



## **IRCO**

**(Immigrant and Refugee Community Organization)**

Consolidated Financial Statements, Single Audit Reports,  
and Other Information as of and for the Year Ended  
September 30, 2016 and Reports of Independent Accountants

## **REPORT OF INDEPENDENT ACCOUNTANTS**

*The Board of Directors  
Immigrant and Refugee Community Organization:*

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Immigrant and Refugee Community Organization and Subsidiary, which comprise the consolidated statement of financial position as of September 30, 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated 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 organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Immigrant and Refugee Community Organization and Subsidiary as of September 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

**Other Matters***Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards on pages 17 through 27, as required by Title 2, *U.S. Code of Federal Regulations* (CFR), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. In addition, the supplementary information included in the financial schedules on pages 20 through 36 is also presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Summarized Comparative Information*

We have previously audited Immigrant and Refugee Community Organization and Subsidiary's 2015 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated January 21, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016 is consistent, in all material respects, with the consolidated audited financial statements from which it has been derived.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2017 on our consideration of Immigrant and Refugee Community Organization and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Immigrant and Refugee Community Organization and Subsidiary's internal control over financial reporting and compliance.



January 18, 2017

IRCO

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

SEPTEMBER 30, 2016

(WITH COMPARATIVE AMOUNTS FOR 2015)

|   | <b>2016</b>         | <b>2015</b>      |
|---|---------------------|------------------|
| <b>Assets:</b>  |                     |                  |
| Cash and cash equivalents                                   | \$ 1,842,076        | 1,936,833        |
| Investments   | —                   | 53,526           |
| Contributions receivable (note 4)                           | 271,667             | 37,500           |
| Government grants and contracts receivable (note 5)         | 2,481,124           | 2,053,884        |
| Accounts receivable (note 6)                                | 675,486             | 291,550          |
| Prepaid expenses  | 141,916             | 129,781          |
| Property and equipment (notes 7 and 9)                      | 2,737,640           | 2,871,172        |
| <b>Total assets</b>   | <b>\$ 8,149,909</b> | <b>7,374,246</b> |
| <b>Liabilities:</b>   |                     |                  |
| Accounts payable and accrued expenses                       | 145,782             | 115,141          |
| Accrued payroll and related expenses                        | 481,926             | 422,366          |
| Deferred revenue and other liabilities                      | 57,909              | 51,596           |
| Deferred compensation liability                             | —                   | 50,000           |
| Capital lease obligation                                    | 1,767               | 21,878           |
| Long-term debt (note 9)                                     | 1,160,132           | 1,290,807        |
| <b>Total liabilities</b>                                    | <b>1,847,516</b>    | <b>1,951,788</b> |
| <b>Net assets:</b>  |                     |                  |
| Unrestricted:   |                     |                  |
| Available for programs and general operations               | 3,161,977           | 2,755,111        |
| Net investment in capital assets                            | 1,575,741           | 1,558,487        |
| <b>Total unrestricted</b>                                   | <b>4,737,718</b>    | <b>4,313,598</b> |
| Temporarily restricted (note 10)                            | 1,564,675           | 1,108,860        |
| <b>Total net assets</b>                                     | <b>6,302,393</b>    | <b>5,422,458</b> |
| Commitments and contingencies (notes 8, 14, 15, 16, and 17) |                     |                  |
| <b>Total liabilities and net assets</b>                     | <b>\$ 8,149,909</b> | <b>7,374,246</b> |

See accompanying notes to consolidated financial statements.

IRCO

**CONSOLIDATED STATEMENT OF ACTIVITIES**

YEAR ENDED SEPTEMBER 30, 2016  
(WITH COMPARATIVE TOTALS FOR 2015)

|  | 2016          |                        |            | 2015       |
|--|---------------|------------------------|------------|------------|
|  | Unrestricted  | Temporarily restricted | Total      |            |
| <b>Revenues, gains, and other support:</b>             |               |                        |            |            |
| Government grants and contracts <i>(note 11)</i>       | \$ 12,426,340 | 1,141,129              | 13,567,469 | 12,735,945 |
| Other private grants                                   | 47,707        | 678,215                | 725,922    | 672,830    |
| Contributions  | 253,136       | –                      | 253,136    | 213,205    |
| United Way   | –             | 990,202                | 990,202    | 404,801    |
| Interpretation and translation fees                    | 2,288,733     | –                      | 2,288,733  | 1,383,202  |
| Interest income  | 328           | –                      | 328        | 828        |
| Other  | 177,779       | –                      | 177,779    | 146,778    |
| Total revenues and gains                               | 15,194,023    | 2,809,546              | 18,003,569 | 15,557,589 |
| Net assets released from restrictions <i>(note 12)</i> | 2,353,731     | (2,353,731)            | –          | –          |
| Total revenues, gains, and other support               | 17,547,754    | 455,815                | 18,003,569 | 15,557,589 |
| <b>Expenses <i>(note 13)</i>:</b>                      |               |                        |            |            |
| Program services                                       | 15,573,327    | –                      | 15,573,327 | 13,944,426 |
| Management and general                                 | 1,452,126     | –                      | 1,452,126  | 1,433,717  |
| Fundraising  | 98,181        | –                      | 98,181     | 72,282     |
| Total expenses   | 17,123,634    | –                      | 17,123,634 | 15,450,425 |
| Increase in net assets                                 | 424,120       | 455,815                | 879,935    | 107,164    |
| Net assets at beginning of year                        | 4,313,598     | 1,108,860              | 5,422,458  | 5,315,294  |
| Net assets at end of year                              | \$ 4,737,718  | 1,564,675              | 6,302,393  | 5,422,458  |

See accompanying notes to consolidated financial statements.

IRCO

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED SEPTEMBER 30, 2016  
(WITH COMPARATIVE TOTALS FOR 2015)

|                                     | 2016             |                        |             | Total      | 2015       |
|-------------------------------------|------------------|------------------------|-------------|------------|------------|
|                                     | Program services | Management and general | Fundraising |            |            |
| Salaries and related expenses:      |                  |                        |             |            |            |
| Salaries and wages                  | \$ 8,077,606     | 845,406                | 35,090      | 8,958,102  | 8,416,863  |
| Employee benefits                   | 1,215,410        | 164,468                | 7,295       | 1,387,173  | 1,341,370  |
| Payroll taxes                       | 885,157          | 80,384                 | 3,489       | 969,030    | 938,370    |
| Pension expense                     | 197,806          | 39,590                 | 1,908       | 239,304    | 230,422    |
| Total salaries and related expenses | 10,375,979       | 1,129,848              | 47,782      | 11,553,609 | 10,927,025 |
| Participant assistance              | 1,591,883        | —                      | —           | 1,591,883  | 1,205,926  |
| Professional services               | 1,251,188        | 45,600                 | 470         | 1,297,258  | 655,536    |
| Subcontract expense                 | 791,049          | —                      | —           | 791,049    | 878,277    |
| Occupancy                           | 290,685          | 57,130                 | 903         | 348,718    | 345,658    |
| Telephone                           | 112,372          | 11,824                 | 517         | 124,713    | 119,958    |
| Supplies                            | 202,717          | 13,708                 | 2,193       | 218,618    | 209,558    |
| Staff development and meetings      | 160,665          | 15,062                 | 177         | 175,904    | 158,172    |
| Printing and postage                | 68,660           | 20,119                 | 887         | 89,666     | 91,494     |
| Travel                              | 195,540          | 7,030                  | 96          | 202,666    | 241,455    |
| Equipment expense                   | 211,334          | 25,724                 | 1,500       | 238,558    | 151,910    |
| Insurance                           | 41,298           | 14,123                 | 171         | 55,592     | 52,455     |
| Interest                            | 40,423           | 15,539                 | 153         | 56,115     | 64,526     |
| Other                               | 53,519           | 20,099                 | 42,428      | 116,046    | 92,118     |
| Total expenses before depreciation  | 15,387,312       | 1,375,806              | 97,277      | 16,860,395 | 15,194,068 |
| Depreciation                        | 186,015          | 76,320                 | 904         | 263,239    | 256,357    |
| Total expenses                      | \$ 15,573,327    | 1,452,126              | 98,181      | 17,123,634 | 15,450,425 |

See accompanying notes to consolidated financial statements.

## IRCO

**CONSOLIDATED STATEMENT OF CASH FLOWS**

YEAR ENDED SEPTEMBER 30, 2016  
(WITH COMPARATIVE TOTALS FOR 2015)

|   | <b>2016</b>   | <b>2015</b>  |
|---|---------------|--------------|
| <b>Cash flows from operating activities:</b>  |               |              |
| Cash received from governmental agencies,<br>service recipients, contributors, and others | \$ 16,842,900 | 15,520,962   |
| Cash paid to employees, suppliers, and others   | (16,654,903)  | (14,977,328) |
| Interest received   | 328           | 828          |
| Interest paid   | (56,115)      | (64,526)     |
| Net cash provided by operating activities   | 132,210       | 479,936      |
| <b>Cash flows from investing activities:</b>  |               |              |
| Purchases of property and equipment   | (129,707)     | (33,532)     |
| Proceeds from the sale of investments   | 53,526        | -            |
| Net cash used in investing activities   | (76,181)      | (33,532)     |
| <b>Cash flows from financing activities:</b>  |               |              |
| Payments of debt principal  | (130,675)     | (124,908)    |
| Payments made on capital lease obligations  | (20,111)      | (18,230)     |
| Net cash used in financing activities   | (150,786)     | (143,138)    |
| Net increase (decrease) in cash and cash equivalents                                      | (94,757)      | 303,266      |
| Cash and cash equivalents at beginning of year  | 1,936,833     | 1,633,567    |
| Cash and cash equivalents at end of year  | \$ 1,842,076  | 1,936,833    |

See accompanying notes to consolidated financial statements.

**REPORT OF INDEPENDENT ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

*The Board of Directors  
Immigrant and Refugee Community Organization:*

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Immigrant and Refugee Community Organization and Subsidiary, which comprise the consolidated statement of financial position as of September 30, 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 18, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Immigrant and Refugee Community Organization and Subsidiary's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Immigrant and Refugee Community Organization and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of Immigrant and Refugee Community Organization and Subsidiary's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Immigrant and Refugee Community Organization and Subsidiary's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Guyi Con & Co. LLP". The signature is written in a cursive, flowing style.

January 18, 2017

**REPORTS OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

*The Board of Directors  
Immigrant and Refugee Community Organization:*

**Report on Compliance for Each Major Federal Program**

We have audited Immigrant and Refugee Community Organization and Subsidiary's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Immigrant and Refugee Community Organization and Subsidiary's major federal programs for the year ended September 30, 2016. Immigrant and Refugee Community Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of Immigrant and Refugee Community Organization and Subsidiary's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2, *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Immigrant and Refugee Community Organization and Subsidiary's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Immigrant and Refugee Community Organization and Subsidiary's compliance.

*Opinion on Each Major Federal Program*

In our opinion, Immigrant and Refugee Community Organization and Subsidiary complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

## **Report on Internal Control Over Compliance**

Management of Immigrant and Refugee Community Organization and Subsidiary is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Immigrant and Refugee Community Organization and Subsidiary's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Immigrant and Refugee Community Organization and Subsidiary's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



January 18, 2017

**GOVERNING BOARD AND MANAGEMENT**

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**Board Members**

Trinh Tran, *President*

Chanpone Sinlapasai-Okamura, *Immediate Past President*

Gerry Uba, *Vice President*

Laura Rojas, *Secretary*

Ronault Polo Catalani, *Immediate Past Secretary*

Claudia Burnett, *Treasurer*

Michael Burton

Tenzin Choephel

Cheryl Coon

Abby Liu

Connie Nguyen-Truong

Nhu To-Haynes

Taye Yemeru

Tatiana Youseff

**Executive Management**

Lee Po Cha  
*Executive Director*

**Senior Management**

Jeff MacDonald  
*Associate Director of Program Administration*

Mark Kajitani  
*Director of Human Resources*

Jenny Bremner  
*Director of Development & Communications*

Anh Ngoc Truong  
*Fiscal Manager*

Djimet Dogo  
*Director of Africa House & Employment Services Manager*

Sophorn Cheang  
*Director of Asian Family Center & Community Services Manager*

Danita Huynh  
*Children Services Manager*

Megan Wilson  
*Community Works Manager*

Tina Do  
*Economic Development & Family Services Manager*

Vanloeun Ping  
*International Language Bank Manager*

Nelli Salvador  
*Senior Services Manager*

Ellen Parker  
*Youth Academic Services Co-Manager*

Lyn Tan  
*Youth Academic Services Co-Manager*

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IRCO WORKS, LLC

**Board of Managers**

Alhassan Fofanah

Colleen Gifford

Arlene Kimura

**Management**

Jeff MacDonald  
*LLC Manager*