



Refugee & Immigrant Center

ASIAN ASSOCIATION OF UTAH

**Asian Association of Utah
dba Refugee & Immigrant Center**

Financial Statements

And

Independent Auditor's Report

With Supplementary Information

And

Compliance Reports

**As of June 30, 2018
and for the year then ended
with summarized comparative information for 2017**

**Asian Association of Utah
dba Refugee & Immigrant Center**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Asian Association of Utah
dba Refugee & Immigrant Center
Salt Lake City, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of Asian Association of Utah dba Refugee & Immigrant Center (a nonprofit organization) which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issues 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 financial statements are free of 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 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 Asian Association of Utah dba Refugee & Immigrant Center as of June 30, 2018, and the results of its operations and its cash flow for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2019 on our consideration of Asian Association of Utah dba Refugee & Immigrant Center'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 Asian Association of Utah dba Refugee & Immigrant Center's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Asian Association of Utah dba Refugee & Immigrant Center's June 30, 2017 financial statements, and our report dated December 19, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Shaw & Co., P.C.

Bountiful, Utah
March 2, 2019

Asian Association of Utah
dba Refugee & Immigrant Center
Statement of Financial Position
June 30, 2018
With Comparative Totals For June 30, 2017

	<u>6/30/2018</u>	<u>6/30/2017</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 749,374	\$ 563,606
Accounts and grants receivable, including promises to give	853,562	1,074,679
Prepaid expenses	<u>74,512</u>	<u>93,981</u>
Total current assets	<u>1,677,448</u>	<u>1,732,266</u>
Property and equipment, at cost		
Buildings and improvements	2,958,729	2,791,556
Land	1,192,000	1,192,000
Vehicles	122,918	111,568
Equipment and furniture	<u>138,415</u>	<u>115,122</u>
Total property and equipment	4,412,062	4,210,246
Less: accumulated depreciation	<u>(1,114,255)</u>	<u>(994,670)</u>
Net property and equipment	<u>3,297,807</u>	<u>3,215,576</u>
Total assets	<u>\$ 4,975,255</u>	<u>\$ 4,947,842</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 127,224	\$ 92,094
Accrued vacation	98,390	104,235
Accrued payroll and payroll taxes	101,436	88,967
Other accrued liabilities	12,893	18,802
Payroll grant advance	30,000	30,000
Current portion of long-term debt	<u>150,486</u>	<u>143,273</u>
Total current liabilities	<u>520,429</u>	<u>477,371</u>
Long-term debt, net of current portion	<u>1,472,669</u>	<u>1,623,062</u>
Total liabilities	<u>1,993,098</u>	<u>2,100,433</u>
Net assets		
Unrestricted	2,886,133	2,592,610
Temporarily restricted	96,024	254,799
Permanently restricted	<u>-</u>	<u>-</u>
Total net assets	<u>2,982,157</u>	<u>2,847,409</u>
Total liabilities and net assets	<u>\$ 4,975,255</u>	<u>\$ 4,947,842</u>

See accompanying notes to financial statements.

**Asian Association of Utah
dba Refugee & Immigrant Center**

Statement of Activities
Year Ended June 30, 2018
With Comparative Totals For The Year Ended June 30, 2017

	6/30/2018			6/30/2017	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
REVENUES AND SUPPORT					
Support					
Government grants	\$ 2,593,816	\$ -	\$ -	\$ 2,593,816	\$ 2,935,172
Contributions	131,709	-	-	131,709	157,256
Private grants	18,424	254,570	-	272,994	136,123
In-kind donations	244,228	-	-	244,228	113,724
Net assets released from restrictions	<u>413,345</u>	<u>(413,345)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support	<u>3,401,522</u>	<u>(158,775)</u>	<u>-</u>	<u>3,242,747</u>	<u>3,342,275</u>
Revenues					
Fee for service	1,655,818	-	-	1,655,818	1,575,702
Other income	91,101	-	-	91,101	41,243
Rental income	35,096	-	-	35,096	36,970
Special events	19,785	-	-	19,785	14,864
Interest	<u>426</u>	<u>-</u>	<u>-</u>	<u>426</u>	<u>486</u>
Total revenues	<u>1,802,226</u>	<u>-</u>	<u>-</u>	<u>1,802,226</u>	<u>1,669,265</u>
Total revenues and support	<u>5,203,748</u>	<u>(158,775)</u>	<u>-</u>	<u>5,044,973</u>	<u>5,011,540</u>
EXPENSES					
Program services	3,878,169	-	-	3,878,169	4,031,073
Management and general	968,639	-	-	968,639	973,057
Fundraising	<u>63,417</u>	<u>-</u>	<u>-</u>	<u>63,417</u>	<u>53,569</u>
Total expenses	<u>4,910,225</u>	<u>-</u>	<u>-</u>	<u>4,910,225</u>	<u>5,057,699</u>
Change in net assets	293,523	(158,775)	-	134,748	(46,159)
Net assets, beginning of year	<u>2,592,610</u>	<u>254,799</u>	<u>-</u>	<u>2,847,409</u>	<u>2,893,568</u>
Net assets, end of year	<u>\$ 2,886,133</u>	<u>\$ 96,024</u>	<u>\$ -</u>	<u>\$ 2,982,157</u>	<u>\$ 2,847,409</u>

See accompanying notes to financial statements.

Asian Association of Utah
dba Refugee & Immigrant Center
Statement of Functional Expenses
Year Ended June 30, 2018
With Comparative Totals For The Year Ended June 30, 2017

	6/30/2018				6/30/2017
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Salaries	\$ 1,455,334	\$ 411,642	\$ 15,182	\$ 1,882,158	\$ 1,960,702
Payroll taxes	130,839	37,008	1,365	169,212	180,490
Employee benefits	<u>481,454</u>	<u>136,180</u>	<u>5,023</u>	<u>622,657</u>	<u>642,498</u>
 Total salaries and related expenses	 2,067,627	 584,830	 21,570	 2,674,027	 2,783,690
Contracted services	902,883	62,814	931	966,628	1,016,789
Client services	587,927	4,108	5,396	597,431	521,919
Interest	-	84,665	-	84,665	114,503
Travel	61,276	11,143	232	72,651	81,123
Repairs and maintenance	6,706	81,795	-	88,501	61,538
Equipment and software	12,810	33,013	1,324	47,147	57,174
Bad debt	-	-	-	-	55,679
Insurance	19,015	37,081	854	56,950	55,442
Utilities	28,776	14,911	665	44,352	43,552
Rent	25,494	4,437	20,142	50,073	39,794
Supplies	20,436	17,601	392	38,429	37,837
Telephone	20,764	2,052	347	23,163	25,267
Workshops and training	13,737	910	-	14,647	14,685
Meetings	2,847	7,238	2,079	12,164	11,571
Printing	113	221	3,924	4,258	3,558
Taxes	-	3,237	-	3,237	3,072
Advertising	-	-	3,626	3,626	2,226
Postage	<u>85</u>	<u>1,932</u>	<u>42</u>	<u>2,059</u>	<u>2,107</u>
 Total expenses before depreciation and amortization	 3,770,496	 951,988	 61,524	 4,784,008	 4,931,526
Depreciation	<u>107,673</u>	<u>16,651</u>	<u>1,893</u>	<u>126,217</u>	<u>126,173</u>
 Total expenses	 <u>\$ 3,878,169</u>	 <u>\$ 968,639</u>	 <u>\$ 63,417</u>	 <u>\$ 4,910,225</u>	 <u>\$ 5,057,699</u>

See accompanying notes to financial statements.

**Asian Association of Utah
dba Refugee & Immigrant Center**

Statement of Cash Flows

Year Ended June 30, 2018

With Comparative Totals For The Year Ended June 30, 2017

	<u>6/30/2018</u>	<u>6/30/2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 134,748	\$ (46,159)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	126,217	126,173
Amortization of loan fees	1,050	11,147
Changes in current assets and liabilities:		
Accounts and grants receivable, including promises to give	221,117	(1,884)
Prepaid expenses	19,469	9,850
Accounts payable	35,130	15,620
Accrued vacation	(5,845)	(8,808)
Accrued payroll and payroll taxes	12,469	(10,662)
Other accrued liabilities	<u>(5,909)</u>	<u>5,605</u>
Net cash provided by operating activities	<u>538,446</u>	<u>100,882</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash purchases of property and equipment	<u>(208,447)</u>	<u>(60,668)</u>
Net cash used in investing activities	<u>(208,447)</u>	<u>(60,668)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(144,231)	(50,690)
Cash payment of loan fees	<u>-</u>	<u>(10,500)</u>
Net cash used in financing activities	<u>(144,231)</u>	<u>(61,190)</u>
Net change in cash and cash equivalents	185,768	(20,976)
Cash and cash equivalents, beginning of year	<u>563,606</u>	<u>584,582</u>
Cash and cash equivalents, end of year	<u>\$ 749,374</u>	<u>\$ 563,606</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 103,728</u>	<u>\$ 113,264</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**Asian Association of Utah
dba Refugee & Immigrant Center**
Notes to Financial Statements
June 30, 2018

1. ORGANIZATION AND BASIS OF PRESENTATION

Asian Association of Utah dba Refugee & Immigrant Center (the “Organization”) was incorporated under the laws of the State of Utah as a nonprofit corporation on September 2, 1977. Originally established to support Asian immigrants and refugees in their transition to life in the United States, the Organization has expanded its resources and services over the past 40 years to assist refugees and immigrants from around the world. Today, they serve over 3,200 refugees, immigrants, and other community members each year. With over 70 staff members, our backgrounds cover 17 countries and over 30 languages.

The Organization is devoted to helping clients become more self-sufficient in their daily lives, and aims to reduce the barriers refugees and immigrants face when adapting to life in the U.S. With the help of staff, volunteers, and community leaders, they are continually developing and expanding their services to meet the needs of our clients. The Organization offers comprehensive services in one physical location, reducing transportation barriers and promoting access to a wide range of resources. Individuals and families in need can access case management services, employment help, counseling and mental health treatment, English classes, after-school tutoring, and more. The Organization also works closely with the Utah resettlement agencies, refugee communities, state protective services, and many others, to ensure a greater network of support for clients. The Organization is committed to walking with people on their journeys to self-sufficiency. They know that their work not only makes a difference in the lives of those they serve, but changes our whole community for the better. The following is a brief description of their program services:

Community Wellness

The Organization is licensed by the Utah Department of Human Services to provide services for individuals and families of all ages. The Community Wellness program is comprised of a team of highly experienced and culturally aware mental health professionals who support individuals as they manage the stress that accompanies resettlement. Staff members help individuals using systematic interventions which promote recovery from substance abuse, domestic violence, and/or various mental health issues. Services provided include: behavioral health treatment and therapy, medication management, outpatient drug and substance abuse counseling, domestic violence counseling, and behavioral health case management. During the year ending June 30, 2018, the Organization served over 500 clients through this program.

Youth and Family Services

The Organization provides a holistic approach for refugee and immigrant youth and their parents as they adjust to new systems in the U.S. The Organization’s Youth and Family program provides parenting classes, afterschool programs, leadership development, and youth case management. During the year ending June 30, 2018, 112 parents learned new family skills through our parenting classes, which was offered in four different languages. The program provided over 3,100 hours of direct service to 350+ youth and parents by offering afterschool leadership-fostering opportunities.

Sunnyvale Neighborhood Center

The Sunnyvale neighborhood of Salt Lake County is home to many refugee, immigrant, and low-income households. It is also located in an unincorporated and under-resourced area, falling into a gap between Murray, South Salt Lake, Taylorsville and Millcreek. In 2012, the Organization recognized the need for a program based within the Sunnyvale neighborhood following concerns from community members and service providers that neighborhood residents could not access much-needed supports and programming. Today, the Sunnyvale Neighborhood Center offers afterschool programs, sports, behavioral health treatment, ESL classes, and a range of other critical supports, including classes on citizenship and financial literacy. During the year ending June 30, 2018, over 250 adults and 95 youth neighborhood residents came to the center for assistance.

English as a Second Language (ESL) & Life Skills

The Organization empowers refugees and immigrants through English language classes which are tailored to their needs. Classes are free or low-cost, range from non-literate to intermediate level, and offered year-round. The Organization's instructors are State Board Certified and TESOL Certified. During the year ending June 30, 2018, 132 ESL students learned English language skills crucial for everyday tasks. These individuals can now shop for groceries, visit the doctor, and get a job in the U.S.

Trafficking in Persons (TIP) Program

The TIP program is funded through multiple federal grants. Through these grants, we are able to serve all victims of both sex and labor trafficking—regardless of age, gender, and immigration status. During the year ending June 30, 2018 we served more than 103 survivors of human trafficking (both sex and labor trafficking), as well as their families. Case managers utilize a comprehensive services model that addresses 17 components of victim needs. In addition to providing direct victims services, we offer outreach and supportive services to approximately 75 women monthly through TIP's "drop in" center. As the victim services partner for the Utah Trafficking in Persons Task Force, AAU's TIP has partnered with the Utah Attorney General's Office since 2015 to co-facilitate the statewide task force. This multi-disciplinary group aims to enhance Utah's response to human trafficking through investigation, prosecution, and ongoing victim services.

Employment

The Organization's Employment program partners with over 180 employers to help refugees secure employment. By providing intensive employment case management, job skills education, and career planning, they enable refugees to support themselves and their families. During the year ending June 30, 2018, the Employment Program had to be sunset due to reallocation of federal funding. However, during the time the program was open, we had approximately 100 job placements, 60% of which were full-time placements. The average hourly wage for these positions was \$10, which exceeds Utah's minimum wage by nearly \$3.

Social Services

The Organization's Social Services case managers work to bridge the gap between refugees and the resources necessary for integration in the U.S. They provide assistance with: legal matters, public transportation, health coverage, safe and affordable housing, school enrollment, and other critical matters. During the year ending June 30, 2018, the Organization provided a clear path to integration for 710 refugees this year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Organization have been prepared on the accrual basis. The Organization follows the provisions of Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*.

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Date of Management's Review

Subsequent events were evaluated through March 2, 2019, which is the date the financial statements were available to be issued. From their review, management has determined that there were no significant recognizable or unrecognizable subsequent events that were not properly disclosed.

Estimates in the Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Concentrations of Credit Risks

The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. At June 30, 2018, \$361,782 exceeded the FDIC insurance limit of \$250,000, and therefore was not insured. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

The Organization receives a substantial portion of its revenue from government contracts and grants. During the year ending June 30, 2018, approximately 32% of the Organization's total revenue was from Agency A. Any decreases in government funding would have a negative impact on the future operations of the Organization.

At June 30, 2018 approximately 30% and 11% of the Organization's total accounts receivable was due from two Agencies, and approximately 37% and 14% of the Organization's total accounts payable was due to two companies.

Accounts and Grants Receivable and Allowance for Doubtful Accounts

Accounts and grants receivable are carried at their estimated collectible amounts. The Organization's accounts and grants receivable are generally short-term in nature; thus accounts and grants receivable do not accrue finance or interest charges.

Accounts and grants receivable are periodically evaluated for collectibility based on past credit history with customers and their current financial condition. An allowance for doubtful accounts has not been established because management believes that all accounts and grants receivable will be fully collectible.

Promises to Give

Promises to give are recorded at their estimated fair value. Amounts due later than one year, if any, are recorded at the present value of estimated future cash flows. The Organization estimates the allowance based on analysis of specific donors, taking into consideration the age of past due pledges and an assessment of the donor's ability to pay. At June 30, 2018, management of the Organization considers all promises to be collectible; therefore, no allowance has been recorded.

Property and Equipment

Property and equipment are recorded at acquisition cost, or if donated, at the fair market value at the date donated. The Organization capitalizes additions that exceed \$5,000. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation and amortization expense is provided on a straight-line basis over the estimated useful lives of the respective assets or lease terms, which range from five to thirty years. Depreciation and amortization expense for the year ended June 30, 2018 was \$126,217.

Impairment of Long-Lived Assets

The Organization evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amounts of the assets may not be fully recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amounts of the assets against the estimated undiscounted future cash flows associated with them. When future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying amounts of the assets, the assets are adjusted to their fair values.

Classes of Net Assets

Revenues and gains are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- a. Unrestricted net assets represent the portion of net assets not subject to donor restrictions.
- b. Temporarily restricted net assets arise from contributions that are restricted by the donor for specific purposes or time periods.
- c. Permanently restricted net assets arise from contributions that are restricted by the donor in perpetuity.

All contributions are considered available for unrestricted use, unless specifically restricted by the donors. All expenses are reported as changes in unrestricted net assets.

Contributions

Unconditional promises to give are recognized as contributions when received at the net present value of the amounts expected to be collected. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

When a donor-imposed time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the same year the contribution is received are reported as unrestricted.

Revenue and Revenue Recognition

Program service revenue consists of fees for service, rental income, and other income. Program service revenue is recognized when earned. Payments received in advance, if any, are deferred to the applicable period in which the related goods or services are provided.

In-kind Contributions

Donations of supplies, equipment, use of facilities, and services that meet the criteria for recognition are reflected at their estimated fair market value at the date of gift. These donations are reported as unrestricted support unless the donor has restricted the gift to a specific purpose. Gifts donated with explicit restrictions regarding their use are reported as temporarily restricted support and reclassified to unrestricted net assets when the restriction has been satisfied.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2018, 2017, 2016, and 2015 are subject to examination by the IRS, generally for three years after they were filed. Generally accepted accounting principles require tax effects from an uncertain tax position to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. If an uncertain tax position meets the more-likely-than-not threshold, the largest amount of tax benefit that is greater than 50% likely to be recognized upon ultimate settlement with the taxing authority is recorded. The Organization's primary tax positions relate to its status as a not-for-profit entity exempt from income taxes and classification of activities related to its exempt purpose. Management has evaluated the tax positions reflected in the Organization's tax filings and does not believe that any material uncertain tax positions exist.

Reclassifications

Certain items from June 30, 2017 have been reclassified to conform to the June 30, 2018 presentation.

3. ACCOUNTS AND GRANTS RECEIVABLE, INCLUDING PROMISES TO GIVE

Accounts and grants receivable, including promises to give, consisted of the following at June 30, 2018:

Accounts and grants receivable	\$ 802,584
Foundation promises to give	50,000
Sales tax receivable	<u>978</u>
	<u>\$ 853,562</u>

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2018:

Promises to give	
Foundation grants	\$ 50,000
Purpose restrictions	
Housing	24,467
Training	7,256
Sunnyvale neighborhood center	<u>14,301</u>
	<u>\$ 96,024</u>

5. LONG-TERM DEBT

Long-term debt consisted of the following at June 30, 2018:

Note payable to a financial institution requiring monthly principal and interest payments of \$18,996, bearing interest of 4.82%, maturing no later than April 24, 2027, and secured by real property costing \$2,600,000. \$ 1,632,429

Future minimum payments required for the long-term debt are as follows:

<u>For Year Ended June 30,</u>	<u>Principal</u>	<u>Amortized Debt Issuance Costs</u>
2019	\$ 151,536	(1,050)
2020	158,923	(1,050)
2021	167,052	(1,050)
2022	175,401	(1,050)
2023	184,168	(1,050)
Thereafter	<u>795,350</u>	<u>(4,025)</u>
Total long-term debt	1,632,430	(9,275)
Less: current portion	<u>(151,536)</u>	<u>1,050</u>
Long-term debt, less current portion	<u>\$ 1,480,894</u>	<u>\$ (8,225)</u>

Interest expense for the year ended June 30, 2018 was \$84,665.

6. RETIREMENT PLAN

The Organization has adopted a tax-sheltered annuity which provides for a salaried deferral arrangement for participating employees. The Organization uses a contribution rate equivalent to that used by the State of Utah Retirement System. The tax-sheltered annuity permits an employee to defer an amount out of his or her salary on an individual basis. Separate accounts are maintained for each participating employee. The total retirement plan expense was \$218,156 for the year ended June 30, 2018.

7. PROGRAM SERVICES

Program service expenses of the Organization for the year ended June 30, 2018 consisted of the following:

Utah Refugee Employment & Social Services	\$ 2,295,689
Treatment	747,460
Sunnyvale	56,879
English as a Second Language	150,408
Trafficking in Persons	553,965
Other programs	<u>73,768</u>
	<u>\$ 3,878,169</u>

8. LEASES

The Organization is the lessor of office space under an operating lease expiring in June 2020. The office space leased is a portion of the Organization's main facility. Monthly payments required under the lease are \$2,891. Future minimum rentals to be received on this non-cancelable lease as of June 30, 2018 are as follows:

<u>For Year Ended June 30,</u>	
2019	\$ 35,034
2020	<u>17,688</u>
Total	<u>\$ 52,722</u>

The Organization also leases office space under an operating lease. The lease calls for monthly payments of \$2,875 and expires in February 2019. Future minimum rentals payments to be made on this non-cancelable lease as of June 30, 2018 are as follows:

<u>For Year Ended June 30,</u>	
2019	\$ 23,000
Thereafter	<u>-</u>
Total	<u>\$ 23,000</u>

9. COMMITMENTS AND CONTINGENCIES

The Organization participates in various government-assisted programs that are subject to review and audit by grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable government regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a government audit may become a liability of the Organization. The ultimate disallowance pertaining to these regulations, if any, is estimated to be immaterial to the overall financial condition of the Organization.

The Organization may be involved in certain claims arising from the ordinary course of operations and has purchased insurance policies to cover these risks.

10. PRIOR YEAR INFORMATION

The accompanying financial statements include certain 2017 summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles in the United States of America. The financial statements for the year ended June 30, 2017 are presented for comparative purposes only. The notes presented herein contain information relating to June 30, 2018 only. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017 from which the summarized information was derived.

SUPPLEMENTARY INFORMATION

AND

COMPLIANCE REPORTS

Asian Association of Utah
dba Refugee & Immigrant Center
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor Pass Through Grantor Program Title	Agency or Pass- through Number	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
Passed through Utah Department of Human Services			
Dare to be You	161499	93.669	\$ 60,069
Passed through Utah Department of Workforce Services			
Targeted Assistance Program	146011	93.584	259,877
Office of Refugee Resettlement	16DWS0206	93.566	66,601
Temporary Aid to Needy Families	16DWS0206	93.558	352,635
TANF – Teen Afterschool Prevention	17DWS0124	93.558	44,970
TANF – Teen Afterschool Prevention	17DWS0125	93.558	44,976
TANF – Teen Afterschool Prevention	17DWS0126	93.558	44,976
Refugee social services	16DWS0151	93.566	22,823
Temporary Aid to Needy Families – Payroll	17DWS0117	93.558	548,316
Temporary Aid to Needy Families – Housing	15DSW0173	93.558	117,287
Temporary Aid to Needy Families – Housing	18DSW0148	93.558	46,610
Temporary Aid to Needy Families – ADD	151428	93.558	2,925
Temporary Aid to Needy Families – FP	151424	93.558	67,544
Temporary Aid for Needy Families	16DWS0022	93.558	29,700
Passed through U.S. Committee for Refugees and Immigrants			
National Human Trafficking Victim Assistance	90ZV0123	93.598	50,854
Passed through U.S. Administration for Children and Families			
Domestic Victims of Severe Forms of Human Trafficking	90TV00060100	93.327	99,175
Domestic Victims of Severe Forms of Human Trafficking	90TV00060200	93.327	280,365
Passed through Salt Lake County			
Pathway to Success - SSBG	BJ17190	93.667	40,000
Child Care and Development Fund	BJ17150C	93.575	58,551
Total U.S. Department of Health and Human Services			2,238,254
<u>U.S. Department of Justice</u>			
Passed through U.S. Office of Justice Programs			
Services for Victims of Human Trafficking	2015VTBXX015	16.320	129,434
Total U.S. Department of Justice			129,434

Asian Association of Utah
dba Refugee & Immigrant Center
Schedule of Expenditures of Federal Awards (continued)
Year Ended June 30, 2018

Federal Grantor Pass Through Grantor Program Title	Agency or Pass- through Number	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Education</u>			
Passed through Utah State Office of Education			
AEFLA	170041	84.002A	134,763
AEFLA Leadership – The Time is Now	170036	84.002A	1,000
Total U.S. Department of Education			135,763
<u>U.S. Department of Housing and Urban Development</u>			
Passed through West Valley City			
CDBG	N/A	14.218	11,360
Passed through Salt Lake County			
CDBG	BV04090	14.218	33,949
Total U.S. Department of Housing and Urban Development			45,309
Total Expenditures of Federal Awards			\$ 2,548,760

Note A - Basis of Accounting

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Asian Association of Utah under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Asian Association of Utah, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Asian Association of Utah.

Note B - Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Asian Association of Utah has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Asian Association of Utah
dba Refugee & Immigrant Center
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes √ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ___ Yes √ None reported

Noncompliance material to financial statements noted? ___ Yes √ No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? ___ Yes √ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ___ Yes √ None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings that are required to be reported
In accordance with section 510(a) of OMB Circular
A-133? ___ Yes √ No

Identification of major programs:

CFDA Number: 93.558	TANF – Temporary Aid to Needy Families
CFDA Number: 93.584	TAG – Targeted Assistance Program

Dollar threshold used to distinguish between
type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? √ Yes ___ No

Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Asian Association of Utah
dba Refugee & Immigrant Center
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2018

Findings of Prior Audit - Year Ended June 30, 2017

There were no findings in the prior year.

**REPORT 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**

Independent Auditor's Report

The Board of Directors
Asian Association of Utah
dba Refugee & Immigrant Center
Salt Lake City, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Asian Association of Utah dba Refugee & Immigrant Center, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 2, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Asian Association of Utah dba Refugee & Immigrant Center'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Asian Association of Utah dba Refugee & Immigrant Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 entity'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 Asian Association of Utah dba Refugee & Immigrant Center's financial statements are free of 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.

Shaw & Co., P.C.

Bountiful, Utah
March 2, 2019

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

The Board of Directors
Asian Association of Utah
dba Refugee & Immigrant Center
Salt Lake City, Utah

Report on Compliance for Each Major Federal Program

We have audited Asian Association of Utah dba Refugee & Immigrant Center'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 Asian Association of Utah dba Refugee & Immigrant Center's major federal programs for the year ended June 30, 2018. Asian Association of Utah dba Refugee & Immigrant Center'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 Asian Association of Utah dba Refugee & Immigrant Center'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 of America; 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* (Uniform Guidance). Those standards and 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 Asian Association of Utah dba Refugee & Immigrant Center'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 Asian Association of Utah dba Refugee & Immigrant Center's compliance.

Opinion on Each Major Federal Program

In our opinion, Asian Association of Utah dba Refugee & Immigrant Center 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 June 30, 2018.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with Uniform Guidance.

Report on Internal Control Over Compliance

Management of Asian Association of Utah dba Refugee & Immigrant Center 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 Asian Association of Utah dba Refugee & Immigrant Center'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 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 Asian Association of Utah dba Refugee & Immigrant Center'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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Shaw & Co., P.C.

Bountiful, Utah
March 2, 2019