



RAICES

Refugee and Immigrant Center for
Education and Legal Services

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

FINANCIAL STATEMENTS

*FOR THE YEAR ENDED
DECEMBER 31, 2018*



RAICES

Refugee and Immigrant Center for
Education and Legal Services

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Armstrong, Vaughan & Associates, P. C.

Deborah F. Fraser Phil S. Vaughan Nancy L. Vaughan

Certified Public Accountants

Kimberly J. Roach

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, 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. 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, 2018, 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.

Emphasis of Matter

As discussed in Note A16 to the financial statements, in 2018 the Refugee and Immigrant Center for Education and Legal Services adopted new accounting guidance from the Financial Accounting Standards Board Update ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. This did not require a restatement of prior year balances. Our opinion is not modified with respect to this matter.



Armstrong, Vaughan & Associates, P.C.

May 16, 2019

REFUGEE AND IMMIGRANT CENTER FOR EDUCATION AND LEGAL SERVICES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 45,021,192
Contract and Grant Receivables	1,655,417
Accounts Receivable - Program	143,305
Allowance for Doubtful Accounts	(71,652)
Prepaid Expenses	104,549
Inventory	16,800
Security Deposits	30,322
<i>Total Current Assets</i>	<u>46,899,933</u>

Property and Equipment:

Land	10,000
Building	180,691
Leasehold Improvements	38,563
Furniture, Fixtures and Equipment	95,846
Accumulated Depreciation	(124,462)
<i>Total Property and Equipment</i>	<u>200,638</u>

TOTAL ASSETS \$ 47,100,571

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 590,100
Payroll Liabilities	107,271
Accrued Vacation	89,644
Unearned Revenues	124,402
<i>Total Current Liabilities</i>	<u>911,417</u>

Net Assets:

<i>Net Assets Without Donor Restrictions:</i>	
Operations	37,601,242
Investment in Property and Equipment	200,638
Net Assets With Donor Restrictions	8,387,274
<i>Total Net Assets</i>	<u>46,189,154</u>

TOTAL LIABILITIES AND NET ASSETS \$ 47,100,571

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, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
<i>Support:</i>			
Foundation Income	\$ 8,575,898	\$ 795,038	\$ 9,370,936
Grant Income	1,383,195	238,093	1,621,288
Contribution Income	33,920,653	10,359,156	44,279,809
In-Kind Contributions	149,145	-	149,145
<i>Total Support</i>	<u>44,028,891</u>	<u>11,392,287</u>	<u>55,421,178</u>
<i>Revenue:</i>			
Fee For Service	900,093	-	900,093
Interest and Other Income	72,879	-	72,879
<i>Total Revenue</i>	<u>972,972</u>	<u>-</u>	<u>972,972</u>
<i>Net Assets Released From Donor Restrictions</i>	<u>3,351,460</u>	<u>(3,351,460)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>48,353,323</u>	<u>8,040,827</u>	<u>56,394,150</u>
EXPENSES			
<i>Program Services:</i>			
Program	12,578,732	-	12,578,732
<i>Supporting Services:</i>			
General and Administrative	859,951	-	859,951
Fundraising	874,677	-	874,677
TOTAL EXPENSES	<u>14,313,360</u>	<u>-</u>	<u>14,313,360</u>
CHANGE IN NET ASSETS	34,039,963	8,040,827	42,080,790
BEGINNING NET ASSETS	<u>3,761,917</u>	<u>346,447</u>	<u>4,108,364</u>
ENDING NET ASSETS	<u>\$ 37,801,880</u>	<u>\$ 8,387,274</u>	<u>\$ 46,189,154</u>

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, 2018

FUNCTIONAL EXPENSES	<u>Program</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Payroll Expenses	\$ 7,433,371	\$ 364,294	\$ 41,505	\$ 7,839,170
Advertising	8,702	463	92	9,257
Bank Charges	4,601	245	507,039	511,885
Building Repairs and Improvements	465,109	24,740	4,948	494,797
Bad Debt	20,647	-	-	20,647
Bond Fees	2,163,027	-	-	2,163,027
Client Assistance	406,554	-	-	406,554
Donations to Other Organizations	252,105	252,105	-	504,210
Insurance	25,175	1,339	268	26,782
Legal Expenses	283,527	-	-	283,527
Miscellaneous	26,344	-	-	26,344
Office Equipment and Supplies	411,872	19,739	3,947	435,558
Postage and Printing	62,136	3,305	661	66,102
Professional Fees	314,362	155,376	253,674	723,412
Publications and Subscriptions	73,358	3,902	23,473	100,733
Recruitment	3,929	209	42	4,180
Services and Rent	132,345	-	-	132,345
Software/Database Subscriptions	44,058	2,344	34,360	80,762
Staff Development and Fees	41,928	2,230	445	44,603
Telephone and Internet	164,443	8,747	1,749	174,939
Travel Fees	232,597	12,372	2,474	247,443
Depreciation	8,542	8,541	-	17,083
TOTAL FUNCTIONAL EXPENSES	<u>\$ 12,578,732</u>	<u>\$ 859,951</u>	<u>\$ 874,677</u>	<u>\$ 14,313,360</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, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 42,080,790
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	17,083
(Increase) Decrease in Receivables, Net	(758,868)
(Increase) Decrease in Prepaid Expenses	(82,069)
(Increase) Decrease in Inventory	(16,800)
(Increase) Decrease in Security Deposits	(14,358)
Increase (Decrease) in Accounts Payable	543,618
Increase (Decrease) in Payroll Liabilities	(162,226)
Increase (Decrease) in Accrued Vacation	14,707
Increase (Decrease) in Unearned Revenues	122,402
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>41,744,279</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Property and Equipment	<u>(17,536)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(17,536)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 41,726,743
 BEGINNING CASH AND CASH EQUIVALENTS	 <u>3,294,449</u>
 ENDING CASH AND CASH EQUIVALENTS	 <u><u>\$ 45,021,192</u></u>
 SUPPLEMENTAL DISCLOSURE:	
Interest Expense Paid	\$ -
 Non-Cash Contribution of Inventory	 \$ 16,800

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, 2018

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 unaccompanied immigrant children, families and refugees. The Center owns and operates a building located in San Antonio and rents eight (8) 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. The Center seeks to aid individuals in the following areas: legal support for adults; families and unaccompanied children seeking assistance with residency or citizenship applications, asylum, or removal defense; support of immigrant crime victims; DACA recipient renewal and advice; immigrant accompaniment; refugee resettlement; bond and volunteer programs; education and outreach associated with RAICES programs, immigrant rights, and human rights.

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:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. Net assets restricted solely through actions of the Board of Directors are reported as net assets without donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time.

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, 2018

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 or when conditions on conditional grants are met. 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, 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.

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. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. A portion of General and Administrative costs that benefit multiple functional areas (indirect costs) have been allocated across Program and Fundraising services on labor-based, full time equivalents studies.

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 2015 through 2017 are open to examination by the Internal Revenue Service as of December 31, 2018.

REFUGEE AND IMMIGRANT CENTER FOR EDUCATION AND LEGAL SERVICES
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

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

9. 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 \$71,652 as of December 31, 2018.

10. 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.

11. INVENTORY

Inventory consists of a vehicle received in-kind by the Center and held for sale. The value of the vehicle is recorded at fair value at the time of the receipt.

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, 2018.

14. UNEARNED REVENUES

Unearned Revenues consist of grant funds received by the Center and conditions of use have not been met as of December 31, 2018.

15. SUBSEQUENT EVENTS

Subsequent events are considered through May 16, 2019, which is the date the financial statements were available to be issued.

REFUGEE AND IMMIGRANT CENTER FOR EDUCATION AND LEGAL SERVICES
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

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

16. NEW ACCOUNTING PRONOUNCEMENT

On August 18, 2016 the Financial Accounting Standards Board issued Accounting Standards Update ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements in accordance with implementation of this standard.

NOTE B – UNINSURED DEPOSITS

The Center’s cash and cash equivalents are held in multiple financial institutions, and cash balances of up to \$250,000 are secured by the Federal Deposit Insurance Corporation (FDIC) at each financial institution. As of December 31, 2018, the Center’s bank balance was \$44,029,935 and the carrying amount was \$43,997,800. Cash balances exceeded FDIC limits as of December 31, 2018 by \$43,529,935.

Additionally, funds held in mobile payment applications are not FDIC insured. As of December 31, 2018, the Organization had \$69,176 in unsecured deposits with an online payment exchange.

NOTE C -- ADVERTISING COSTS

Advertising costs are expensed as incurred. Advertising costs for the year ended December 31, 2018 were \$9,257.

NOTE D -- PREPAID EXPENSES

Prepaid Expenses are made up of the following expenses paid in advance as of December 31, 2018:

Prepaid Rent	\$ 45,165
Prepaid Subscriptions/Licenses	52,752
Prepaid Insurance	1,132
Prepaid Vehicle Rental	5,500
	<u>\$ 104,549</u>

REFUGEE AND IMMIGRANT CENTER FOR EDUCATION AND LEGAL SERVICES
 NOTES TO FINANCIAL STATEMENTS (CONT.)
 DECEMBER 31, 2018

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

Property and equipment at December 31, 2018, consisted of the following:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Building and Improvements	180,691	-	-	180,691
Leasehold Improvements	26,563	12,000	-	38,563
Furniture Fixtures and Equipment	90,310	5,536	-	95,846
Less: Accumulated Depreciation	<u>(107,379)</u>	<u>(17,083)</u>	-	<u>(124,462)</u>
Net Property and Equipment	<u>\$ 200,185</u>	<u>\$ 453</u>	<u>\$ -</u>	<u>\$ 200,638</u>

Land is not depreciated.

NOTE F -- NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2018, Refugee and Immigrant Center for Education and Legal Services had restricted funds for each of the following programs consisting of the following:

Coastal Bend Legal Services	\$ 125,000
Medical Care	7,490
Deferred Action for Childhood Arrivals (DACA)	58,499
Bond Fees	5,805,257
Families Together	362,253
Legal Representation, Education, and Advocacy Fund (LEAF)	1,985,441
Other	43,334
Total	<u>\$ 8,387,274</u>

The uses of restricted funds during 2018 were as follows:

Medical Care	\$ 7,510
Legal Services	25,000
Housing and Supportive Services	62,172
Deferred Action for Childhood Arrivals (DACA)	60,776
Bond Fees	2,163,026
Families Together	766,488
Legal Representation, Education, and Advocacy Fund (LEAF)	266,488
Total	<u>\$ 3,351,460</u>

REFUGEE AND IMMIGRANT CENTER FOR EDUCATION AND LEGAL SERVICES
 NOTES TO FINANCIAL STATEMENTS (CONT.)
 DECEMBER 31, 2018

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, Houston, and San Antonio. The future minimum lease payments are as follows:

Years Ending December 31,	Total Space/Bldg. Fixed Rent	Total Copier Rent	Total
2019	\$ 385,918	\$ 55,764	\$ 441,682
2020	85,200	45,508	130,708
2021	50,000	44,086	94,086
2022	-	41,955	41,955
2023	-	40,716	40,716
	\$ 521,118	\$ 228,029	\$ 749,147

NOTE I -- CONTRIBUTIONS

During 2018, the Center received a large influx of contributions due to a large social media campaign organized during the year. As a result, current year revenues are higher than historically received. Future revenue is expected to decline to historical levels.

REFUGEE AND IMMIGRANT CENTER FOR EDUCATION AND LEGAL SERVICES
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

NOTE J -- LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

Refugee and Immigrant Center for Education and Legal Services has a goal to maintain financial assets on hand to meet at least 3 months of normal operating expenses which were \$1,192,780 per month in 2018. The Center has \$37,449,571 of financial assets available to meet cash needs in the next year for general expenditures as of December 31, 2018 as shown in the table below.

Cash and Cash Equivalents	\$ 45,021,192
Contract and Grant Receivables	1,655,417
Accounts Receivable - Program	143,305
Allowance for Doubtful Accounts	(71,652)
Accounts Payable	(590,100)
Payroll Liabilities	(107,271)
Accrued Vacation	(89,644)
Unearned Revenues	<u>(124,402)</u>
Total Financial Assets	\$ 45,836,845
Less: Net Assets With Donor Restrictions	<u>(8,387,274)</u>
Total Available Cash for General Expenditure Needs	<u><u>\$ 37,449,571</u></u>

NOTE K -- LITIGATION

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



RAICES

Refugee and Immigrant Center for
Education and Legal Services