

**Audited Consolidated Financial Statements
and Supplementary Information**

**NATIONAL IMMIGRATION FORUM, INC.
& AFFILIATE**

December 31, 2015

National Immigration Forum, Inc. & Affiliate

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Independent Auditor's Report on the Consolidated Financial Statements

To the Board of Directors
National Immigration Forum, Inc.
& Affiliate

We have audited the accompanying consolidated financial statements of the National Immigration Forum, Inc. & Affiliate (the Organization), which comprise the consolidated statement of financial position as of December 31, 2015 and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

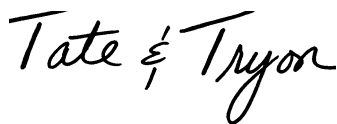
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of National Immigration Forum, Inc. & Affiliate as of December 31, 2015, 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.



Washington, DC
May 5, 2016

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National Immigration Forum, Inc. & Affiliate

Consolidated Statement of Financial Position December 31, 2015

Assets

Cash and cash equivalents	\$	929,342
Investments		3,530,013
Accounts receivable		28,106
Contributions and grants receivable		1,354,487
Prepaid expenses and deposits		77,742
Furniture and equipment, net		226,444

Total assets	\$	6,146,134
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Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$	351,812
Deferred rent		347,476

Total liabilities		699,288
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Net assets

Unrestricted		
Undesignated		1,481,188
Board-designated		513,635

		1,994,823
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Temporarily restricted		3,452,023
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Total net assets		5,446,846
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Total liabilities and net assets	\$	6,146,134
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National Immigration Forum, Inc. & Affiliate

Consolidated Statement of Activities Year Ended December 31, 2015

Unrestricted activities

Revenue	
Comprehensive immigration reform and integration	\$ 835,000
Contributions	529,011
Awards event	278,737
Interest income	4,898
Other revenue	2,090
Net assets released from restrictions	4,550,667
<hr/>	
Total revenue	6,200,403
Expense	
Program services	
Communications	2,185,244
Constituencies - Integration	1,251,914
Constituencies - Reform	993,809
Policy	650,266
Awards event	127,571
Associates and governance	91,235
<hr/>	
Total program services	5,300,039
Supporting services	
Management and general	304,253
Fundraising	201,351
<hr/>	
Total supporting services	505,604
<hr/>	
Total expenses	5,805,643
<hr/>	
Change in unrestricted net assets	394,760
Temporarily restricted activities	
Contributions and grants	6,132,163
Net assets released from restrictions	(4,550,667)
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Change in temporarily restricted net assets	1,581,496
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Change in net assets	1,976,256
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Net assets, beginning of year	3,470,590
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Net assets, end of year	\$ 5,446,846

National Immigration Forum, Inc. & Affiliate

Consolidated Statement of Cash Flows Year Ended December 31, 2015

Cash flows from operating activities	
Change in net assets	\$ 1,976,256
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	93,877
Changes in assets and liabilities:	
Accounts receivable	(21,656)
Contributions and grants receivable	(648,523)
Prepaid expenses and deposits	12,597
Accounts payable and accrued expenses	304,964
Deferred rent	(38,886)
Total adjustments	(297,627)
Net cash provided by operating activities	1,678,629
Cash flows from investing activities	
Sales of investments	1,397,000
Purchases of investments	(2,879,050)
Purchases of furniture and equipment	(22,505)
Net cash used in investing activities	(1,504,555)
Net increase in cash and cash equivalents	174,074
Cash and cash equivalents, beginning of year	755,268
Cash and cash equivalents, end of year	\$ 929,342

National Immigration Forum, Inc. & Affiliate

Notes to the Consolidated Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: The National Immigration Forum, Inc. (the Forum), founded in 1982, is an organization that embraces and upholds America's tradition as a nation of immigrants. The Forum advocates and builds public support for public policies that welcome immigrants and refugees and that are fair and supportive to newcomers in our country. The Forum employs a combination of advocacy, media work, targeted research, training, and public education to provide data to policy-makers, the press, and the public about the contributions of immigrants to American society.

The National Immigration Forum Action Fund (the Fund) was formed in 2009 for the purposes of increasing the profile of policy issues that affect immigrants and influencing federal legislation for the benefit of immigrants.

Principles of consolidation: The consolidated financial statements include the accounts of the National Immigration Forum, Inc. and the National Immigration Forum Action Fund (collectively referred to as the Organization). Significant intra-entity accounts and transactions have been eliminated in consolidation.

Income tax status: The Forum is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation within the meaning of Section 509(a)(1) of the Internal Revenue Code.

The Fund is exempt from the payment of income taxes on its exempt activities under Section 501(c)(4) of the Internal Revenue Code.

Basis of accounting: The consolidated financial statements have been prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses when the obligations are incurred.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from estimates.

Cash and cash equivalents: For financial statement purposes, the Organization considers all highly liquid investments purchased with a maturity of three months or less that are not held by investment custodians to be cash equivalents.

National Immigration Forum, Inc. & Affiliate

Notes to the Consolidated Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accounts receivable: Accounts receivable primarily consist of events receivable. Accounts receivable are presented at the net amount due to the Organization. The Organization's management periodically reviews the status of all accounts receivable balances for collectability. Each balance is assessed based on management's knowledge of the customer, the Organization's relationship with the customer, and the age of the receivable balance. As a result of these reviews, customer balances deemed to be uncollectible are charged directly to bad debt expense. Management believes that the use of the direct write-off method approximates the results that would be presented if an allowance for bad debts had been recorded.

Contributions and grants receivable: Unconditional promises to give are recognized as revenue in the period the promises are received. The management of the Organization reviews the collectability of the contribution and grants receivable on a regular basis. No reserve for doubtful accounts has been established because management expects to collect all contributions and grants in full.

Net assets: For financial statement purposes, net assets are classified as follows:

Unrestricted: Represents the portion of net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation.

Undesignated – Represents the funds that are available to support the Organization's general operations.

Board-designated – In 2005, the board established a reserve fund in case of emergencies. The funds are to be invested and used only as directed by the board. As of December 31, 2015, the board designated reserve was \$513,635.

Temporarily restricted: Represents the portion of net assets whose use by the Organization has been restricted by donors with specified time or purpose limitations (see Note F).

Contributions and grants: Contributions and grants are recognized as revenue when received or unconditionally promised. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending upon the existence and/or nature of donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets when the contribution is recognized. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), the amounts are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. The Organization has not received any support with permanent donor restrictions.

Functional allocation of expense: The costs of the Organization's programs and supporting activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon direct salaries charged to the various programs and supporting services.

Subsequent events: Subsequent events have been evaluated through May 5, 2016, which is the date the financial statements were available to be issued.

National Immigration Forum, Inc. & Affiliate

Notes to the Consolidated Financial Statements

B. CREDIT AND MARKET RISKS

Credit risk: The Organization maintains demand deposits with commercial banks and certificates of deposit and money market funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to the Organization.

Market value risk: The Organization also invests some of its funds in professionally managed portfolios containing various types of fixed income securities. Such investments are exposed to market and credit risks. As a result, the investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

C. INVESTMENTS

Investments, recorded at cost, consisted of the following at December 31, 2015:

Money market funds	\$ 3,017,684
Certificates of deposit	<u>512,329</u>
	<u>\$ 3,530,013</u>

D. CONTRIBUTIONS AND GRANTS RECEIVABLE

Unconditional: Contributions and grants receivable may include multi-year, unconditional promises to give. As of December 31, 2015, contributions and grants receivable totaled \$1,354,487 and are expected to be collected during the year ending December 31, 2016.

Conditional: During November 2015, the Organization accepted a conditional promise to give from a private foundation totaling \$150,000 to be used from December 1, 2015 to November 30, 2016. The promise to give is conditional upon the Organization raising \$150,000 from other donors in support of its America is Better program. The conditional promise to give will be recorded when the Organization has met the matching requirement. During 2015, the Organization obtained an \$85,000 contribution, that was eligible to be included as part of the match. As such, \$85,000 has been recorded as contribution revenue during the year ended December 31, 2015. The remaining \$65,000 has not been recorded and will be recorded if the conditional requirement is met.

National Immigration Forum, Inc. & Affiliate

Notes to the Consolidated Financial Statements

E. FURNITURE AND EQUIPMENT

The Organization capitalizes all furniture and equipment acquisitions in excess of \$1,000. Furniture and equipment assets are recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of assets ranging from three to ten years.

Furniture and equipment consisted of the following at December 31, 2015:

Furniture and equipment	\$ 304,705
Leasehold improvements	491,482
	<u>796,187</u>
Accumulated depreciation	<u>(569,743)</u>
	<u>\$ 226,444</u>

F. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes at December 31, 2015:

Constituencies - intergration and reform program restricted	\$ 2,097,536
General support / time restricted	1,354,487
	<u>3,452,023</u>

G. RETIREMENT PLAN

The Organization has established a 401(k) retirement plan. An employee becomes eligible to participate once they have attained the age of eighteen and completed six months of service. Employer contributions to the 401(k) plan consist of discretionary amounts based on employee salary, years of service and total salary of all the participants. The Organization made contributions to the plan of \$56,313 for the year ended December 31, 2015.

H. LINE OF CREDIT

In March 2015, the Organization obtained a line of credit of \$450,000. Under the terms of the line of credit, interest on the outstanding balance is calculated monthly using the London Interbank Offering Rate (LIBOR) plus a determined spread percentage. There is no termination date for the line-of-credit. There were no draws or repayments on the line of credit during the year ended December 31, 2015.

National Immigration Forum, Inc. & Affiliate

Notes to the Consolidated Financial Statements

I. COMMITMENTS AND CONTINGENCIES

Lease commitments: The Organization leases office space in Washington, D.C. under a lease which expires on May 31, 2021. The base rent increases annually based on scheduled increases provided for in the lease. Under the terms of the lease, the lessor provided lease incentives totaling approximately \$371,150 to build out the office space. Under accounting principles generally accepted in the United States of America, all rental payments, including fixed rent increases, are recognized on a straight-line basis as an offset to rent expense. The difference between the straight-line rent expense and the required lease payments, as well as any unamortized lease incentives, is reflected as deferred rent in the accompanying consolidated statements of financial position.

The Organization also maintains an operating lease for a copier, which expires in 2018. Future minimum payments under the terms of these lease agreements for future years are as follows:

Year Ending December 31,	
2016	\$ 280,023
2017	286,947
2018	294,041
2019	297,377
2020	305,437
Thereafter	<u>130,188</u>
	<u>\$ 1,594,013</u>

Total rent expense attributable to the Organization's office space for the year ended December 31, 2015 was \$261,616.

T A T E



T R Y O N

A Professional Corporation

Certified Public

Accountants

and Consultants

Independent Auditor's Report on the Supplementary Information

To the Board of Directors
National Immigration Forum, Inc. & Affiliate

We have audited the consolidated financial statements of National Immigration Forum, Inc. & Affiliate (the Organization) as of and for the year ended December 31, 2015, and have issued our report thereon dated May 5, 2016, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position, consolidating statement of activities, and statement of functional expenses – National Immigration Forum, Inc. only are presented for the purposes of additional analysis rather than to present the financial position and results of operation of the individual entities, and are not a required part of the consolidated 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 consolidated financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating and other supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Washington, DC
May 5, 2016

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National Immigration Forum, Inc. & Affiliate

Consolidating Statement of Financial Position Year Ended December 31, 2015

	Forum	Action Fund	Eliminations	Total
Assets				
Cash and cash equivalents	\$ 166,985	\$ 762,357	\$ -	\$ 929,342
Investments	3,279,490	250,523	-	3,530,013
Accounts receivable	28,106	-	-	28,106
Contributions and grants receivable	1,313,012	41,475	-	1,354,487
Due from Action Fund	288,134	-	(288,134)	-
Prepaid expenses and deposits	77,742	-	-	77,742
Furniture and equipment, net	226,444	-	-	226,444
Total assets	\$ 5,379,913	\$ 1,054,355	\$ (288,134)	\$ 6,146,134
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 329,948	\$ 21,864	\$ -	\$ 351,812
Due to Forum	-	288,134	(288,134)	-
Deferred rent	347,476	-	-	347,476
Total liabilities	677,424	309,998	(288,134)	699,288
Net assets				
Unrestricted				
Undesignated	776,665	633,523	71,000	1,481,188
Board-designated	513,635	-	-	513,635
	1,290,300	633,523	71,000	1,994,823
Temporarily restricted	3,412,189	110,834	(71,000)	3,452,023
Total net assets	4,702,489	744,357	-	5,446,846
Total liabilities and net assets	\$ 5,379,913	\$ 1,054,355	\$ (288,134)	\$ 6,146,134

National Immigration Forum, Inc. & Affiliate

Consolidating Statement of Activities Year Ended December 31, 2015

	Forum	Action Fund	Eliminations	Total
Unrestricted activities				
Revenue				
Comprehensive immigration reform and integration	\$ 835,000	\$ 250,000	\$ (250,000)	\$ 835,000
Contributions	411,146	117,865	-	529,011
Awards event	197,555	81,182	-	278,737
Interest income	4,298	600	-	4,898
Other revenue	2,090	-	-	2,090
Net assets released from restrictions	3,324,163	1,226,504	-	4,550,667
Total revenue	4,774,252	1,676,151	(250,000)	6,200,403
Expense				
Program services				
Communications	1,290,383	894,861	-	2,185,244
Constituencies - Integration	1,454,586	47,328	(250,000)	1,251,914
Constituencies - Reform	527,329	466,480	-	993,809
Policy	503,277	146,989	-	650,266
Awards event	107,633	19,938	-	127,571
Associates and governance	86,008	5,227	-	91,235
Total program services	3,969,216	1,580,823	(250,000)	5,300,039
Supporting services				
Management and general	249,641	54,612	-	304,253
Fundraising	189,353	11,998	-	201,351
Total supporting services	438,994	66,610	-	505,604
Total expenses	4,408,210	1,647,433	(250,000)	5,805,643
Change in unrestricted net assets	366,042	28,718	-	394,760
Temporarily restricted activities				
Contributions and grants	5,057,163	1,075,000	-	6,132,163
Net assets released from restrictions	(3,324,163)	(1,226,504)	-	(4,550,667)
Change in temporarily restricted net assets	1,733,000	(151,504)	-	1,581,496
Change in net assets	2,099,042	(122,786)	-	1,976,256
Net assets, beginning of year	2,603,447	867,143	-	3,470,590
Net assets, end of year	\$ 4,702,489	\$ 744,357	\$ -	\$ 5,446,846

National Immigration Forum, Inc. & Affiliate
Schedule of Functional Expenses – National Immigration Forum, Inc. Only

Year Ended December 31, 2015

	Program Services						Supporting Services				Total
	Communications	Constituencies - Integration	Constituencies - Reform	Policy	Awards Event	Associates and Governance	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Consultants	\$ 368,080	\$ 1,035,887	\$ 326,347	\$ 60,881	\$ 9,559	\$ 2,468	\$ 1,803,222	\$ 6,132	\$ 31,224	\$ 37,356	\$ 1,840,578
Salaries	385,687	220,183	64,861	244,997	42,372	49,091	1,007,191	159,520	75,331	234,851	1,242,042
Advertising	300,923	1,450	-	-	-	-	302,373	-	-	-	302,373
Travel	35,603	51,490	76,332	19,483	2,993	982	186,883	503	14,654	15,157	202,040
Office rent	6,818	39,435	1,147	43,879	7,589	8,793	107,661	2,820	13,491	16,311	123,972
Health insurance	36,420	19,916	4,631	24,157	3,723	4,565	93,412	14,963	7,095	22,058	115,470
Depreciation expense	29,151	16,642	4,902	18,518	3,203	3,710	76,126	12,057	5,694	17,751	93,877
FICA	27,769	15,678	4,365	17,783	3,005	3,512	72,112	11,391	5,378	16,769	88,881
Dues and publications	28,333	3,517	6,885	25,051	219	253	64,258	823	12,009	12,832	77,090
Rental space and catering	6,289	385	13,236	4,560	27,797	5,883	58,150	305	8,674	8,979	67,129
Retirement plan	14,406	8,230	2,379	9,106	1,611	1,844	37,576	6,553	2,821	9,374	46,950
Telephone	9,397	5,669	-	6,786	508	589	22,949	1,914	2,126	4,040	26,989
Professional development	10,116	6,570	285	4,306	-	-	21,277	3,799	-	3,799	25,076
Printing	3,683	7,898	5,334	2,857	418	1,204	21,394	431	3,088	3,519	24,913
Accounting fees	6,712	4,332	1,129	4,264	737	854	18,028	2,776	1,311	4,087	22,115
Vacation Accrual	-	-	-	-	-	-	-	16,931	-	16,931	16,931
Business insurance	4,913	3,805	826	3,121	540	625	13,830	2,032	960	2,992	16,822
Commissary	3,971	1,936	876	3,161	1,381	408	11,733	1,111	981	2,092	13,825
Conference calls	1,842	3,439	2,193	2,579	-	-	10,053	614	614	1,228	11,281
Office supplies	2,191	1,365	3,014	1,380	1,154	257	9,361	1,213	394	1,607	10,968
Recruitment	25	1,283	6,275	1,333	-	-	8,916	479	80	559	9,475
Disability insurance	1,998	1,183	318	1,166	277	276	5,218	835	413	1,248	6,466
Organizational support	1,570	896	514	997	172	200	4,349	649	839	1,488	5,837
Equipment purchases	1,363	779	229	866	149	174	3,560	562	265	827	4,387
Unemployment insurance	1,092	579	262	809	35	99	2,876	444	155	599	3,475
Bank charges	918	524	169	583	101	117	2,412	379	253	632	3,044
Postage	94	459	611	136	-	-	1,300	68	1,335	1,403	2,703
Legal services	747	310	91	345	60	69	1,622	224	106	330	1,952
Equipment rental / maintenance	272	306	46	173	30	35	862	113	53	166	1,028
Couriers	-	440	72	-	-	-	512	-	9	9	521
Total	\$ 1,290,383	\$ 1,454,586	\$ 527,329	\$ 503,277	\$ 107,633	\$ 86,008	\$ 3,969,216	\$ 249,641	\$ 189,353	\$ 438,994	\$ 4,408,210