

**MID-SOUTH IMMIGRATION ADVOCATES, INC.**

**Financial Statements**

**For the Years Ended December 31, 2015 and 2014**

**MCLEAN & ASSOCIATES, PLLC**

CERTIFIED PUBLIC ACCOUNTANTS

3211 KIRBY WHITTEN PARKWAY

BARTLETT, TENNESSEE 38134

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**MID-SOUTH IMMIGRATION ADVOCATES, INC.**

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*For the years ended December 31, 2015 and 2014*

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Mid-South Immigration Advocates, Inc.  
Memphis, Tennessee

We have audited the accompanying financial statements of Mid-South Immigration Advocates, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows 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 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 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 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 Mid-South Immigration Advocates, Inc. as of December 31, 2015 and 2014, 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.



Bartlett, Tennessee  
February 4, 2016

**MID-SOUTH IMMIGRATION ADVOCATES, INC.***Statements of Financial Position**For the years ended December 31, 2015 and 2014*

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 31,978	\$ 9,518
Contributions receivable	7,524	1,000
Grants receivable	12,710	-
Total current assets	<u>52,212</u>	<u>10,518</u>
Property and equipment, net of accumulated depreciation	<u>1,818</u>	<u>782</u>
Total assets	<u>\$ 54,030</u>	<u>\$ 11,300</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Payroll liabilities	\$ 4,979	\$ -
Trust account liabilities	4,507	-
Total current liabilities	<u>9,486</u>	<u>-</u>
Net assets		
Unrestricted	44,544	11,300
Temporarily restricted	-	-
Permanent restricted	-	-
Total net assets	<u>44,544</u>	<u>11,300</u>
Total liabilities and net assets	<u>\$ 54,030</u>	<u>\$ 11,300</u>

*See accompanying notes to the financial statements.**3*

**MID-SOUTH IMMIGRATION ADVOCATES, INC.***Statements of Activities and Changes in Net Assets For the year ended December 31, 2015 and 2014*

	<u>2015</u>	<u>2014</u>
Revenue and support		
Grants	\$ 182,438	\$ 15,066
Program revenue	20,078	11,552
Contributions	6,419	7,914
In-kind donations	1,046	219
Other	437	649
Total revenue and support	<u>210,418</u>	<u>35,400</u>
Functional expenses		
Program services	156,582	21,061
Management and general	20,592	4,359
Total functional expenses	<u>177,174</u>	<u>25,420</u>
Increase in net assets	33,244	9,980
Net assets at beginning of year	<u>11,300</u>	<u>1,320</u>
Net assets at end of year	<u>\$ 44,544</u>	<u>\$ 11,300</u>

**MID-SOUTH IMMIGRATION ADVOCATES, INC.**

*Statements of Functional Expenses*

*For the year ended December 31, 2015*

	<b>Program Services</b>	<b>Management and General</b>	<b>Total</b>
Personnel expenses			
Salaries	\$ 102,124	\$ 11,347	\$ 113,471
Payroll taxes	8,833	982	9,815
Employee benefits	5,670	630	6,300
Total personnel expenses	116,627	12,959	129,586
Operating expenses			
Contractual services	18,767	-	18,767
Rent	3,820	3,820	7,640
Professional fees	3,602	636	4,238
Postage and shipping	2,560	640	3,200
Filing fees	2,464	-	2,464
Insurance	1,948	216	2,164
Office supplies	1,835	204	2,039
Repairs and maintenance	1,709	190	1,899
Communications	75	1,429	1,504
Other	1,092	121	1,213
Printing and production	865	96	961
Office expense	346	39	385
Travel	233	-	233
Payroll fees	178	20	198
Taxes	-	186	186
Bank service charges	138	-	138
Total operating expenses	39,632	7,597	47,229
Non operating expenses			
Depreciation	323	36	359
Total non operating expenses	323	36	359
Total	\$ 156,582	\$ 20,592	\$ 177,174

*See accompanying notes to the financial statements.*

**MID-SOUTH IMMIGRATION ADVOCATES, INC.***Statement of Functional Expenses**For the year ended December 31, 2014*

	Program Services	Management and General	Total
Personnel expenses			
Salaries	\$ 10,960	\$ 1,218	\$ 12,178
Payroll taxes	914	102	1,015
Employee benefits	516	57	573
Total personnel expenses	<u>12,389</u>	<u>1,377</u>	<u>13,766</u>
Operating expenses			
Contractual services	2,866	-	2,866
Insurance	1,076	1,076	2,152
Rent	1,575	175	1,750
Postage and shipping	845	211	1,056
Office supplies	848	94	942
Travel	40	752	792
Communications	537	60	597
Taxes and licenses	-	489	489
Reference materials	411	-	411
Printing and production	283	50	333
Other	110	-	110
Bank service charges	-	66	66
Total operating expenses	<u>8,591</u>	<u>2,973</u>	<u>11,564</u>
Non operating expenses			
Depreciation	81	9	90
Total non operating expenses	<u>81</u>	<u>9</u>	<u>90</u>
Total	<u>\$ 21,061</u>	<u>\$ 4,359</u>	<u>\$ 25,420</u>

*See accompanying notes to the financial statements.*

**MID-SOUTH IMMIGRATION ADVOCATES, INC.***Statements of Cash Flows**For the years ended December 31, 2015 and 2014*

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Net increase in net assets	\$ 33,244	\$ 9,980
Adjustments to reconcile net increase (decrease) in net assets to cash provided by (used in) operating activities		
Depreciation	359	90
Contributions, in-kind	(1,046)	(41)
Change in operating assets and liabilities		
Accounts receivable	(6,524)	(1,000)
Grants receivable	(12,710)	-
Payroll liabilities	4,979	-
Trust account liabilities	4,507	-
Net cash provided by operating activities	<u>22,809</u>	<u>9,029</u>
Cash flows from investing activities		
Purchase of property and equipment	(349)	-
Net cash provided by investing activities	<u>(349)</u>	<u>-</u>
Net increase in cash	22,460	9,029
Cash - beginning of year	<u>9,518</u>	<u>489</u>
Cash - end of year	<u>\$ 31,978</u>	<u>\$ 9,518</u>



## MID-SOUTH IMMIGRATION ADVOCATES, INC.

*Notes to the Financial Statements*

*For the years ended December 31, 2015 and 2014*

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### **Note 1 – Nature of activities**

#### *Organization and nature of activities*

Mid-South Immigration Advocates, Inc. (the “Organization”) is a non-profit law firm in Memphis, Tennessee whose core mission is to provide low-cost immigration representation to low-income clients. The organization provides direct representation and legal consultations to low-income immigrants residing within the Mid-South. The Organization is a non-profit corporation that was formed in 2013 in the State of Tennessee, and its operations are funded by fees for consultation and representation in addition to donations from individuals, corporations, and grants from government and non-profit organizations.

### **Note 2 - Summary of significant accounting policies**

#### *Basis of accounting and presentation*

The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, net assets and changes therein are classified and reported as follows:

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

*Temporarily restricted net assets* – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or by the passage of time.

*Permanently restricted net assets* – Net assets subject to donor-imposed restrictions which stipulate that the principal be maintained permanently by the Organization but permit the Organization to expend part or all of the income and gains derived from the donated assets.

When a time restriction ends or when a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Gifts of furniture, fixtures, and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the organization reports expirations of these donor restrictions when the acquired long-lived assets are placed in service.

#### *Revenue and support*

Grant support is recorded as respective expenditures for reimbursements are incurred. Revenue includes case and consultation fees and is recognized as the respective services are provided..

#### *Cash and cash equivalents*

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

## MID-SOUTH IMMIGRATION ADVOCATES, INC.

Notes to the Financial Statements

For the years ended December 31, 2015 and 2014

### Note 2 - Summary of significant accounting policies (continued)

#### Property and Equipment

Property and equipment is stated at fair market value at the date of the contribution if contributed or at cost if purchased. The Organization capitalizes any purchased assets greater than \$350. Depreciation is determined using the straight-line method over the estimated useful lives of the assets, generally five years for computer equipment and ten years for furniture and fixtures.

#### In-Kind Donations

In-kind donations of goods, professional services, facilities, property and equipment are recorded at their estimated fair market value at date of contribution. Unless the donor has restricted the donation, such donations are recorded as unrestricted support.

#### Functional allocation of expenses

The costs of providing programs and supporting services are summarized in the statement of functional expenses. Certain costs are allocated among the program and supporting services benefited.

#### 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 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.

#### Income taxes

The Organization is a non-profit corporation that is exempt from taxes under Section 501(c)(3) of the *Internal Revenue Code* and classified by the Internal Revenue Service as other than a private foundation.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years 2013 and 2014 are subject to examination by the Internal Revenue Service, generally three years after they were filed.

### Note 3 – Property and equipment

Property and equipment consists of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Computer equipment	\$ 1,400	\$ 475
Furniture and equipment	911	440
	<u>2,311</u>	<u>915</u>
Less: accumulated depreciation	<u>493</u>	<u>133</u>
Property and equipment, net	<u>\$ 1,818</u>	<u>\$ 782</u>
Depreciation expense	<u>\$ 359</u>	<u>\$ 90</u>

## MID-SOUTH IMMIGRATION ADVOCATES, INC.

*Notes to the Financial Statements (continued)*

*For the years ended December 31, 2015 and 2014*

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### **Note 4 – Concentrations of risk**

The Organization maintains its cash balances in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk for cash and cash equivalents.

At December 31, 2015 and 2014, one grant accounted for approximately 85% and 30%, respectively, of the total revenue.

### **Note 5 – Operating lease commitments**

The Organization leases office space under operating lease agreements that expire December 31, 2016. The future minimum lease payments as of December 31, 2015 are as follows:

Year ending December 31,	
2016	<u>\$ 10,200</u>
Total	<u>\$ 10,200</u>

### **Note 6 – Reclassification**

Certain amounts have been reclassified to conform to December 31, 2015 financial statement presentation. The reclassification did not have an effect on the prior increase (decrease) in net assets.

### **Note 7 – Subsequent events**

Subsequent events have been evaluated through February 4, 2016, the date the financial statements were available for issue.