



IMMIGRANT LEGAL ADVOCACY PROJECT

**Financial Statements
December 31, 2018 and 2017**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Immigrant Legal Advocacy Project

We have audited the accompanying financial statements of Immigrant Legal Advocacy Project (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets - modified cash basis as of December 31, 2018 and 2017, and the related statements of support, revenue, and expenses - modified cash basis, functional expenses - modified cash basis, and cash flows - modified cash basis for the years 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 the modified cash basis of accounting as described in the notes; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 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 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 assets, liabilities, and net assets of Immigrant Legal Advocacy Project as of December 31, 2018 and 2017, and its support, revenue, and expenses for the years then ended in accordance with the modified cash basis of accounting as described in the notes.

Basis of Accounting

We draw attention to the notes of the financial statements, which describe the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink, reading "Remya Weston Ouellette". The signature is written in a cursive style with a large initial 'R'.

June 10, 2019
South Portland, Maine

IMMIGRANT LEGAL ADVOCACY PROJECT
Statements of Assets, Liabilities and Net Assets
Modified Cash Basis
December 31, 2018 and 2017

	2018	2017
ASSETS		
Current assets:		
Cash and equivalents	\$ 182,785	667,313
Cash and equivalents held in investments	918,726	225,103
Deposit - rent	4,698	5,218
Total current assets	1,106,209	897,634
Property and equipment:		
Property and equipment	35,517	35,517
Less accumulated depreciation	(5,879)	(743)
Net property and equipment	29,638	34,774
Non-current assets:		
Investments	111,699	121,461
Total non-current assets	111,699	121,461
Total assets	\$ 1,247,546	1,053,869
LIABILITIES AND NET ASSETS		
Liabilities:		
Accrued payroll related liabilities	\$ 24,775	24,525
Total liabilities	24,775	24,525
Net assets:		
Without donor restrictions:		
Undesignated	564,843	400,493
Board designated	450,000	300,000
Total net assets without donor restrictions	1,014,843	700,493
Net assets with donor restrictions	207,928	328,851
Total net assets	1,222,771	1,029,344
Total liabilities and net assets	\$ 1,247,546	1,053,869

See independent auditor's report and accompanying notes to financial statements.

IMMIGRANT LEGAL ADVOCACY PROJECT
Statements of Support, Revenue, and Expenses
Modified Cash Basis
Years Ended December 31, 2018 and 2017

	2018			2017		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Public support and revenue:						
Foundation grants	\$ 547,607	188,210	735,817	354,753	473,654	828,407
Donations	539,248	-	539,248	468,645	-	468,645
Fees	797	-	797	825	-	825
Net loss on investments	(1,284)	-	(1,284)	(946)	-	(946)
In-kind contributions	937,242	-	937,242	933,699	-	933,699
Fundraising events, net of expenses of \$24,349 and \$20,888 for 2018 and 2017, respectively	58,629	-	58,629	63,523	-	63,523
Other income	5,977	-	5,977	2,362	-	2,362
Total public support and revenue	2,088,216	188,210	2,276,426	1,822,861	473,654	2,296,515
Net assets released from restrictions	309,133	(309,133)	-	232,735	(232,735)	-
Total public support and reclassifications	2,397,349	(120,923)	2,276,426	2,055,596	240,919	2,296,515
Expenses:						
Program expenses	1,802,709	-	1,802,709	1,512,766	-	1,512,766
Management and general	114,111	-	114,111	91,891	-	91,891
Fundraising	166,179	-	166,179	199,697	-	199,697
Total expenses	2,082,999	-	2,082,999	1,804,354	-	1,804,354
Change in net assets	314,350	(120,923)	193,427	251,242	240,919	492,161
Net assets, beginning of year	700,493	328,851	1,029,344	449,251	87,932	537,183
Net assets, end of year	\$ 1,014,843	207,928	1,222,771	700,493	328,851	1,029,344

See independent auditor's report and accompanying notes to financial statements.

IMMIGRANT LEGAL ADVOCACY PROJECT
Statement of Functional Expenses
Modified Cash Basis
For the Year Ended December 31, 2018

		Program expenses	Supporting services		Total expenses
			Management and general	Fundraising	
Salaries	\$	491,105	56,887	96,552	644,544
Benefits and payroll taxes		121,218	14,041	23,832	159,091
Professional services		38,001	13,641	-	51,642
Office supplies		21,733	2,517	4,273	28,523
Equipment and support		66,787	4,411	7,486	78,684
Malpractice insurance		5,548	-	-	5,548
Liability insurance		1,051	122	207	1,380
Telephone		10,885	1,261	2,140	14,286
Postage		4,337	502	853	5,692
Occupancy		60,479	7,006	11,890	79,375
Printing and copying		5,228	606	9,685	15,519
Advertising and outreach		1,308	151	1,409	2,868
Travel and meals		10,800	1,251	2,123	14,174
Library and publications		3,968	-	-	3,968
Professional dues		9,668	-	-	9,668
Client filing fees		108	13	21	142
Professional development and training		9,060	1,050	1,781	11,891
In-kind expenses		937,242	-	-	937,242
Miscellaneous		4,183	5,516	3,927	13,626
Total expenses before depreciation		1,802,709	108,975	166,179	2,077,863
Depreciation		-	5,136	-	5,136
Total expenses	\$	1,802,709	114,111	166,179	2,082,999

See independent auditor's report and accompanying notes to financial statements.

IMMIGRANT LEGAL ADVOCACY PROJECT
Statement of Functional Expenses
Modified Cash Basis
For the Year Ended December 31, 2017

		Program expenses	Supporting services		Total expenses
			Management and general	Fundraising	
Salaries	\$	317,845	44,009	127,138	488,992
Benefits and payroll taxes		82,531	11,427	33,012	126,970
Professional services		25,432	20,808	-	46,240
Office supplies		6,224	862	2,490	9,576
Equipment and support		41,148	5,697	16,459	63,304
Malpractice insurance		4,532	-	-	4,532
Liability insurance		293	41	117	451
Telephone		6,424	889	2,570	9,883
Postage		3,024	419	1,210	4,653
Occupancy		44,492	2,472	2,472	49,436
Printing and copying		7,437	1,030	2,975	11,442
Advertising and outreach		937	130	375	1,442
Travel and meals		8,770	1,214	3,508	13,492
Library and publications		2,988	-	-	2,988
Professional dues		1,860	257	744	2,861
Client filing fees		774	-	-	774
Professional development and training		8,039	-	100	8,139
In-kind expenses		933,699	-	-	933,699
Miscellaneous		16,317	2,255	6,527	25,099
Total expenses before depreciation		1,512,766	91,510	199,697	1,803,973
Depreciation		-	381	-	381
Total expenses	\$	1,512,766	91,891	199,697	1,804,354

See independent auditor's report and accompanying notes to financial statements.

IMMIGRANT LEGAL ADVOCACY PROJECT
Statements of Cash Flows
Modified Cash Basis
Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 193,427	492,161
Adjustments to reconcile change in net assets to net cash and equivalents provided by operating activities:		
Depreciation	5,136	381
Unrealized loss on investments	1,284	946
(Increase) decrease in operating assets:		
Cash held for others	-	1,227
Deposit - rent	520	(3,761)
Increase (decrease) in operating liabilities:		
Accrued payroll related liabilities	250	3,602
Amounts held for others under agency transaction	-	(1,227)
Net cash and equivalents provided by operating activities	200,617	493,329
Cash flows from investing activities:		
Purchase of property and equipment	-	(34,424)
Proceeds from sale of investments	8,478	-
Purchase of investments	-	(34,117)
Net cash and equivalents provided by (used in) investing activities	8,478	(68,541)
Net change in cash and equivalents	209,095	424,788
Cash and equivalents, beginning of year	892,416	467,628
Cash and equivalents, end of year	\$ 1,101,511	892,416
Supplemental schedule of cash:		
Cash and equivalents	\$ 182,785	667,313
Cash and equivalents held in investments	918,726	225,103
Total cash and cash equivalents	\$ 1,101,511	892,416

See independent auditor's report and accompanying notes to financial statements.

IMMIGRANT LEGAL ADVOCACY PROJECT
Notes to Financial Statements

NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Immigrant Legal Advocacy Project (the Organization) is a not-for-profit organization organized under the laws of the State of Maine to advocate for and to improve the status and well-being of Maine's low-income non-citizens and their families by providing affordable legal services, and by educating and working with service providers, policy makers, and the public concerning legal issues unique to non-citizens.

Basis of Accounting - The Organization's policy is to issue its financial statements using the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The modified cash basis is a basis of accounting which differs from the strict cash basis of recording revenues when received and expenses when funds are disbursed. These statements have been modified to include the recording of accrued payroll related liabilities, and the capitalization and depreciation of equipment. In addition, certain in-kind donations and expenses are recorded in the accompanying statements of support, revenue, and expenses – modified cash basis, and statements of functional expenses – modified cash basis.

Basis of Presentation - During the fiscal year ended December 31, 2018, the Organization adopted the updated provisions of FASB Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statements for Not-for-Profit Entities. In accordance with these provisions, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

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

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that 1) may or will be met either by actions of the Organization and/or the passage of time or 2) they be maintained permanently by the Organization.

Cash and Equivalents - For purposes of the statements of cash flows, management considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Organization's cash and cash equivalents consist of cash in checking, savings, money market, and petty cash.

Property and Equipment - Property and equipment with a purchase price of \$1,000 or more is carried at cost if purchased, or fair value on the date of gift if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from 5-7 years.

Income Tax Status - Immigrant Legal Advocacy Project is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, it qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Code. Also, in 2004, the Organization filed Form 5768 to elect under Code section 501(h) to make limited expenditures to influence legislation.

IMMIGRANT LEGAL ADVOCACY PROJECT
Notes to Financial Statements, Continued

NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Accounting principles generally accepted in the United States of America requires management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service and state taxing authorities. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Donated Services - The Organization records in-kind support, which includes pro-bono attorney hours. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills and are provided by individuals possessing those skills that would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses.

Additionally, the Organization receives a significant amount of contributed time which does not meet the two recognition criteria described above. Accordingly, the value of this contribution, for the years ended December 31, 2018 and 2017, has not been reflected in the accompanying financial statements.

Use of Estimates - The preparation of financial statements in conformity with the accounting principles of the modified cash basis requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenues and expenses - Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or law. Expirations of net assets with donor restrictions by fulfillment of the donor-stipulated purpose or by passage of the stipulated time period are reported as reclassifications between the applicable classes of net assets.

Contributions with Restrictions Met in the Same Year - Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net assets with donor restrictions class, and a reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions.

Functional Allocation of Expenses - The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, and benefits and payroll taxes, which are allocated on the basis of estimates of time and effort. The remaining allocated expenses are based on management's estimate of current year activity and include; office supplies, equipment and support, liability insurance, telephone, postage, occupancy, printing and photocopying, advertising and outreach, travel and meals, client filing fees, professional development and training, and miscellaneous.

IMMIGRANT LEGAL ADVOCACY PROJECT
Notes to Financial Statements, Continued

NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Reclassifications - Certain prior year balances have been reclassified to conform to the current year presentation. Such reclassifications have no effect on the results of operations previously reported.

CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances at a financial institution located in Maine. As of December 31, 2018 and 2017, deposits were insured by the FDIC up to a maximum amount of \$250,000. At December 31, 2018, the Organization had no uninsured cash. At December 31, 2017, the Organization had uninsured cash of \$489,060.

MAINE COMMUNITY FOUNDATION CHARITABLE FUND

During 2007, a donor transferred \$200,000 to the Maine Community Foundation (MCF) to establish the “Immigrant Legal Advocacy Project Fund”, designating the Immigrant Legal Advocacy Project as the intended beneficiary. The donor has granted variance power over these assets to the Maine Community Foundation. As a result, the Organization does not include them as an asset on the statements of assets, liabilities, and net assets – modified cash basis. The proceeds from this Fund will be distributed to Immigrant Legal Advocacy Project in amounts to be determined by a spending policy set by the MCF Board of Directors. In 2018 and 2017, payments received from this Fund totaled \$445 and \$970, respectively, and are included in “Donations” on the statements of support, revenue, and expenses – modified cash basis.

ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS

In accordance with FASB ASC 820-10 *Fair Value Measurements*, the Organization is required to disclose for its assets and liabilities measured at fair value on a recurring basis, the inputs used to determine those fair value measurements. The guidance provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are as follows:

- *Level 1*: Level 1 inputs are quoted prices in active markets for identical assets and liabilities that an entity has the ability to access at a measurement date.
- *Level 2*: Level 2 inputs are inputs other than quoted prices that are observable for the specific asset or liability, either directly or indirectly.
- *Level 3*: Level 3 inputs are unobservable inputs for the asset or liability in which little or no market activity is available for the asset or liability at the measurement date.

IMMIGRANT LEGAL ADVOCACY PROJECT
Notes to Financial Statements, Continued

ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS, CONTINUED

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Organization management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair value measurements at 12/31/18 using:

	<u>Total</u>	<u>Level 1</u>
Cash reserves	\$ 918,726	918,726
Mutual funds – short term	87,143	87,143
Equities:		
Services	17,920	17,920
Industrial goods	1,027	1,027
Basic materials	5,609	5,609
Totals	\$ 1,030,425	1,030,425

Fair value measurements at 12/31/17 using:

	<u>Total</u>	<u>Level 1</u>
Cash reserves	\$ 225,103	225,103
Mutual funds – short term	86,390	86,390
Exchange traded funds:		
Small cap	2,535	2,535
Large blend	20,100	20,100
Equities:		
Services	6,399	6,399
Industrial goods	1,964	1,964
Basic Materials	4,073	4,073
Totals	\$ 346,564	346,564

Cash reserves include money market balances, which are included in cash and equivalents held in investments on page 1. Transfers between levels are recognized on the actual date of the event or change in circumstance that caused the transfer; there were no such transfers between asset levels during the years ended December 31, 2018 and 2017.

IMMIGRANT LEGAL ADVOCACY PROJECT
Notes to Financial Statements, Continued

OPERATING LEASE OBLIGATIONS

In 2017, the Organization entered into an operating lease agreement for a new office location. This new lease commenced October 1, 2017, for a term of five years, with an option to extend the agreement thereafter for a period of two or three years. Payments on this lease did not start until January 2018 and range from \$3,761 to \$4,596 per month, plus additional amounts for parking spaces, for the duration of the lease.

During 2018, the Organization expanded its operations to Lewiston, Maine, and commenced an office lease for a term of two years. Payments on this lease began in March 2018, at \$625 a month for the duration of the lease.

In 2015, the Organization entered into a lease for office equipment. The lease calls for monthly payments of \$438 for 36 months. For each of the years ended December 31, 2018 and 2017, rent expense associated with this lease totaled \$5,256. This lease matured in 2018, and the Organization entered into a new lease for similar equipment. The new lease commenced in March 2018, and calls for monthly payments of \$419, for a period of three years.

For the years ended December 31, 2018 and 2017, rent expense associated with these leases totaled \$71,431 and \$47,555, respectively.

The following is a summary of future lease commitments as of December 31, 2018:

2019	\$ 60,700
2020	57,000
2021	57,400
2022	41,300
Total	\$ 216,400

RETIREMENT PLAN

Immigrant Legal Advocacy Project maintains a "tax sheltered annuity" plan under Internal Revenue Service Code Section 403(b). The plan is available to all employees upon hire for tax-deferred employee contributions. The Organization also makes contributions of 5% of qualified employees' salaries into a SEP IRA with contributions beginning after one year of service. For the years ended December 31, 2018 and 2017, retirement plan expenses incurred under this plan totaled \$23,409 and \$21,920, respectively, and have been included in the benefits and payroll taxes line on the accompanying statements of functional expenses – modified cash basis.

IMMIGRANT LEGAL ADVOCACY PROJECT
Notes to Financial Statements, Continued

RESTRICTIONS AND LIMITATIONS OF NET ASSET BALANCES

Net assets with donor restrictions consisted of the following at December 31:

Subject to appropriation and expenditure when a specified event or time occurs:

	<u>2018</u>	<u>2017</u>
Gifts restricted by purpose or to future accounting periods	\$ 207,928	328,851
Total net assets with donor restrictions	\$ 207,928	328,851

Net assets without donor restrictions consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Board designated funds for long-term investment	\$ 450,000	300,000
Undesignated	564,843	400,493
Total net assets without donor restrictions	\$ 1,014,843	700,493

NET ASSETS RELEASED FROM RESTRICTIONS

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by the donors were as follows:

Purpose restrictions accomplished:

	<u>2018</u>	<u>2017</u>
Expiration of restrictions by purpose or passage of time	\$ 309,133	232,735
Total net assets released from restrictions	\$ 309,133	232,735

AGENCY TRANSACTION

During 2011, the Organization agreed to act as a fiscal agent for an \$8,000 grant that is to be passed through to a statewide symposium on the topic of bias based profiling. The Organization served as the intermediary between the donor and the donors' intended destination of the funds. As such, the Organization did not record a contribution when they receive the funds, nor did they record an expense when they disbursed the assets to the intended beneficiaries. In 2017, the Organization was notified that the remaining funds held for this grant were to be kept and recorded as income by the Organization. As such, the Organization recognized \$1,227 as income in 2017, and was included in other income in the statements of support, revenue, and expenses – modified cash basis. No activity associated with agency transactions occurred during 2018.

IMMIGRANT LEGAL ADVOCACY PROJECT
Notes to Financial Statements, Continued

LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization has the following financial assets available within one year of the balance sheet date to meet cash needs for general expenditure:

Cash and cash equivalents	\$ 182,785
<u>Cash and cash equivalents held in investments</u>	<u>918,726</u>
<u>Total</u>	<u>\$ 1,101,511</u>

Of the financial assets, \$207,928 are subject to donor or other contractual restrictions, which are expected to be met within the subsequent year. All other assets are available for general expenditure within one year of the balance sheet date. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

SUBSEQUENT EVENTS

In accordance with FASB ASC 855-10 *Subsequent Events*, management has evaluated subsequent events for possible recognition or disclosure through June 10, 2019, which is the date these financial statements were available to be issued.