083)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ (488,008)</u>	<u>\$ (1,454)</u>	<u>\$ -</u>	<u>\$ (489,462)</u>

**IMMIGRATION EQUALITY
IMMIGRATION EQUALITY ACTION FUND**

**COMBINING SCHEDULE OF CHANGE IN NET ASSETS
FOR THE YEAR DECEMBER 31, 2018**

	Immigration Equality	Immigration Equality Action Fund	Eliminations	Total
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Net assets at beginning of year	\$ 749,845	\$ 259,428	\$ 1,454	\$ 1,010,727
Change in net assets without donor restrictions	<u>10,434</u>	<u>36,518</u>	<u>-</u>	<u>46,952</u>
NET ASSETS AT END OF YEAR	<u>\$ 760,279</u>	<u>\$ 295,946</u>	<u>\$ 1,454</u>	<u>\$ 1,057,679</u>
 NET ASSETS WITH DONOR RESTRICTIONS				
Net assets at beginning of year	\$ 664,045	\$ 1,454	\$ (1,454)	\$ 664,045
Change in net assets with donor restrictions	<u>(488,008)</u>	<u>(1,454)</u>	<u>-</u>	<u>(489,462)</u>
NET ASSETS AT END OF YEAR	<u>\$ 176,037</u>	<u>\$ -</u>	<u>\$ (1,454)</u>	<u>\$ 174,583</u>

**IMMIGRATION EQUALITY
IMMIGRATION EQUALITY ACTION FUND**

**SCHEDULE OF FUNCTIONAL EXPENSES - IMMIGRATION EQUALITY
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Program Services			Total Program Services
	Legal	Outreach	Advocacy	
Salaries	\$ 528,094	\$159,237	\$ 1,793	\$ 689,124
Payroll taxes, benefits and expenses	119,131	28,289	206	147,626
Staff training and development	7,036	1,241	10	8,287
Professional services	10,825	6,822	-	17,647
Donated legal services	33,914,849	-	-	33,914,849
Rent	69,704	12,362	106	82,172
Electricity and utilities	6,559	1,163	10	7,732
Telephone, fax and internet	6,586	1,133	10	7,729
Insurance	6,323	1,121	10	7,454
Postage and shipping	2,887	30	-	2,917
Food and refreshments	36	3,556	4	3,596
Office supplies	6,976	1,163	10	8,149
Computer and management information systems	52,915	9,384	80	62,379
Travel	6,538	4,596	79	11,213
Conference	1,666	-	-	1,666
Subscriptions/dues	4,664	200	500	5,364
Advertising and publicity	-	7,555	-	7,555
Bank and finance charges	-	-	-	-
Miscellaneous	7,705	-	-	7,705
Subtotal	34,752,494	237,852	2,818	34,993,164
Direct costs of special events	-	-	-	-
TOTAL EXPENSES REPORTED BY FUNCTION ON THE STATEMENT OF ACTIVITIES (EXHIBIT B)	\$ 34,752,494	\$237,852	\$ 2,818	\$ 34,993,164

Supporting Services				
Management and General	Fundraising	Total Supporting Services	Direct Cost of Special Events	Total Expenses
\$ 146,265	\$ 281,239	\$ 427,504	\$ -	\$ 1,116,628
29,557	53,540	83,097	-	230,723
2,991	2,912	5,903	-	14,190
57,911	-	57,911	-	75,558
-	-	-	-	33,914,849
18,920	31,275	50,195	-	132,367
1,710	2,943	4,653	-	12,385
1,666	2,867	4,533	-	12,262
1,649	2,837	4,486	-	11,940
199	2,219	2,418	-	5,335
873	37,074	37,947	96,203	137,746
1,824	3,079	4,903	-	13,052
13,799	23,742	37,541	-	99,920
4,706	1,225	5,931	-	17,144
3,847	1,166	5,013	-	6,679
1,496	602	2,098	-	7,462
-	15,434	15,434	-	22,989
209	12,822	13,031	-	13,031
974	156	1,130	-	8,835
288,596	475,132	763,728	96,203	35,853,095
-	-	-	(96,203)	(96,203)
\$ 288,596	\$ 475,132	\$ 763,728	\$ -	\$ 35,756,892

**IMMIGRATION EQUALITY
IMMIGRATION EQUALITY ACTION FUND**

**SCHEDULE OF FUNCTIONAL EXPENSES - IMMIGRATION EQUALITY ACTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Program Services			Total Program Services
	Legal	Outreach	Advocacy	
Salaries	\$ -	\$ -	\$ 2,507	\$ 2,507
Payroll taxes, benefits and expenses	-	-	356	356
Staff training and development	-	-	17	17
Professional services	-	-	-	-
Rent	-	-	179	179
Electricity and utilities	-	-	17	17
Telephone, fax and internet	-	-	16	16
Insurance	-	-	16	16
Food and refreshments	-	-	-	-
Office supplies	-	-	17	17
Computer and management information systems	-	-	136	136
Travel	-	541	224	765
Bank and finance charges	-	-	-	-
Miscellaneous	-	50	-	50
Subtotal	-	591	3,485	4,076
Direct costs of special events	-	-	-	-
TOTAL EXPENSES REPORTED BY FUNCTION ON THE STATEMENT OF ACTIVITIES (EXHIBIT B)	\$ -	\$ 591	\$ 3,485	\$ 4,076

Supporting Services				
Management and General	Fundraising	Total Supporting Services	Direct Cost of Special Events	Total Expenses
\$ 205	\$ 305	\$ 510	\$ -	\$ 3,017
42	65	107	-	463
2	4	6	-	23
10,089	-	10,089	-	10,089
24	41	65	-	244
2	4	6	-	23
2	4	6	-	22
2	4	6	-	22
-	4,578	4,578	10,689	15,267
2	4	6	-	23
18	31	49	-	185
-	-	-	-	765
432	239	671	-	671
125	-	125	-	175
10,945	5,279	16,224	10,689	30,989
-	-	-	(10,689)	(10,689)
\$ 10,945	\$ 5,279	\$ 16,224	\$ -	\$ 20,300