



CENTRAL AMERICAN RESOURCE CENTER

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2016 AND 2015

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Independent Auditor's Report

To the Board of Directors
Central American Resource Center
Washington, DC

We have audited the accompanying financial statements of Central American Resource Center (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, the related statements of activities, functional expenses, 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 Central American Resource Center 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.

James Marusa & McQuade PA

Washington, DC
June 20, 2017

**CENTRAL AMERICAN RESOURCE CENTER
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015**

	2016	2015
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 126,067	\$ 56,610
Contracts receivable	107,089	102,303
Grants and contributions receivable	43,373	83,460
Total Current Assets	276,529	242,373
PROPERTY AND EQUIPMENT, NET	710,388	726,470
TOTAL ASSETS	\$ 986,917	\$ 968,843
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 14,828	\$ 12,388
Note payable, current portion	12,456	9,463
Total Current Liabilities	27,284	21,851
NON-CURRENT LIABILITIES		
Note payable, net of current portion	255,801	272,268
Total Liabilities	283,085	294,119
NET ASSETS		
Unrestricted	655,499	565,641
Temporarily restricted	48,333	109,083
Total Net Assets	703,832	674,724
TOTAL LIABILITIES AND NET ASSETS	\$ 986,917	\$ 968,843

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

**CENTRAL AMERICAN RESOURCE CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016**

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 107,218	\$ 55,000	\$ 162,218
Contract revenue	477,617	-	477,617
Service fees	249,839	-	249,839
Annual events	50,112	-	50,112
Other revenue	4,787	-	4,787
Net assets released from restrictions	115,750	(115,750)	-
Total Revenue and Support	1,005,323	(60,750)	944,573
EXPENSES			
Program Services:			
Legal and counseling	279,577	-	279,577
Citizenship and civic participation	261,548	-	261,548
Housing	225,471	-	225,471
Community support services	72,153	-	72,153
Total Program Services	838,749	-	838,749
Support Services:			
Management and general	27,057	-	27,057
Fundraising	49,659	-	49,659
Total Support Services	76,716	-	76,716
Total Expenses	915,465	-	915,465
CHANGE IN NET ASSETS	89,858	(60,750)	29,108
NET ASSETS , beginning of year	565,641	109,083	674,724
NET ASSETS , end of year	\$ 655,499	\$ 48,333	\$ 703,832

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

**CENTRAL AMERICAN RESOURCE CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015**

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 135,281	\$ 148,000	\$ 283,281
Contract revenue	459,734	-	459,734
Service fees	205,243	-	205,243
Annual events	45,675	-	45,675
Other revenue	2,541	-	2,541
Net assets released from restrictions	41,417	(41,417)	-
Total Revenue and Support	<u>889,891</u>	<u>106,583</u>	<u>996,474</u>
EXPENSES			
Program Services:			
Legal and counseling	275,142	-	275,142
Citizenship and civic participation	271,800	-	271,800
Housing	199,615	-	199,615
Community support services	58,149	-	58,149
Total Program Services	<u>804,706</u>	<u>-</u>	<u>804,706</u>
Support Services:			
Management and general	30,491	-	30,491
Fundraising	32,912	-	32,912
Total Support Services	<u>63,403</u>	<u>-</u>	<u>63,403</u>
Total Expenses	<u>868,109</u>	<u>-</u>	<u>868,109</u>
CHANGE IN NET ASSETS	21,782	106,583	128,365
NET ASSETS , beginning of year	<u>543,859</u>	<u>2,500</u>	<u>546,359</u>
NET ASSETS , end of year	<u>\$ 565,641</u>	<u>\$ 109,083</u>	<u>\$ 674,724</u>

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

**CENTRAL AMERICAN RESOURCE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016**

	Program Services				Support Services				Total
	Legal and Counseling	Citizenship and Civic Participation	Housing	Community Support Services	Total Program Services	Management and General	Fundraising	Total Support Services	
Personnel Expenses									
Salaries	\$ 177,136	\$ 165,708	\$ 142,852	\$ 45,713	\$ 531,409	\$ 17,142	\$ 22,856	\$ 39,998	\$ 571,407
Benefits	14,710	13,761	11,863	3,796	44,130	1,424	1,898	3,322	47,452
Payroll tax	13,475	12,606	10,867	3,477	40,425	1,304	1,739	3,043	43,468
Total Personnel Expenses	205,321	192,075	165,582	52,986	615,964	19,870	26,493	46,363	662,327
General Expenses									
Administration and board meeting	886	829	715	229	2,659	86	114	200	2,859
Advertising	87	81	70	22	260	9	11	20	280
Bank charges	522	489	421	135	1,567	51	67	118	1,685
Consultants	6,511	6,091	5,251	1,680	19,533	630	840	1,470	21,003
Depreciation and amortization	4,986	4,664	4,021	1,287	14,958	482	643	1,125	16,083
Donations	269	252	217	70	808	26	35	61	869
Equipment	9,669	9,045	7,797	2,495	29,006	934	1,249	2,183	31,189
Food and entertainment	-	-	-	-	-	-	13,563	13,563	13,563
Insurance	1,820	1,703	1,468	470	5,461	176	235	411	5,872
Interest	5,890	5,512	4,751	1,521	17,674	571	781	1,352	19,026
Legal and accounting	3,255	3,045	2,625	840	9,765	315	420	735	10,500
Materials	7,762	7,261	6,260	2,003	23,286	751	1,002	1,753	25,039
Membership and subscription	1,695	1,586	1,367	437	5,085	164	219	383	5,468
Miscellaneous	214	202	174	56	646	21	28	49	695
Occupancy	8,690	8,129	7,008	2,243	26,070	841	1,121	1,962	28,032
Office supplies	2,443	2,285	1,970	630	7,328	236	315	551	7,879
Payroll service	9,171	8,580	7,396	2,367	27,514	888	1,183	2,071	29,585
Postage and shipping	2,444	2,288	1,972	631	7,335	237	316	553	7,888
Printing and publications	147	137	118	38	440	14	19	33	473
Repairs and maintenance	2,088	1,953	1,684	539	6,264	202	269	471	6,735
Telephone	2,420	2,264	1,952	625	7,261	234	312	546	7,807
Training and staff development	2,227	2,084	1,796	575	6,682	216	287	503	7,185
Travel	1,060	993	856	274	3,183	103	137	240	3,423
Total Expenses	\$ 279,577	\$ 261,548	\$ 225,471	\$ 72,153	\$ 838,749	\$ 27,057	\$ 49,659	\$ 76,716	\$ 915,465

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

**CENTRAL AMERICAN RESOURCE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015**

	Program Services					Support Services			Total
	Legal and Counseling	Citizenship and Civic Participation	Housing	Community Support Services	Total Program Services	Management and General	Fundraising	Total Support Services	
Personnel Expenses									
Salaries	\$ 185,757	\$ 160,655	\$ 131,489	\$ 43,044	\$ 520,945	\$ 11,723	\$ 16,443	\$ 28,166	\$ 549,111
Benefits	10,590	9,033	7,476	2,492	29,591	623	934	1,557	31,148
Payroll tax	18,118	15,454	12,789	4,263	50,624	1,066	1,599	2,665	53,289
Total Personnel Expenses	214,465	185,142	151,754	49,799	601,160	13,412	18,976	32,388	633,548
General Expenses									
Administration and board meeting	-	-	352	-	352	586	-	586	938
Advertising	-	-	-	-	-	329	-	329	329
Bank charges	648	191	143	44	1,026	25	17	42	1,068
Consultants	6,519	18,942	1,171	410	27,042	1,160	283	1,443	28,485
Depreciation and amortization	4,873	5,685	4,060	812	15,430	406	406	812	16,242
Donations	160	135	115	37	447	12	41	53	500
Equipment	4,272	5,792	3,334	889	14,287	889	341	1,230	15,517
Food and entertainment	-	-	-	-	-	-	9,666	9,666	9,666
Insurance	2,925	1,359	1,124	375	5,783	106	141	247	6,030
Interest	5,680	6,678	5,348	909	18,615	364	364	728	19,343
Legal and accounting	3,173	3,647	2,620	535	9,975	261	264	525	10,500
Materials	371	15,282	6,462	-	22,115	-	32	32	22,147
Membership and subscription	1,815	521	2,186	139	4,661	636	29	665	5,326
Miscellaneous	377	260	233	74	944	4,945	29	4,974	5,918
Occupancy	9,208	9,953	7,935	1,317	28,413	641	476	1,117	29,530
Office supplies	2,049	2,547	2,311	472	7,379	494	102	596	7,975
Payroll service	6,271	5,244	5,305	1,540	18,360	1,916	554	2,470	20,830
Postage and shipping	6,136	49	466	9	6,660	102	305	407	7,067
Printing and publications	71	1,170	32	6	1,279	225	3	228	1,507
Repairs and maintenance	1,930	2,387	1,627	322	6,266	545	152	697	6,963
Telephone	2,147	2,904	1,717	460	7,228	152	111	263	7,491
Training and staff development	1,354	2,431	1,220	-	5,005	2,907	620	3,527	8,532
Travel	698	1,481	100	-	2,279	378	-	378	2,657
Total Expenses	\$ 275,142	\$ 271,800	\$ 199,615	\$ 58,149	\$ 804,706	\$ 30,491	\$ 32,912	\$ 63,403	\$ 868,109

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

**CENTRAL AMERICAN RESOURCE CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 29,108	\$ 128,365
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	16,083	16,242
(Increase) decrease in:		
Contracts receivable	(4,787)	4,464
Grants and contributions receivable	40,087	(83,460)
Increase (decrease) in:		
Accounts payable and accrued expenses	2,440	(6,527)
Net Cash Provided by Operating Activities	82,931	59,084
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	(13,474)	(8,366)
Net Cash Used in Financing Activities	(13,474)	(8,366)
NET CHANGE IN CASH	69,457	50,718
CASH, beginning of year	56,610	5,892
CASH, end of year	\$ 126,067	\$ 56,610
SUPPLEMENTAL DISCLOSURE		
Interest paid	\$ 19,026	\$ 19,343

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

**CENTRAL AMERICAN RESOURCE CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE A – ORGANIZATION AND PURPOSE

The Central American Resource Center (“CARECEN”) is a non-profit organization incorporated in the District of Columbia in 1982 for the purpose of providing direct services in immigration, housing and citizenship while also promoting empowerment, civil rights advocacy and civic training for the Latino community in the Washington metropolitan region.

CARECEN has the following four programs:

Legal and Counseling – Provides immigration legal counseling and assistance in completing a variety of immigration applications including family petitions, adjustment of status, work permits, consulate processing, asylum and citizenship.

Citizenship and Civic Participation – Community empowerment, leadership training and educational workshops are offered to community members to educate them about language access, school systems, housing laws, citizen rights, and immigration laws.

Housing – Provides technical assistance to tenants in forming tenant associations as well as comprehensive housing counseling, financial literacy and credit counseling, pre-purchase and foreclosure prevention counseling, as well as paralegal assistance in tenant/landlord issues.

Community Support Services – Provides help to individuals to prevent and overcome common problems such as tax debts, workplace abuse, and being a victim of a crime.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Basis of Presentation

Financial statement presentation follows Financial Standards Accounting Board (“FASB”) Accounting Standards Codification (“ASC”) Topic *Not-for-Profit-Entities*. In accordance with the topic, CARECEN is required to report information regarding its financial position and activities according to three classes of net assets. Accordingly, the net assets of CARECEN and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that may or will be met by either actions of CARECEN and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by CARECEN. There were no permanently restricted net assets as of December 31, 2016 and 2015.

CENTRAL AMERICAN RESOURCE CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash

CARECEN maintains its cash balances in demand deposits. The amount of deposited funds may, from time to time, exceed the federally insured limit. However CARECEN has not experienced any losses in such accounts and management believes that CARECEN is not exposed to any significant credit risk with respect to these amount.

Contracts, Grants, and Contributions Receivable

Contracts, grants, and contributions receivable are stated at the amount management expect to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon review of outstanding receivables, historical collection information, and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. Management believes that all contracts, grants, and contributions receivable are collectible and will be received within one year. Therefore, no allowance for doubtful accounts has been established as of December 31, 2016 or 2015.

Property and Equipment

Property and equipment are recorded at cost, net of accumulated depreciation. CARECEN capitalizes all expenditures for property and equipment in excess of \$500. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are generally five years for furniture, equipment and software, and 40 years for buildings. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

Revenue Recognition

Grants and contributions are recognized when the unconditional grants or contributions have been awarded. Conditional promises to give are recognized only when the condition is substantially met and the promise becomes unconditional. Restricted contributions for which the restrictions are met in the year received are considered unrestricted for financial statement purposes. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction.

Contract revenue is recognized as the related costs are incurred. Revenue from program service fees is recognized when the service is provided. Event income is recognized at the time the event is held.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis. Expenses directly related to program and support services are charged to those services as incurred. Accordingly, certain shared costs have been allocated among the programs and supported services benefited.

CENTRAL AMERICAN RESOURCE CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

NOTE C – INCOME TAXES

CARECEN is recognized as a 501(c)(3) organization exempt from federal income tax under the provisions of Section 501(a) of the Internal Revenue Code, except on unrelated business activities.

CARECEN believes that it has appropriate support for any tax provisions taken, and as such, does not have any uncertain tax provisions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

CARECEN’s information returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. CARECEN’s form 990 information returns for the years ended December 31, 2013 through 2015 are open for a tax examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as December 31:

	2016	2015
Land	\$ 250,769	\$ 250,769
Building	643,322	643,322
Furniture and equipment	27,738	27,738
Software	3,976	3,976
Total Property and Equipment	925,805	925,805
Less: Accumulated depreciation and amortization	(215,417)	(199,335)
Property and Equipment, Net	<u>\$ 710,388</u>	<u>\$ 726,470</u>

Depreciation and amortization expense for the years ended December 31, 2016 and 2015 totaled \$16,083 and \$16,242, respectively.

CENTRAL AMERICAN RESOURCE CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(continued)

NOTE E – COMMITMENTS AND CONTINGENCIES

CARECEN entered into a telephone system operating lease agreement beginning in September 2014 for a period of five years. According to the lease terms, lease payments of \$146 are due monthly.

In June 2013, CARECEN entered into a copier operating lease agreement beginning in July 2013 for a period of two years. According to the lease terms, lease payments of \$239 are due monthly.

In September 2015, CARECEN entered into a copier operating lease agreement beginning in October 2015 for a period of five years. According to the lease terms, lease payments of \$481 are due monthly.

The following is a schedule of future minimum lease payments required under the telephone system and copier lease as of December 31:

2017	\$	7,528
2018		7,528
2019		6,943
2020		4,329
Future Minimum Payments	<u>\$</u>	<u>26,328</u>

NOTE F – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following for the years ended December 31:

	2016	2015
Legal and counseling program	\$ 3,333	\$ 28,333
Strategic planning	-	20,000
Citizenship and civic participation program	-	24,750
Housing program	45,000	36,000
	<u>\$ 48,333</u>	<u>\$ 109,083</u>

NOTE G – VOLUNTEER SERVICES

CARECEN receives volunteer services from various interns and other community volunteers to help with paralegal work and to conduct English as a second language (“ESL”) citizenship classes. The value of these services is not readily determinable and has not been recognized in these financial statements.

NOTE H – NOTE PAYABLE

CARECEN is obligated on a note payable to Raza Development Fund. The note bears interest at 6.75% per annum and required interest only payments through September 2013. The note currently requires monthly payments of \$2,294 including interest through September 2016 at which time the balance was due.

CENTRAL AMERICAN RESOURCE CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(continued)

NOTE H – NOTE PAYABLE (continued)

In October 2015, CARECEN re-negotiated the term of the note and extended maturity for an additional 60 months at 6.25% per annum. The note currently requires principle and interest monthly payments of \$2,500 effective August 2016 through September 2021.

The following is a schedule of future payments required under the note as of December 31:

2017	\$	12,456
2018		14,421
2019		15,348
2020		16,336
2021		209,696
Future Minimum Payments	\$	268,257

NOTE I – SUBSEQUENT EVENTS

In preparing these financial statements, CARECEN’s management has evaluated events and transactions for potential recognition or disclosure through June 20, 2017, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further recognition or disclosure.