



CENTRAL AMERICAN RESOURCE CENTER

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

DECEMBER 31, 2017 AND 2016

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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, 2017 and 2016, 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, 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.

Jane Maruca & McQuade PA

Washington, DC
June 16, 2018

**CENTRAL AMERICAN RESOURCE CENTER
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016**

	2017	2016
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 185,200	\$ 126,067
Contracts receivable	130,651	107,089
Grants and contributions receivable	7,450	43,373
Total Current Assets	323,301	276,529
PROPERTY AND EQUIPMENT, NET	717,372	710,388
TOTAL ASSETS	\$ 1,040,673	\$ 986,917
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 16,238	\$ 14,828
Deferred revenue	8,750	-
Note payable, current portion	14,421	12,456
Total Current Liabilities	39,409	27,284
NON-CURRENT LIABILITIES		
Note payable, net of current portion	240,270	255,801
Total Liabilities	279,679	283,085
NET ASSETS		
Unrestricted	709,661	655,499
Temporarily restricted	51,333	48,333
Total Net Assets	760,994	703,832
TOTAL LIABILITIES AND NET ASSETS	\$ 1,040,673	\$ 986,917

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

**CENTRAL AMERICAN RESOURCE CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 125,760	\$ 209,800	\$ 335,560
Contract revenue	509,399	-	509,399
Service fees	237,520	-	237,520
Annual events	55,181	-	55,181
Other revenue	20	-	20
Net assets released from restrictions	206,800	(206,800)	-
Total Revenue and Support	1,134,680	3,000	1,137,680
EXPENSES			
Program Services:			
Immigration legal services	311,824	-	311,824
Citizenship and civic participation	260,649	-	260,649
Housing	313,218	-	313,218
Total Program Services	885,691	-	885,691
Support Services:			
Management and general	122,001	-	122,001
Fundraising	72,826	-	72,826
Total Support Services	194,827	-	194,827
Total Expenses	1,080,518	-	1,080,518
CHANGE IN NET ASSETS	54,162	3,000	57,162
NET ASSETS, beginning of year	655,499	48,333	703,832
NET ASSETS, end of year	\$ 709,661	\$ 51,333	\$ 760,994

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 FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017**

	Program Services				Support Services			Total
	Immigration Legal Services	Citizenship and Civic Participation	Housing	Total Program Services	Management and General	Fundraising	Total Support Services	
Personnel Expenses								
Salaries	\$ 208,988	\$ 165,220	\$ 206,669	\$ 580,877	\$ 51,065	\$ 27,393	\$ 78,458	\$ 659,335
Benefits	16,399	12,964	16,217	45,580	4,007	2,149	6,156	51,736
Payroll tax	15,979	12,633	15,802	44,414	3,904	2,094	5,998	50,412
Total Personnel Expenses	241,366	190,817	238,688	670,871	58,976	31,636	90,612	761,483
General Expenses								
Administration and board meeting	532	742	549	1,823	1,420	171	1,591	3,414
Advertising	360	180	90	630	-	90	90	720
Bank charges	1,135	941	1,232	3,308	65	216	281	3,589
Consultants	7,657	5,381	14,901	27,939	5,660	14,500	20,160	48,099
Depreciation and amortization	6,630	4,930	4,250	15,810	510	681	1,191	17,001
Donations	355	277	658	1,290	55	157	212	1,502
Equipment	9,954	8,557	9,326	27,837	1,088	1,015	2,103	29,940
Food and entertainment	-	-	-	-	-	19,180	19,180	19,180
Insurance	3,832	1,913	2,271	8,016	156	325	481	8,497
Interest	5,752	5,423	5,259	16,434	-	-	-	16,434
Legal and accounting	14	14	12	40	49,073	-	49,073	49,113
Materials	1,936	14,911	2,406	19,253	86	15	101	19,354
Membership and subscription	3,096	905	3,325	7,326	65	211	276	7,602
Miscellaneous	432	349	456	1,237	24	152	176	1,413
Occupancy	10,478	9,332	9,210	29,020	578	337	915	29,935
Office supplies	2,306	2,345	2,463	7,114	155	271	426	7,540
Postage and shipping	6,545	195	330	7,070	193	457	650	7,720
Printing and publications	917	592	5,221	6,730	765	1,139	1,904	8,634
Repairs and maintenance	5,365	5,294	3,696	14,355	583	372	955	15,310
Telephone	2,585	3,029	2,457	8,071	301	307	608	8,679
Training and staff development	163	4,041	5,785	9,989	1,018	1,452	2,470	12,459
Travel	414	481	633	1,528	1,230	142	1,372	2,900
Total Expenses	\$ 311,824	\$ 260,649	\$ 313,218	\$ 885,691	\$ 122,001	\$ 72,826	\$ 194,827	\$ 1,080,518

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
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 57,162	\$ 29,108
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	17,001	16,083
(Increase) decrease in:		
Contracts receivable	(23,563)	(4,787)
Grants and contributions receivable	35,923	40,087
Increase (decrease) in:		
Accounts payable and accrued expenses	1,410	2,440
Deferred revenue	8,750	-
Net Cash Provided by Operating Activities	96,683	82,931
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(23,984)	-
Net Cash Used in Investing Activities	(23,984)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	(13,566)	(13,474)
Net Cash Used in Financing Activities	(13,566)	(13,474)
NET CHANGE IN CASH	59,133	69,457
CASH, beginning of year	126,067	56,610
CASH, end of year	\$ 185,200	\$ 126,067
SUPPLEMENTAL DISCLOSURE		
Interest paid	\$ 16,434	\$ 19,026

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

**CENTRAL AMERICAN RESOURCE CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

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 eligible legal permanent residents and newly-naturalized citizens to educate them about language access, school systems, and citizen rights, including voter registration and civic engagement.

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. In 2017, this program was merged into the Legal and Counseling program.

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, 2017 and 2016.

CENTRAL AMERICAN RESOURCE CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(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, 2017 or 2016.

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, 2017 AND 2016
(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, 2014 through 2016 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:

	2017	2016
Land	\$ 250,769	\$ 250,769
Building	643,322	643,322
Furniture and equipment	51,723	27,738
Software	3,976	3,976
Total Property and Equipment	949,790	925,805
Less: Accumulated depreciation and amortization	(232,418)	(215,417)
Property and Equipment, Net	<u>\$ 717,372</u>	<u>\$ 710,388</u>

Depreciation and amortization expense for the years ended December 31, 2017 and 2016 totaled \$17,001 and \$16,083, respectively.

**CENTRAL AMERICAN RESOURCE CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(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 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:

2018	\$	7,528
2019		6,943
2020		4,329
Future Minimum Payments	\$	<u>18,800</u>

NOTE F – TEMPORARILY RESTRICTED NET ASSETS

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

	2017	2016
Time restricted	\$ 25,000	\$ -
Capital upgrade	12,200	-
Fundraising	14,133	-
Legal and counseling program	-	3,333
Housing program	-	45,000
	\$ 51,333	\$ 48,333

NOTE G – RETIREMENT PLAN

CARECEN established the CARECEN DC 403(b) (the “Plan”) for all employees. The Plan allows pre-tax salary deferrals based on Internal Revenue Service imposed limits each year. There is no minimum age or service requirement to make salary deferral payments to this Plan. CARECEN’s contribution to this plan is discretionary. For the year ended December 31, 2017 and 2016, there were no employer contributions to this plan.

NOTE H – 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.

CENTRAL AMERICAN RESOURCE CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(continued)

NOTE I – NOTE PAYABLE

CARECEN is obligated on a note payable to Raza Development Fund. The note bears interest at 6.75% per annum and originally required interest only payments through September 2013.

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:

2018	\$ 14,421
2019	15,348
2020	16,336
2021	<u>208,586</u>
Future Minimum Payments	<u>\$ 254,691</u>

NOTE J – SUBSEQUENT EVENTS

In preparing these financial statements, CARECEN's management has evaluated events and transactions for potential recognition or disclosure through June 16, 2018, 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.