

***REFUGEE AND IMMIGRANT CENTER  
FOR EDUCATION AND LEGAL SERVICES  
(A NONPROFIT ORGANIZATION)***

***FINANCIAL STATEMENTS***

***FOR THE YEAR ENDED  
DECEMBER 31, 2016***



RAICES

Refugee and Immigrant Center for  
Education and Legal Services

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Refugee and Immigrant Center for  
Education and Legal Services

SHAREHOLDERS:  
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Armstrong, Vaughan & Associates, P.C.  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Refugee and Immigrant Center for Education and Legal Services  
San Antonio, Texas

We have audited the accompanying financial statements of Refugee and Immigrant Center for Education and Legal Service, Inc., which comprise the statement of financial position as of December 31, 2016, 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. 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 Refugee and Immigrant Center for Education and Legal Service, Inc. as of December 31, 2016, and the changes in its net assets, functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Armstrong, Vaughan & Associates, P.C.*

Armstrong, Vaughan & Associates, P.C.

May 26, 2017



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Refugee and Immigrant Center for  
Education and Legal Services

REFUGEE AND IMMIGRANT CENTER FOR EDUCATION AND LEGAL SERVICES  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2016

**ASSETS**

*Current Assets:*

Cash and Cash Equivalents	\$ 2,196,428
Contract and Grant Receivables	567,861
Accounts Receivable - Program	515,751
Allowance for Doubtful Accounts	(59,608)
Prepaid Expenses	49,571
Security Deposits	15,964
Employee Advances	3,353
<i>Total Current Assets</i>	<u>3,289,320</u>

*Property and Equipment:*

Land	10,000
Building	180,691
Leasehold Improvements	2,563
Furniture, Fixtures and Equipment	64,811
Accumulated Depreciation	(95,279)
<i>Total Property and Equipment</i>	<u>162,786</u>

**TOTAL ASSETS** \$ 3,452,106

**LIABILITIES AND NET ASSETS**

*Current Liabilities:*

Accounts Payable	\$ 239,957
Payroll Liabilities	1,463
Accrued Vacation	34,127
<i>Total Current Liabilities</i>	<u>275,547</u>

*Net Assets:*

<b>Unrestricted Net Assets:</b>	
Operations	2,619,273
Investment in Property and Equipment	162,786
Temporarily Restricted Net Assets	394,500
<i>Total Net Assets</i>	<u>3,176,559</u>

**TOTAL LIABILITIES AND NET ASSETS** \$ 3,452,106

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



REFUGEE AND IMMIGRANT CENTER FOR EDUCATION AND LEGAL SERVICES  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
<i>Support:</i>			
Foundation Income	\$ 4,875,023	\$ 89,000	\$ 4,964,023
Grant Income	560,158	-	560,158
Fundraising Income	378,423	436,573	814,996
<i>Total Support</i>	5,813,604	525,573	6,339,177
<i>Revenue:</i>			
Fee For Service	722,595	-	722,595
Miscellaneous Income	1,245	-	1,245
Interest and Other Income	558	-	558
<i>Total Revenue</i>	724,398	-	724,398
<i>Net Assets Release From Donor Restrictions</i>	193,054	(193,054)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>6,731,056</b>	<b>332,519</b>	<b>7,063,575</b>
<b>EXPENSES</b>			
<i>Program Services:</i>			
Other Programs	5,261,293	-	5,261,293
<i>Supporting Services:</i>			
General and Administrative	209,142	-	209,142
Fundraising	66,346	-	66,346
<b>TOTAL EXPENSES</b>	<b>5,536,781</b>	<b>-</b>	<b>5,536,781</b>
<b>CHANGE IN NET ASSETS</b>	1,194,275	332,519	1,526,794
<b>BEGINNING NET ASSETS</b>	1,587,784	61,981	1,649,765
<b>ENDING NET ASSETS</b>	<b>\$ 2,782,059</b>	<b>\$ 394,500</b>	<b>\$ 3,176,559</b>

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

REFUGEE AND IMMIGRANT CENTER FOR EDUCATION AND LEGAL SERVICES  
 STATEMENT OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED DECEMBER 31, 2016

<b>FUNCTIONAL EXPENSES</b>	<u>Programs</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Payroll Expenses	\$ 4,163,550	\$ 80,000	\$ 53,000	\$ 4,296,550
Advertising	2,704	2,704	2,704	8,112
Building Repairs and Improvements	312,260	6,123	3,867	322,250
Bad Debt	27,397	-	-	27,397
Bond Fees	1,092	-	-	1,092
Insurance	13,977	274	173	14,424
Legal Expenses	63,284	-	-	63,284
Miscellaneous	53,612	1,051	664	55,327
Office Equipment and Supplies	121,325	2,379	1,502	125,206
Postage and Printing	39,827	781	493	41,101
Professional Fees	102,666	102,666	-	205,332
Program Fees	39,404	-	-	39,404
Staff Development and Fees	16,337	315	209	16,861
Telephone and Internet	135,286	2,610	1,734	139,630
Travel Fees	161,500	3,167	2,000	166,667
Depreciation	7,072	7,072	-	14,144
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 5,261,293</u>	<u>\$ 209,142</u>	<u>\$ 66,346</u>	<u>\$ 5,536,781</u>

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

REFUGEE AND IMMIGRANT CENTER FOR EDUCATION AND LEGAL SERVICES  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in Net Assets	\$ 2,251,192
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	14,144
(Increase) Decrease in Receivables, Net	(294,764)
(Increase) Decrease in Prepaid Expenses	(16,419)
(Increase) Decrease in Security Deposits	(6,843)
(Increase) Decrease in Employee Advances	(3,353)
Increase (Decrease) in Accounts Payable	239,872
Increase (Decrease) in Payroll Liabilities	(141,740)
Increase (Decrease) in Accrued Vacation	2,513
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>2,044,602</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of Property and Equipment	<u>(2,563)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(2,563)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 2,042,039
 <b>BEGINNING CASH AND CASH EQUIVALENTS</b>	 <u>878,787</u>
 <b>ENDING CASH AND CASH EQUIVALENTS</b>	 <u>\$ 2,920,826</u>
 SUPPLEMENTAL DISCLOSURE:	
Interest Expense Paid	\$ -

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

REFUGEE AND IMMIGRANT CENTER FOR EDUCATION AND LEGAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. NATURE OF ACTIVITIES

The Refugee and Immigrant Center for Education and Legal Services (RAICES or Center), formerly known as Refugee Aid Project, Inc., is a not-for-profit, community resource center operated for charitable and educational purposes. The Center is committed to providing free and low-cost immigration legal services and education to understand immigrant children, families and refugees. The Center owns and operates a building located in San Antonio and rents three (3) other operational sites in the state of Texas, where staff and volunteers meet to address the legal needs facing RAICES' clients. Additionally, RAICES' staff attorneys travel to both adult and children's immigration detention centers to consult with and prepare the cases of indigent detainees who are seeking to reunite with their family or requesting protection from the United States government for the persecution, abuse or torture that they have suffered in their home countries.

2. BASIS OF PRESENTATION

The financial statements of the Center have been prepared using the accrual basis in accordance with the accounting principles generally accepted in the United States (GAAP) whereby revenues are recognized when earned and expenses are recognized when they are incurred.

Net assets of the Center and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets that are available for use, but expendable only for those purposes specified by the donor or grantor.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Center.

3. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all monies in checking, savings, money market accounts, and certificates of deposit.

REFUGEE AND IMMIGRANT CENTER FOR EDUCATION AND LEGAL SERVICES  
 NOTES TO FINANCIAL STATEMENTS (CONT.)  
 DECEMBER 31, 2016

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

5. PROPERTY AND EQUIPMENT

The Center established a policy for the recording of all property and equipment. All property and equipment purchases with a cost greater than \$5,000 and a useful life greater than one year is recorded at cost or estimated fair value at the date of donation.

Depreciation on the property and equipment is calculated using the straight-line method. The estimated useful lives of the assets for the purposes of depreciation are as follows:

<u>Property and Equipment</u>	<u>Useful Life (Years)</u>
Building and Improvements	31-39
Leasehold Improvements	1
Furniture, Fixtures and Equipment	5-7

6. REVENUE RECOGNITION

Income from foundations and program services are recognized in the period in which the fees are earned. Grants and contributions are recognized as revenue when a gift or pledge that is unconditional is received. The Center reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

7. FUNCTIONAL EXPENSE ALLOCATION

The costs of providing the Center's various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

8. INCOME TAX STATUS

The Center is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3).

The most significant tax positions of the Center is its assertion that it is exempt from income taxes and its determination of whether any amounts are subject to unrelated business income tax (UBIT). All significant tax positions have been considered by management. It has been determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities. The Center's tax years for 2013 through 2015 are open to examination by the Internal Revenue Service as of December 31, 2016.

9. ADVERTISING COSTS

Advertising costs are expensed as incurred. Advertising costs for the year ended December 31, 2016 were \$8,112.

REFUGEE AND IMMIGRANT CENTER FOR EDUCATION AND LEGAL SERVICES  
 NOTES TO FINANCIAL STATEMENTS (CONT.)  
 DECEMBER 31, 2016

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

10. RECEIVABLES

Receivables consist of revenues owed by clients, foundations and grant agencies for services rendered and contract revenues.

Management has set up an allowance for uncollectible client receivables in the amount of \$59,608 as of December 31, 2016.

11. PREPAID EXPENSES

Prepaid Expenses are expenses paid in advance of the actual services received. The expense will be recognized in the period for which the services were paid has elapsed.

12. SECURITY DEPOSITS

Security deposits consist of deposits for rental of office space. Upon termination of the contracts, the deposit will be returned to the Center.

13. ACCRUED VACATION

Employees of Refugee and Immigrant Center for Education and Legal Services are entitled to paid time off. At year end, employees may retain up to five days (40 hours) of personal leave from the prior calendar year. Accrued vacation is the value of the total hours carried over for all employees as of December 31, 2016.

14. SUBSEQUENT EVENTS

Subsequent events are considered through May 26, 2017, which is the date the financial statements were available to be issued.

NOTE B – UNINSURED DEPOSITS

As of December 31, 2016, the Center’s Bank of America and BBVA accounts have exceeded the coverage provided by the Federal Deposit Insurance Corporation (FDIC).

	Bank of America		BBVA	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Deposits Covered by FDIC	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Uncollateralized	914,441	959,318	611,453	607,021
	\$ 1,164,441	\$ 1,209,318	\$ 861,453	\$ 857,021

Additionally, funds held in mobile payment applications are not FDIC insured. As of December 31, 2016, the Organization had \$170,734 in unsecured deposits with the online bank, PayPal.

REFUGEE AND IMMIGRANT CENTER FOR EDUCATION AND LEGAL SERVICES  
NOTES TO FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2016

NOTE C -- PREPAID EXPENSES

Prepaid Expenses are made up of the following expenses paid in advance as of December 31, 2016:

Prepaid Rent	\$	8,302
Prepaid Insurance		16,189
Prepaid Software		25,080
		\$ 49,571

NOTE D -- CHANGES IN PROPERTY AND EQUIPMENT AND ACCUMULATED DEPRECIATION

Property and equipment at December 31, 2016, consisted of the following:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Building and Improvements	180,691	-	-	180,691
Leasehold Improvements	-	2,563	-	2,563
Furniture Fixtures and Equipment	64,811	-	-	64,811
Less: Accumulated Depreciation	(81,135)	(14,144)	-	(95,279)
Net Property and Equipment	\$ 174,367	\$ (11,581)	\$ -	\$ 162,786

Land is not depreciated.

NOTE E -- TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2016, Refugee and Immigrant Center for Education and Legal Services had restricted funds for each of the following programs consisting of the following:

Karnes Detention Center Families	\$	350,000
Deferred Action for Childhood Arrivals (DACA)		44,500
Total		\$ 394,500

The uses of temporarily restricted funds at December 31, 2016 are as follows:

Interest on Lawyers Trust Accounts (IOLTA)	\$	44,481
Deferred Action for Childhood Arrivals (DACA)		44,500
Texas Bar		17,500
Karnes Detention Families		71,500
CasaRAICES		15,000
Bond Fund		73
		\$ 193,054

REFUGEE AND IMMIGRANT CENTER FOR EDUCATION AND LEGAL SERVICES  
 NOTES TO FINANCIAL STATEMENTS (CONT.)  
 DECEMBER 31, 2016

NOTE F -- CONCENTRATION OF REVENUES

During 2016, the Center received 63% of its revenue from VERA Institute of Justice. Due to the reliance of funding from this entity in the current year, the Center's programs may be impacted severely if funding should cease or decrease significantly.

NOTE G -- EMPLOYEE BENEFITS

The Center offers all full time employees participation in a group health insurance plan of which the Center covers up to \$250 per month per employee. Insurance premiums in excess of \$250 are paid by the employee and collected through payroll withholding.

NOTE H -- OPERATING LEASE

The Center has entered into multiple rental agreements for offices located in Austin, Corpus Christi, Dallas/Fort Worth and San Antonio. The future minimum lease payments are as follows:

<u>Years Ending December 31,</u>	<u>Total Space/Bldg. Fixed Rent</u>	<u>Total Copier Rent</u>	<u>Total</u>
2017	\$ 174,996	\$ 12,648	\$ 187,644
2018	98,797	12,493	111,290
2019	74,094	10,788	84,882
2020	25,200	532	25,732
	<u>\$ 373,087</u>	<u>\$ 36,461</u>	<u>\$ 409,548</u>

NOTE I -- LITIGATION

The Center's management is not aware of any pending or threatened litigation that would have a material effect on the financial statements.





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