

**Audited Consolidated Financial Statements
and Supplementary Information**

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

December 31, 2017

National Immigration Forum, Inc. & Affiliate

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A Professional Corporation

Certified Public

Accountants

and Consultants

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 statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 consolidated financial position of National Immigration Forum, Inc. & Affiliate as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Washington, DC
May 10, 2018

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National Immigration Forum, Inc. & Affiliate

Consolidated Statements of Financial Position

December 31,	2017	2016
Assets		
Cash	\$ 1,151,491	\$ 691,581
Investments	4,950,254	4,802,295
Accounts receivable	-	10,000
Contributions and grants receivable	1,289,410	605,720
Prepaid expenses and deposits	87,717	81,117
Furniture and equipment, net	202,429	219,273
Total assets	\$ 7,681,301	\$ 6,409,986
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 445,787	\$ 227,689
Deferred rent	243,949	299,174
Total liabilities	689,736	526,863
Net assets		
Unrestricted		
Undesignated	1,970,984	1,815,132
Board-designated	545,581	542,342
	2,516,565	2,357,474
Temporarily restricted	4,475,000	3,525,649
Total net assets	6,991,565	5,883,123
Total liabilities and net assets	\$ 7,681,301	\$ 6,409,986

See notes to the consolidated financial statements.

National Immigration Forum, Inc. & Affiliate

Consolidated Statements of Activities

<i>Year Ended December 31,</i>	2017	2016
Unrestricted activities		
Revenue		
Contributions	\$ 902,119	\$ 397,747
Awards event	228,125	168,250
Comprehensive immigration reform and integration	186,500	824,500
Interest income	15,327	11,111
Other revenue	14,232	10,611
Net assets released from restrictions	4,977,649	4,638,596
Total revenue	6,323,952	6,050,815
Expense		
Program services		
Constituencies - Integration	1,470,652	1,528,583
Communications	1,205,900	1,204,414
Constituencies - Reform	1,390,641	1,192,251
Policy	995,979	1,002,868
Awards event	313,303	123,844
Associates and governance	112,889	89,731
Total program services	5,489,364	5,141,691
Supporting services		
Management and general	373,233	306,037
Fundraising	302,264	240,436
Total supporting services	675,497	546,473
Total expenses	6,164,861	5,688,164
Change in unrestricted net assets	159,091	362,651
Temporarily restricted activities		
Contributions and grants	5,927,000	4,712,222
Net assets released from restrictions	(4,977,649)	(4,638,596)
Change in temporarily restricted net assets	949,351	73,626
Change in net assets	1,108,442	436,277
Net assets, beginning of year	5,883,123	5,446,846
Net assets, end of year	\$ 6,991,565	\$ 5,883,123

See notes to the consolidated financial statements.

National Immigration Forum, Inc. & Affiliate

Consolidated Statements of Cash Flows

<i>Year Ended December 31,</i>	2017	2016
Cash flows from operating activities		
Change in net assets	\$ 1,108,442	\$ 436,277
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	82,672	73,055
Changes in assets and liabilities:		
Accounts receivable	10,000	18,106
Contributions and grants receivable	(683,690)	748,767
Prepaid expenses and deposits	(6,600)	(3,375)
Accounts payable and accrued expenses	218,098	(124,123)
Deferred rent	(55,225)	(48,302)
Total adjustments	(434,745)	664,128
Net cash provided by operating activities	673,697	1,100,405
Cash flows from investing activities		
Sales of investments	1,387,842	770,163
Purchases of investments	(1,535,801)	(2,041,139)
Purchases of furniture and equipment	(65,828)	(65,884)
Net cash used in investing activities	(213,787)	(1,336,860)
Net increase (decrease) in cash and cash equivalents	459,910	(236,455)
Cash, beginning of year	691,581	928,036
Cash, end of year	\$ 1,151,491	\$ 691,581

See notes to the consolidated financial statements.

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. Effective April 2018, the name of the Action Fund has been changed to America is Better.

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.

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.

National Immigration Forum, Inc. & Affiliate

Notes to the Consolidated Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 receivable in full.

Net assets: For consolidated 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, 2017 and 2016, the board-designated reserve was \$545,581 and \$542,342, respectively.

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 statements 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 10, 2018, which is the date the consolidated 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 that contains common stocks and certificates of deposit. 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

In accordance with generally accepted accounting principles, the Organization uses the following prioritized input levels to measure fair value of investments. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as stock quotes.

Level 2 – Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace, such as yield curves or other market data.

Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk, such as bid/ask spreads and liquidity discounts.

Investments valued using Level 1 inputs include common stock, the values for which were based on quoted prices for identical assets in active markets. Management believes the estimated fair values to be a reasonable approximation of the exit price for these investments.

Investments recorded at cost include money market funds and certificates of deposit. Investments recorded at cost are not required to be classified in one of the levels prescribed by the fair value hierarchy.

Investments consisted of the following at December 31,:

	2017	2016
Investments at fair value		
Common stock	\$ -	\$ 5,778
Investments at cost		
Money market funds	4,770,321	3,747,111
Certificates of deposit	179,933	1,049,406
	<u>4,950,254</u>	<u>4,796,517</u>
	<u>\$ 4,950,254</u>	<u>\$ 4,802,295</u>

National Immigration Forum, Inc. & Affiliate

Notes to the Consolidated Financial Statements

D. CONTRIBUTIONS AND GRANTS RECEIVABLE

At December 31, 2017 and 2016, contributions and grants receivable totaled \$1,289,410 and \$605,720, respectively. Contributions and grants receivable at December 31, 2017 are expected to be collected during the year ending December 31, 2018.

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,:

	2017	2016
Furniture and equipment	\$ 436,418	\$ 370,590
Leasehold improvements	491,482	491,482
	<u>927,900</u>	<u>862,072</u>
Accumulated depreciation	(725,471)	(642,799)
	<u>\$ 202,429</u>	<u>\$ 219,273</u>

F. TEMPORARILY RESTRICTED NET ASSETS

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

	2017	2016
Constituencies - integration and reform program restricted	\$ 3,185,590	\$ 2,919,929
General support / time restricted	1,289,410	605,720
	<u>\$ 4,475,000</u>	<u>\$ 3,525,649</u>

National Immigration Forum, Inc. & Affiliate

Notes to the Consolidated Financial Statements

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 \$76,907 and \$64,200 for the years ended December 31, 2017 and 2016, respectively.

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 years ended December 31, 2017 and 2016.

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,

2018	294,041
2019	297,377
2020	305,437
2021	130,188
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	\$ 1,027,043

Total rent expense attributable to the Organization's office space for the years ended December 31, 2017 and 2016 was \$243,104 and \$229,525, respectively.

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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, 2017, and have issued our report thereon dated May 10, 2018, 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 schedule of functional expenses – National Immigration Forum, Inc. Only (supplementary information) 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 supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Washington, DC
May 10, 2018

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National Immigration Forum, Inc. & Affiliate

Consolidating Statement of Financial Position Year Ended December 31, 2017

	Forum	Action Fund	Eliminations	Total
Assets				
Cash	\$ (21,253)	\$ 1,172,744	\$ -	\$ 1,151,491
Investments	4,699,598	250,656	-	4,950,254
Contributions and grants receivable	1,289,410	-	-	1,289,410
Due from Action Fund	477,300	-	(477,300)	-
Prepaid expenses and deposits	87,717	-	-	87,717
Furniture and equipment, net	202,429	-	-	202,429
Total assets	\$ 6,735,201	\$ 1,423,400	\$ (477,300)	\$ 7,681,301
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 445,787	\$ -	\$ -	\$ 445,787
Due to Forum	-	477,300	(477,300)	-
Deferred rent	243,949	-	-	243,949
Total liabilities	689,736	477,300	(477,300)	689,736
Net assets				
Unrestricted				
Undesignated	1,203,884	696,100	71,000	1,970,984
Board-designated	545,581	-	-	545,581
	1,749,465	696,100	71,000	2,516,565
Temporarily restricted	4,296,000	250,000	(71,000)	4,475,000
Total net assets	6,045,465	946,100	-	6,991,565
Total liabilities and net assets	\$ 6,735,201	\$ 1,423,400	\$ (477,300)	\$ 7,681,301

National Immigration Forum, Inc. & Affiliate

Consolidating Statement of Activities Year Ended December 31, 2017

	Forum	Action Fund	Eliminations	Total
Unrestricted activities				
Revenue				
Contributions	\$ 501,589	\$ 400,530	\$ -	\$ 902,119
Awards event	153,125	75,000	-	228,125
Comprehensive immigration reform and integration	149,000	37,500	-	186,500
Interest income	14,888	439	-	15,327
Other revenue	14,232	-	-	14,232
Net assets released from restrictions	4,577,649	400,000	-	4,977,649
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Total revenue	5,410,483	913,469	-	6,323,952
Expense				
Program services				
Constituencies - Integration	1,470,652	-	-	1,470,652
Communications	1,144,261	61,639	-	1,205,900
Constituencies - Reform	754,117	636,524	-	1,390,641
Policy	926,592	69,387	-	995,979
Awards event	251,343	61,960	-	313,303
Associates and governance	101,191	11,698	-	112,889
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Total program services	4,648,156	841,208	-	5,489,364
Supporting services				
Management and general	323,799	49,434	-	373,233
Fundraising	280,942	21,322	-	302,264
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Total supporting services	604,741	70,756	-	675,497
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Total expenses	5,252,897	911,964	-	6,164,861
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Change in unrestricted net assets	157,586	1,505	-	159,091
Temporarily restricted activities				
Contributions and grants	5,277,000	650,000	-	5,927,000
Net assets released from restrictions	(4,577,649)	(400,000)	-	(4,977,649)
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Change in temporarily restricted net assets	699,351	250,000	-	949,351
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Change in net assets	856,937	251,505	-	1,108,442
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Net assets, beginning of year	5,188,528	694,595	-	5,883,123
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Net assets, end of year	\$ 6,045,465	\$ 946,100	\$ -	\$ 6,991,565

National Immigration Forum, Inc. & Affiliate

Schedule of Functional Expenses – National Immigration Forum, Inc. Only Year Ended December 31, 2017

	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	\$ 350,322	\$ 942,604	\$ 498,775	\$ 181,525	\$ 40,161	\$ 2,180	\$ 2,015,567	\$ 7,650	\$ 42,462	\$ 50,112	\$ 2,065,679
Salaries	405,859	297,032	59,516	393,939	82,818	59,372	1,298,536	187,886	123,543	311,429	1,609,965
Travel	27,688	68,753	136,916	26,743	14,529	2,061	276,690	5,278	15,711	20,989	297,679
Office rent	53,331	35,179	7,612	51,494	10,141	7,082	164,839	29,235	14,372	43,607	208,446
Health Ins.	37,660	24,494	5,467	36,372	7,340	4,743	116,076	19,516	9,820	29,336	145,412
FICA	32,211	21,254	4,654	31,194	5,967	4,263	99,543	14,956	8,807	23,763	123,306
Rent Space mtg.	7,998	9,807	15,736	13,189	55,917	8,571	111,218	1,630	7,059	8,689	119,907
Dues and Pubs	61,962	6,608	2,917	29,559	414	154	101,614	541	12,576	13,117	114,731
Depreciation expense	21,580	14,246	3,165	20,947	3,972	2,847	66,757	9,990	5,925	15,915	82,672
Advertising	74,665	-	890	-	-	-	75,555	-	-	-	75,555
Retirement Plan	17,212	11,364	2,511	16,704	3,164	2,280	53,235	7,935	4,722	12,657	65,892
Printing	2,212	8,250	4,476	9,851	15,384	1,270	41,443	978	18,394	19,372	60,815
Organizational Support	587	388	140	50,570	246	77	52,008	270	163	433	52,441
Telephone	9,863	6,941	2,542	12,285	1,371	983	33,985	3,448	3,030	6,478	40,463
Office supplies	3,567	3,157	2,739	20,241	3,506	1,031	34,241	1,256	784	2,040	36,281
Accounting Fees	7,148	4,719	1,048	6,939	1,316	943	22,113	3,309	1,963	5,272	27,385
Conference calls	8,399	4,110	913	6,043	1,146	821	21,432	2,882	1,709	4,591	26,023
Vacation accrual	-	-	-	-	-	-	-	19,190	-	19,190	19,190
Unemployment ins.	3,025	1,979	590	3,009	574	318	9,495	1,594	858	2,452	11,947
Equipment purchases	3,301	1,874	416	2,756	594	375	9,316	1,314	780	2,094	11,410
Disability Ins.	2,914	1,934	460	2,849	532	377	9,066	1,390	819	2,209	11,275
Commissary	3,180	1,117	1,827	2,411	343	933	9,811	763	689	1,452	11,263
Professional Development	4,383	1,499	-	2,965	-	-	8,847	672	-	672	9,519
Insurance - d & o, business, w	2,188	1,444	321	2,123	403	289	6,768	1,013	601	1,614	8,382
Postage	1,000	1,094	259	835	525	97	3,810	341	3,174	3,515	7,325
Bank charges	577	391	80	531	101	72	1,752	253	2,599	2,852	4,604
Couriers	841	227	17	511	21	29	1,646	53	148	201	1,847
Legal services	178	117	26	802	33	23	1,179	82	234	316	1,495
Recruitment	410	70	104	205	-	-	789	374	-	374	1,163
Equipment rent/maint	-	-	-	-	825	-	825	-	-	-	825
Total	\$ 1,144,261	\$ 1,470,652	\$ 754,117	\$ 926,592	\$ 251,343	\$ 101,191	\$ 4,648,156	\$ 323,799	\$ 280,942	\$ 604,741	\$ 5,252,897