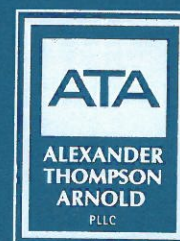


MID-SOUTH IMMIGRATION ADVOCATES, INC.

Financial Statements

For the Years Ended December 31, 2016 and 2015



Certified Public Accountants

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

Alexander Thompson Arnold PLLC

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Independent Auditors' Report

To the 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, 2016 and 2015, and the related combined statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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. 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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, 2016 and 2015, 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.

Alexander Thompson Arnold PLLC

July 11, 2017

Your Long-Term Accounting Partner

MID-SOUTH IMMIGRATION ADVOCATES, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets		
Cash	\$ 61,896	\$ 31,978
Grants receivable	55,871	12,710
Accounts receivable	2,080	7,524
Total current assets	<u>119,847</u>	<u>52,212</u>
 Property and equipment		
Computer equipment	1,400	1,400
Furniture and equipment	911	911
	<u>2,311</u>	<u>2,311</u>
Less accumulated depreciation	(864)	(493)
Total property and equipment	<u>1,447</u>	<u>1,818</u>
 Total assets	 <u><u>\$ 121,294</u></u>	 <u><u>\$ 54,030</u></u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accrued expenses	\$ 13,874	\$ -
Payroll liabilities	3,878	4,979
Trust account liabilities	4,980	4,507
Total current liabilities	<u>22,732</u>	<u>9,486</u>
 Net assets		
Unrestricted	98,562	44,544
Temporarily restricted	-	-
Permanent restricted	-	-
Total net assets	<u>98,562</u>	<u>44,544</u>
 Total liabilities and net assets	 <u><u>\$ 121,294</u></u>	 <u><u>\$ 54,030</u></u>

The accompanying notes are an integral part of these financial statements.

MID-SOUTH IMMIGRATION ADVOCATES, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenue and support		
Grants	305,925	182,438
Program revenue	5,597	20,078
Contributions	3,712	6,419
In-kind donations	-	1,046
Other	2,787	437
Total revenue and support	<u>318,021</u>	<u>210,418</u>
 Functional expenses		
Program services	234,659	156,582
Management and general	29,344	20,592
Total functional expenses	<u>264,003</u>	<u>177,174</u>
 Increase in net assets	 54,018	 33,244
 Net assets at beginning of year	 <u>44,544</u>	 <u>11,300</u>
 Net assets at end of year	 <u><u>98,562</u></u>	 <u><u>44,544</u></u>

The accompanying notes are an integral part of these financial statements.

MID-SOUTH IMMIGRATION ADVOCATES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Personnel expenses			
Salaries	150,457	16,717	167,174
Payroll taxes	14,107	1,567	15,674
Total personnel expenses	<u>164,564</u>	<u>18,284</u>	<u>182,848</u>
Operating expenses			
Contractual services	28,680	-	28,680
Professional fees	14,705	2,595	17,300
Rent	5,525	5,525	11,050
Office supplies	4,420	491	4,911
Postage and shipping	3,854	963	4,817
Insurance	3,188	354	3,542
Filing fees	3,061	-	3,061
Travel	2,624	-	2,624
Utilities	797	797	1,594
Other	1,138	127	1,265
Payroll fees	514	57	571
Computer expense	478	53	531
Advertising	390	-	390
Bank service charges	387	-	387
Meals & entertainment	-	61	61
Total operating expenses	<u>69,761</u>	<u>11,023</u>	<u>80,784</u>
Non operating expenses			
Depreciation	334	37	371
Total non operating expenses	<u>334</u>	<u>37</u>	<u>371</u>
Total	<u><u>234,659</u></u>	<u><u>29,344</u></u>	<u><u>264,003</u></u>

The accompanying notes are an integral part of these financial statements.

MID-SOUTH IMMIGRATION ADVOCATES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2015

	Program Services	Management and General	Total
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	<u>116,627</u>	<u>12,959</u>	<u>129,586</u>
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
Computer expense	346	39	385
Travel	233	-	233
Payroll fees	178	20	198
Taxes and licenses	-	186	186
Bank service charges	138	-	138
Total operating expenses	<u>39,632</u>	<u>7,597</u>	<u>47,229</u>
Non operating expenses			
Depreciation	323	36	359
Total non operating expenses	<u>323</u>	<u>36</u>	<u>359</u>
Total	<u>\$ 156,582</u>	<u>\$ 20,592</u>	<u>\$ 177,174</u>

The accompanying notes are an integral part of these financial statements.

MID-SOUTH IMMIGRATION ADVOCATES, INC.
STATEMENTS OF CASH FLOWS
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Net increase in net assets	\$ 54,018	\$ 33,244
Adjustments to reconcile net increase (decrease) in net assets to cash provided by (used in) operating activities		
Depreciation	371	359
Contributions, in-kind	-	(1,046)
Change in operating assets and liabilities		
Accounts receivable	(43,161)	(6,524)
Grants receivable	5,444	(12,710)
Accrued expenses	13,874	-
Payroll liabilities	(1,101)	4,979
Trust account liabilities	473	4,507
Net cash provided by operating activities	<u>29,918</u>	<u>22,809</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>-</u>	<u>(349)</u>
Net cash provided by investing activities	<u>-</u>	<u>(349)</u>
Net increase in cash	29,918	22,460
Cash - beginning of year	<u>31,978</u>	<u>9,518</u>
Cash - end of year	<u><u>\$ 61,896</u></u>	<u><u>\$ 31,978</u></u>

The accompanying notes are an integral part of these financial statements.

MID-SOUTH IMMIGRATION ADVOCATES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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.

B. Basis of Accounting

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.

C. 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. Cash includes checking accounts and a trust fund account. The trust fund consists of payments made by clients for which services have not yet been performed. The related liability account is included in current liabilities.

D. Grants and accounts receivable

Grants receivable consist of amounts billed to granting agencies for expenditures that have not yet been reimbursed. Accounts receivable consist of amounts due from clients. No allowance for doubtful accounts

MID-SOUTH IMMIGRATION ADVOCATES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

has been recorded, as all amounts due from various governmental agencies are expected to be paid in full and amounts due from clients have historically been fully paid.

E. 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.

F. 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.

G. 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.

H. 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.

I. 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.

J. 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.

MID-SOUTH IMMIGRATION ADVOCATES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2016	2015
Computer equipment	\$ 1,400	\$ 1,400
Furniture and equipment	\$ 911	\$ 911
	<u>\$ 2,311</u>	<u>\$ 2,311</u>
Less: accumulated depreciation	\$ 864	\$ 493
	<u>\$ 1,447</u>	<u>\$ 1,818</u>
Property and equipment, net		
	<u>\$ 371</u>	<u>\$ 359</u>
Depreciation expense		

Note 3 – 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.

The Organization is primary funded by grant revenue. For the year ended December 31, 2016, grant funds accounted for 96% of total revenue. One grant was 56% of total revenue at December 31, 2016 and another was 85% at December 31, 2015.

Note 4 – CONTINGENCIES

The Organization receives government funding and is subject to being monitored or audited by government agencies. There is a possibility that the government agency will determine certain costs to be disallowable.

Note 4 – RECLASSIFICATION

Certain amounts have been reclassified to conform to December 31, 2016 financial statement presentation. The reclassification did not have an effect on the prior increase (decrease) in net assets.

Note 5 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 11, 2017, the date the financial statements were available for issue.