



IRCO

(Immigrant and Refugee Community Organization)

Consolidated Financial Statements, Single Audit Reports,
and Other Information as of and for the Year Ended
September 30, 2018 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, 2018, 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, 2018, 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 16 through 19, 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 27 through 39 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 2017 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated January 17, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017 is consistent, in all material respects, with the audited consolidated 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 22, 2019 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 the effectiveness of Immigrant and Refugee Community Organization and Subsidiary's 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 22, 2019

IRCO

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2018

(WITH COMPARATIVE AMOUNTS FOR 2017)

	2018	2017
Assets:		
Cash and cash equivalents	\$ 2,767,907	2,437,953
Contributions receivable (<i>note 4</i>)	261,503	468,409
Government grants and contracts receivable (<i>note 5</i>)	2,868,516	2,726,394
Accounts receivable (<i>note 6</i>)	1,065,654	577,798
Prepaid expenses	196,547	180,088
Property and equipment (<i>notes 7 and 9</i>)	3,369,722	2,539,410
Total assets	\$ 10,529,849	8,930,052
Liabilities:		
Accounts payable and accrued expenses	281,358	211,049
Accrued payroll and related expenses	593,564	527,466
Deferred revenue and other liabilities	298,075	105,817
Long-term debt (<i>note 9</i>)	1,459,378	1,023,263
Total liabilities	2,632,375	1,867,595
Net assets:		
Unrestricted:		
Available for programs and general operations	4,669,450	4,017,376
Net investment in capital assets	1,910,344	1,516,147
Total unrestricted	6,579,794	5,533,523
Temporarily restricted (<i>note 10</i>)	1,317,680	1,528,934
Total net assets	7,897,474	7,062,457
Commitments and contingencies (<i>notes 4, 8, 14, 15, and 16</i>)		
Total liabilities and net assets	\$ 10,529,849	8,930,052

See accompanying notes to consolidated financial statements.

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CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	2018			2017
	Unrestricted	Temporarily restricted	Total	
Revenues, gains, and other support:				
Government grants and contracts <i>(note 11)</i>	\$ 19,291,985	–	19,291,985	20,318,184
Other private grants	113,893	1,247,479	1,361,372	1,054,208
Contributions	486,065	375,000	861,065	481,804
United Way	–	191,387	191,387	484,896
Interpretation and translation fees	3,507,293	–	3,507,293	2,967,399
Interest income	2,199	–	2,199	346
Other	168,097	–	168,097	181,222
Total revenues and gains	23,569,532	1,813,866	25,383,398	25,488,059
Net assets released from restrictions <i>(note 12)</i>	2,025,120	(2,025,120)	–	–
Total revenues, gains, and other support	25,594,652	(211,254)	25,383,398	25,488,059
Expenses <i>(note 13)</i>:				
Program services	22,379,933	–	22,379,933	23,026,415
Management and general	2,061,087	–	2,061,087	1,605,843
Fundraising	107,361	–	107,361	95,737
Total expenses	24,548,381	–	24,548,381	24,727,995
Increase (decrease) in net assets	1,046,271	(211,254)	835,017	760,064
Net assets at beginning of year	5,533,523	1,528,934	7,062,457	6,302,393
Net assets at end of year	\$ 6,579,794	1,317,680	7,897,474	7,062,457

See accompanying notes to consolidated financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	2018	2017
Cash flows from operating activities:		
Cash received from governmental agencies, service recipients, contributors, and others	\$ 24,653,137	25,069,845
Cash paid to employees, suppliers, and others	(23,982,664)	(24,218,408)
Interest received	2,199	346
Interest paid	(47,879)	(48,077)
Net cash provided by operating activities	624,793	803,706
Cash flows from investing activities:		
Purchases of property and equipment	(1,105,954)	(69,193)
Net cash used in investing activities	(1,105,954)	(69,193)
Cash flows from financing activities:		
Payments of debt principal	(142,535)	(136,869)
Payments made on capital lease obligations	-	(1,767)
Proceeds from contributions restricted for capital improvements	375,000	-
Proceeds from long-term debt	578,650	-
Net cash provided by (used in) financing activities	811,115	(138,636)
Net increase in cash and cash equivalents	329,954	595,877
Cash and cash equivalents at beginning of year	2,437,953	1,842,076
Cash and cash equivalents at end of year	\$ 2,767,907	2,437,953

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, 2018, 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 22, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated 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 "Guy's Grant & Co. LLP". The signature is written in a cursive, flowing style.

January 22, 2019

**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, 2018. 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, 2018.

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.

Gary J. Galt & Co., LLP

January 22, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2018

Section 1 – Summary of Auditors’ Results

Financial Statements

1. Type of auditor’s report issued on whether the audited financial statements were prepared in accordance with GAAP – **unmodified**
2. Significant deficiency(ies) in internal control identified in the audit of the financial statements – **none reported**
3. Material weakness(es) in internal control identified in the audit of the financial statements – **none**
4. Noncompliance that is material to the financial statements noted – **none**

Federal Awards

5. Significant deficiency(ies) in internal control over major federal programs identified in the audit – **none reported**
6. Material weakness(es) in internal control over major federal programs identified in the audit – **none**
7. The type of auditor’s report issued on compliance for major federal programs – **unmodified**
8. Audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) – **none**

Identification of Major Federal Programs

- **U.S. Department of Labor, WIOA Cluster (CFDA Nos. 17.258, 17.259, and 17.278)**
- **U.S. Department of Health and Human Services, Affordable Care Act Health Profession Opportunity Grants (CFDA No. 93.093)**

9. Dollar threshold used to distinguish between Type A and Type B programs – **\$750,000**
10. Is the auditee qualified as a low-risk auditee under 2 CFR 200.520? – **yes**

Section 2 – Financial Statement Findings

11. Findings relating to the financial statements reported in accordance with *Government Auditing Standards* – **none**

Section 3 – Federal Award Findings and Questioned Costs

12. Findings and questioned costs relating to federal awards – **none**

GOVERNING BOARD AND MANAGEMENT

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Trinh Tran, *President*

Gerry Uba, *Vice President*

Laura Rojas, *Secretary*

Claudia Burnett, *Treasurer*
(until September, 2018)

Tenzin Gonta, *Treasurer*

Zaur Akhriev

Bruce Bliatout

Michael Burton

Cheryl Coon

Abby Liu

Mardine Mao

Connie Nguyen-Truong

Taye Yemeru

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Lee Po Cha
Executive Director

Senior Management

Jeff MacDonald
Associate Director of Program Administration

Mark Kajitani
Director of Human Resources

Jenny Bremner
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Anh Ngoc Truong
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Djimet Dogo
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Sophorn Cheang
Director of Asian Family Center & Community Services Manager

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Megan Wilson & Colina Cole
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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

IRCO WORKS, LLC

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