



Gary McGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

IRCO

(Immigrant and Refugee Community Organization)

Consolidated Financial Statements, Single Audit Reports,
and Other Information as of and for the Year Ended
September 30, 2015 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, 2015, 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 financial position of Immigrant and Refugee Community Organization as of September 30, 2015, 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 and 18, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 26 through 34 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's 2014 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated January 22, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2014 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 21, 2016 on our consideration of Immigrant and Refugee Community Organization'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's internal control over financial reporting and compliance.



January 21, 2016

IRCO

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2015

(WITH COMPARATIVE AMOUNTS FOR 2014)

	2015	2014
Assets:		
Cash and cash equivalents	\$ 1,936,833	1,633,567
Investments (note 4)	53,526	57,360
Contributions receivable (note 5)	37,500	-
Government grants and contracts receivable (note 6)	2,053,884	2,264,232
Accounts receivable (note 7)	291,550	191,476
Prepaid expenses	129,781	125,216
Property and equipment (notes 8, 10, and 11)	2,871,172	3,095,703
Total assets	\$ 7,374,246	7,367,554
Liabilities:		
Accounts payable and accrued expenses	115,141	133,575
Accrued payroll and related expenses	422,366	360,112
Deferred revenue and other liabilities	51,596	52,750
Deferred compensation liability (note 19)	50,000	50,000
Capital lease obligation (note 10)	21,878	40,108
Long-term debt (note 11)	1,290,807	1,415,715
Total liabilities	1,951,788	2,052,260
Net assets:		
Unrestricted:		
Available for programs and general operations	2,755,111	2,501,563
Net investment in capital assets	1,558,487	1,639,880
Total unrestricted	4,313,598	4,141,443
Temporarily restricted (note 12)	1,108,860	1,173,851
Total net assets	5,422,458	5,315,294
Commitments and contingencies (notes 9, 16, 17, 18, and 19)		
Total liabilities and net assets	\$ 7,374,246	7,367,554

See accompanying notes to consolidated financial statements.

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CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	2015			2014
	Unrestricted	Temporarily restricted	Total	
Revenues, gains, and other support:				
Government grants and contracts <i>(note 13)</i>	\$ 11,479,712	1,256,233	12,735,945	11,952,274
Other private grants	46,563	661,267	707,830	778,000
Contributions	213,205	—	213,205	105,345
United Way	—	369,801	369,801	17,500
Interpretation and translation fees	1,383,202	—	1,383,202	1,183,056
Interest income	828	—	828	815
Net appreciation (decline) in the fair value of investments	(3,834)	—	(3,834)	3,539
Other	150,612	—	150,612	117,316
Total revenues and gains	13,270,288	2,287,301	15,557,589	14,157,845
Net assets released from restrictions <i>(note 14)</i>	2,352,292	(2,352,292)	—	—
Total revenues, gains, and other support	15,622,580	(64,991)	15,557,589	14,157,845
Expenses <i>(note 15)</i>:				
Program services	13,944,426	—	13,944,426	12,551,984
Management and general	1,433,717	—	1,433,717	1,353,877
Fundraising	72,282	—	72,282	30,872
Total expenses	15,450,425	—	15,450,425	13,936,733
Increase (decrease) in net assets	172,155	(64,991)	107,164	221,112
Net assets at beginning of year	4,141,443	1,173,851	5,315,294	5,094,182
Net assets at end of year	\$ 4,313,598	1,108,860	5,422,458	5,315,294

See accompanying notes to consolidated financial statements.

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CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	2015				2014
	Program services	Management and general	Fundraising	Total	
Salaries and related expenses:					
Salaries and wages	\$ 7,538,518	860,160	18,185	8,416,863	7,939,206
Employee benefits	1,195,083	142,099	4,188	1,341,370	1,225,030
Payroll taxes	862,851	73,693	1,826	938,370	898,890
Pension expense	190,729	38,881	812	230,422	194,970
Total salaries and related expenses	9,787,181	1,114,833	25,011	10,927,025	10,258,096
Participant assistance	1,205,926	—	—	1,205,926	1,065,349
Professional services	606,231	49,185	120	655,536	533,377
Subcontract expense	878,277	—	—	878,277	768,970
Occupancy	285,854	58,521	1,283	345,658	307,676
Telephone	106,076	13,651	231	119,958	92,500
Supplies	199,989	8,461	1,108	209,558	91,153
Staff development and meetings	136,514	18,323	3,335	158,172	65,544
Printing and postage	68,204	21,898	1,392	91,494	79,661
Travel	241,405	—	50	241,455	166,947
Equipment expense	125,511	24,785	1,614	151,910	91,640
Insurance	36,049	16,328	78	52,455	42,177
Interest	47,016	17,413	97	64,526	70,199
Other	37,925	16,687	37,506	92,118	46,721
Total expenses before depreciation	13,762,158	1,360,085	71,825	15,194,068	13,680,010
Depreciation	182,268	73,632	457	256,357	256,723
Total expenses	\$ 13,944,426	1,433,717	72,282	15,450,425	13,936,733

See accompanying notes to consolidated financial statements.

IRCO

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	2015	2014
Cash flows from operating activities:		
Cash received from governmental agencies, service recipients, contributors, and others	\$ 15,520,962	14,161,467
Cash paid to employees, suppliers, and others	(14,977,328)	(13,443,426)
Interest received	828	815
Interest paid	(64,526)	(70,199)
Net cash provided by operating activities	479,936	648,657
Cash flows from investing activities:		
Purchases of property and equipment	(33,532)	(15,219)
Net cash used in investing activities	(33,532)	(15,219)
Cash flows from financing activities:		
Payments of debt principal	(124,908)	(119,793)
Payments made on capital lease obligations	(18,230)	(16,524)
Net cash used in financing activities	(143,138)	(136,317)
Net increase in cash and cash equivalents	303,266	497,121
Cash and cash equivalents at beginning of year	1,633,567	1,136,446
Cash and cash equivalents at end of year	\$ 1,936,833	1,633,567

See accompanying notes to consolidated financial statements.



Gary McGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

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, 2015, 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 21, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Immigrant and Refugee Community Organization'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's internal control. Accordingly, we do not express an opinion on the effectiveness of Immigrant and Refugee Community Organization'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'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.

Gay & Co. LLP

January 21, 2016

REPORTS OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE

*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's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Immigrant and Refugee Community Organization's major federal programs for the year ended September 30, 2015. 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 the requirements of laws, regulations, contracts, and grants 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'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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'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's compliance.

Opinion on Each Major Federal Program

In our opinion, the Immigrant and Refugee Community Organization 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, 2015.

Report on Internal Control Over Compliance

Management of Immigrant and Refugee Community Organization 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'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 OMB Circular A-133, 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'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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Cambridge & Co. LLP

January 21, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2015

Section 1 – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued – **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 programs identified in the audit of the financial statements – **none reported**
6. Material weakness(es) in internal control over major programs identified in the audit of the financial statements – **none**
7. The type of auditors’ report issued on compliance for major programs – **unmodified**
8. Audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 – **none**

Identification of Major Programs

- **U.S. Department of Labor, WIA Cluster (CFDA Nos. 17.258, 17.259, and 17.278)**
 - **U.S. Department of Health and Human Services, Healthy Marriage Promotion and Responsible Fatherhood Grants (CFDA No. 93.086)**
 - **U.S. Department of Health and Human Services, Refugee and Entrant Assistance – Discretionary Grants (CFDA No. 93.576)**
9. Dollar threshold used to distinguish between Type A and Type B programs – **\$300,000**
 10. Is the auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133? – **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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Children Services Manager

LongSan Tzeo
Established Employment Services Manager

Victoria Libov
New Arrival Employment Services Manager

Mark Kajitani
Human Resources Manager

Jenny Bremner
Development Manager

Executive Management

Sokhom Tauch
Executive Director

Lee Po Cha
Executive Director (effective April 1, 2015)

Senior Management

Jeff MacDonald
Contract Management and Infrastructure Manager

Anh Ngoc Truong
Fiscal Manager

IRCO WORKS, LLC

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Arlene Kimura

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Jeff MacDonald
LLC Manager