



**FEDERATION FOR AMERICAN
IMMIGRATION REFORM AND AFFILIATES**

**Consolidated Financial Statements and
Supplementary Information**

*For the Year Ended December 31, 2018
(With Summarized Financial Information for the Year Ended December 31, 2017)*

—◆—
and
Report Thereon
—◆—

FEDERATION FOR AMERICAN IMMIGRATION REFORM AND AFFILIATES

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For the Year Ended December 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Federation for American Immigration Reform
and Affiliates

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Federation for American Immigration Reform (FAIR) and Affiliates (collectively referred to as FAIR and Affiliates), which comprise the consolidated statement of financial position as of December 31, 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 of America; 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.

Auditors' 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 of America. 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 auditors' 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 entity'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 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Continued

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Federation for American Immigration Reform and Affiliates as of December 31, 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 of America.

Other Matters

Report on Summarized Comparative Information

FAIR and Affiliates' 2017 consolidated financial statements were audited by Raffa, P.C., whose practice was combined with Marcum LLP as of October 1, 2018, and whose report dated May 15, 2018, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for the purpose 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 of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Marcum LLP

Washington, DC
June 5, 2019

FEDERATION FOR AMERICAN IMMIGRATION REFORM AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2018

(With Summarized Financial Information as of December 31, 2017)

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 7,280,350	\$ 8,602,170
Grants receivable, current portion	11,000,000	1,500,000
Prepaid expenses	<u>40,241</u>	<u>5,592</u>
Total Current Assets	18,320,591	10,107,762
Grants receivable, net of current portion	976,563	11,719,299
Investments	20,750,361	19,079,099
Property and equipment, net	1,029,614	950,523
Artwork collections	15,000	15,000
Other assets	59,517	413,377
Security deposits	<u>38,611</u>	<u>38,611</u>
TOTAL ASSETS	<u>\$ 41,190,257</u>	<u>\$ 42,323,671</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 678,393	\$ 482,248
Deferred rent and lease incentive liabilities, current portion	<u>85,605</u>	<u>85,605</u>
Total Current Liabilities	763,998	567,853
Deferred rent and lease incentive liabilities, net of current portion	<u>1,565,984</u>	<u>1,355,468</u>
TOTAL LIABILITIES	<u>2,329,982</u>	<u>1,923,321</u>
Net Assets		
Without donor restrictions		
Undesignated	8,799,832	12,156,972
Board-designated		
Reserve	5,101,986	5,205,662
Quasi-endowment fund	<u>8,651,133</u>	<u>4,974,963</u>
Total Without Donor Restrictions	22,552,951	22,337,597
With donor restrictions	<u>16,307,324</u>	<u>18,062,753</u>
TOTAL NET ASSETS	<u>38,860,275</u>	<u>40,400,350</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 41,190,257</u>	<u>\$ 42,323,671</u>

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

FEDERATION FOR AMERICAN IMMIGRATION REFORM AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

(With Summarized Financial Information for the Year Ended December 31, 2017)

	Without Donor Restrictions	With Donor Restrictions	2018 Total	2017 Total
OPERATING REVENUE AND SUPPORT				
Grants	\$ 6,059,523	\$ 1,131,264	\$ 7,190,787	\$ 31,993,561
Contributions and bequests	5,583,380	-	5,583,380	719,904
Investment income	443,661	50,716	494,377	823,285
Online marketing	74,129	-	74,129	104,025
Royalty income	16,901	-	16,901	13,916
Other income	212,782	-	212,782	118,930
Net assets released from restrictions:				
Satisfaction of time restrictions	1,500,000	(1,500,000)	-	-
Satisfaction of program restrictions	1,045,735	(1,045,735)	-	-
TOTAL OPERATING REVENUE AND SUPPORT	14,936,111	(1,363,755)	13,572,356	33,773,621
EXPENSES				
Program Services:				
Public education	3,383,647	-	3,383,647	1,090,928
Media	3,006,740	-	3,006,740	3,486,750
Immigration Reform Law Institute (IRLI)	2,395,733	-	2,395,733	1,508,918
Government relations	1,020,670	-	1,020,670	971,294
Field	577,178	-	577,178	538,122
Research and publications	527,935	-	527,935	446,326
Membership education and service	350,579	-	350,579	352,983
Lobbying	328,295	-	328,295	299,521
Public interest legal	40,187	-	40,187	40,226
FAIR Congressional Task Force (FCTF)	4,320	-	4,320	4,810
Total Program Services	11,635,284	-	11,635,284	8,739,878
Supporting Services:				
Management and general	1,356,794	-	1,356,794	1,058,053
Fundraising	383,011	-	383,011	367,053
Total Supporting Services	1,739,805	-	1,739,805	1,425,106
TOTAL EXPENSES	13,375,089	-	13,375,089	10,164,984
Change in net assets before unrealized gain (loss) on investments	1,561,022	(1,363,755)	197,267	23,608,637
NONOPERATING GAIN (LOSS)				
Unrealized gain (loss) on investments	(1,345,668)	(391,674)	(1,737,342)	1,372,886
CHANGE IN NET ASSETS	215,354	(1,755,429)	(1,540,075)	24,981,523
NET ASSETS, BEGINNING OF YEAR	22,337,597	18,062,753	40,400,350	15,418,827
NET ASSETS, END OF YEAR	\$ 22,552,951	\$ 16,307,324	\$ 38,860,275	\$ 40,400,350

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

FEDERATION FOR AMERICAN IMMIGRATION REFORM AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2018
(With Summarized Financial Information for the Year Ended December 31, 2017)

	Program Services										Supporting Services			2018 Total	2017 Total	
	Public Education	Media	IRLI	Government Relations	Field	Research and Publications	Membership Education and Service	Lobbying	Public Interest Legal	FCTF	Total Program Services	Management and General	Fundraising			Total Supporting Services
Media advertising	\$ 2,113,131	\$ 1,973,506	\$ 2,694	\$ -	\$ -	\$ -	\$ -	\$ 56,666	\$ -	\$ -	\$ 4,145,997	\$ -	\$ -	\$ -	\$ 4,145,997	\$ 2,694,856
Salaries	395,408	407,393	1,100,555	572,326	323,056	302,827	71,239	60,732	30,283	-	3,263,819	736,439	209,625	946,064	4,209,883	3,646,009
Employee benefits and payroll taxes	111,169	94,099	226,236	139,558	78,877	71,352	17,178	10,525	7,377	-	756,371	176,922	48,348	225,270	981,641	857,368
Legal fees	856	494	718,266	950	500	500	100	50	6	-	721,722	13,777	400	14,177	735,899	203,952
Rent	76,646	35,548	117,121	68,877	39,860	34,830	10,131	4,046	774	-	387,833	87,263	27,571	114,834	502,667	482,792
Printing and handling	216,894	3,442	5,443	4,475	2,712	13,154	59,232	54,819	107	-	360,278	7,213	23,596	30,809	391,087	377,633
Travel and entertainment	24,337	109,652	47,728	35,136	53,254	979	2,109	14,915	-	-	288,110	56,336	1,721	58,057	346,167	251,149
Meetings	180	257,275	-	17,797	82	60	22	5,735	-	-	281,151	61,001	37	61,038	342,189	231,120
Postage and delivery	171,277	2,151	1,257	2,975	1,706	1,534	55,003	46,613	46	-	282,562	3,875	17,825	21,700	304,262	266,274
Publications and subscriptions	76,474	26,046	23,960	63,596	13,691	10,655	3,641	13,987	53	-	232,103	26,149	6,990	33,139	265,242	148,657
Depreciation and amortization	41,237	19,979	3,812	37,606	21,950	18,772	4,903	2,041	434	-	150,734	44,413	12,794	57,207	207,941	141,458
Taxes and insurance	20,084	10,432	65,337	20,154	11,176	10,383	2,344	1,077	334	543	141,864	45,330	7,710	53,040	194,904	132,519
Computer services	45,915	7,047	3,518	13,124	7,751	6,397	20,311	1,368	116	-	105,547	16,079	4,274	20,353	125,900	175,904
Telephone and utilities	13,665	7,394	31,230	14,845	8,880	7,612	1,544	821	311	2,611	88,913	19,427	5,886	25,313	114,226	84,305
Consulting fees and part-time help	4,498	41,940	11,613	2,931	1,716	39,071	3,056	199	158	-	105,182	6,874	993	7,867	113,049	131,139
Database management	-	-	-	-	-	-	69,015	-	-	-	69,015	-	-	-	69,015	64,622
Direct mail list rental	51,596	-	-	-	-	-	-	11,391	-	-	62,987	-	4,020	4,020	67,007	69,901
Bank charges	5,969	2,861	19,716	5,363	3,118	2,645	716	291	51	-	40,730	6,917	1,821	8,738	49,468	31,824
Accounting fees	6,565	3,936	8,257	6,972	4,156	3,604	744	372	21	1,166	35,793	10,601	2,326	12,927	48,720	63,629
Grants to other organizations	-	-	-	-	-	-	-	42,277	-	-	42,277	-	-	-	42,277	-
Office expenses	5,662	2,505	4,525	4,502	2,580	2,263	570	243	65	-	22,915	7,150	1,594	8,744	31,659	28,966
Membership dues	-	41	3,577	5,953	-	309	119	-	-	-	9,999	8,763	4,750	13,513	23,512	15,792
Caging	-	-	-	-	-	-	20,856	-	-	-	20,856	-	-	-	20,856	22,600
Employee education and training	13	-	888	1,630	1,018	40	-	24	22	-	3,635	16,024	67	16,091	19,726	10,926
Equipment rental and maintenance	2,071	999	-	1,900	1,095	948	246	103	29	-	7,391	5,934	663	6,597	13,988	16,589
Honoraria	-	-	-	-	-	-	7,500	-	-	-	7,500	307	-	307	7,807	15,000
TOTAL EXPENSES	\$ 3,383,647	\$ 3,006,740	\$ 2,395,733	\$ 1,020,670	\$ 577,178	\$ 527,935	\$ 350,579	\$ 328,295	\$ 40,187	\$ 4,320	\$ 11,635,284	\$ 1,356,794	\$ 383,011	\$ 1,739,805	\$ 13,375,089	\$ 10,164,984

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

FEDERATION FOR AMERICAN IMMIGRATION REFORM AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018
(With Summarized Financial Information for the Year Ended December 31, 2017)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,540,075)	\$ 24,981,523
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized gains on sales of investments	(50,217)	(544,176)
Unrealized (gain) loss on investments	1,737,342	(1,372,886)
Depreciation and amortization	207,941	141,458
Change in present value related to multiyear grants receivable	(257,264)	280,701
Changes in assets and liabilities:		
Grants receivable	1,500,000	(13,487,500)
Prepaid expenses	(34,649)	18,568
Other assets	353,860	(104,251)
Accounts payable and accrued expenses	196,145	253,202
Deferred rent and lease incentive liabilities	(35,258)	331,168
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,077,825	10,497,807
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	27,689,927	15,072,126
Purchases of investments	(31,048,314)	(22,726,747)
Purchases of property and equipment	(41,258)	(140,088)
NET CASH USED IN INVESTING ACTIVITIES	(3,399,645)	(7,794,709)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,321,820)	2,703,098
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,602,170	5,899,072
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 7,280,350	\$ 8,602,170
SUPPLEMENTAL INFORMATION		
NONCASH INVESTING ACTIVITIES		
Increase in property and equipment – leasehold improvements	\$ 245,774	\$ 1,039,780
Increase in deferred lease incentives	-	(1,039,780)
Decrease in other assets	(245,774)	-
	\$ -	\$ -

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

FEDERATION FOR AMERICAN IMMIGRATION REFORM AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

1. Organization and Summary of Significant Accounting Policies

Organization

The Federation for American Immigration Reform (FAIR) is a District of Columbia nonprofit public interest organization working to end illegal immigration and set reasonable levels of legal immigration. FAIR funds its activities primarily through grants and contributions.

The FAIR Congressional Task Force, Inc. (FCTF) is a nonprofit organization incorporated under the laws of the District of Columbia in 1982. FCTF was organized exclusively to serve public, social and economic welfare by developing and promoting immigration policies that are consistent with the economic, social and demographic interests of the United States of America; to restrict illegal immigration into the United States of America; and to limit legal admissions into the United States of America to reasonable levels. FCTF funds its activities primarily through grants and contributions.

The Immigration Reform Law Institute (IRLI) is a District of Columbia nonprofit public charity organized to run FAIR's legal program. IRLI funds its activities primarily through grants and contributions.

Principles of Consolidation

The accompanying consolidated financial statements include the account balances and transactions of FAIR, FCTF and IRLI (collectively referred to as FAIR and Affiliates). FAIR's, FCTF's and IRLI's financial statements have been consolidated due to the presence of common control and economic interest, as required under accounting principles generally accepted in the United States of America (GAAP). All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

FAIR and Affiliates considers all checking accounts, demand deposits and money market accounts to be cash and cash equivalents.

Investments

Investments are recorded in the accompanying consolidated financial statements at fair value and consist of mutual and exchange-traded funds, fixed-income securities, and common stocks. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Unrealized gains or losses are determined by a comparison of the fair value at the beginning and end of the reporting period.

Fair Value Measurement

Accounting standards define fair value and establish a framework for measuring fair value for those assets and liabilities that are measured at fair value on a recurring basis. In accordance with the fair value measurement standards, FAIR and Affiliates has categorized its applicable

FEDERATION FOR AMERICAN IMMIGRATION REFORM AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurement (continued)

financial instruments into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the fair value hierarchy, the categorization is based upon the lowest-level input that is significant to the fair value measurement of the instrument. The applicable financial assets and liabilities are categorized below based on the inputs to the valuation techniques as follows:

Level 1 – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

As of and for the year ended December 31, 2018, only FAIR and Affiliates' investments, as described in Note 4 of these consolidated financial statements, were measured at fair value on a recurring basis.

Property and Equipment and Related Depreciation and Amortization

Property and equipment consist of office furniture and equipment, leasehold improvements and website costs and are recorded at cost. Office furniture and equipment are depreciated over their estimated useful lives of five years using the straight-line method. Website costs are amortized over their estimated useful lives of five years using the straight-line method. Leasehold improvements are amortized over the lesser of the remaining office lease term or the estimated useful lives of the improvements. Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred. Property and equipment with an acquisition value of \$500 or more and an economic life in excess of one year are capitalized. Upon the retirement or disposal of the assets, the cost and accumulated depreciation or amortization are eliminated from the respective accounts, and the resulting gain or loss is included in operating revenue and support or expenses in the accompanying consolidated statement of activities.

Net Assets

FAIR and Affiliates' net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for support of FAIR and Affiliates' operations as follows:

Undesignated net assets – represent resources that are to be used for the general operations of FAIR and Affiliates.

FEDERATION FOR AMERICAN IMMIGRATION REFORM AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

1. Organization and Summary of Significant Accounting Policies (continued)

Net Assets (continued)

Board-designated reserves – represent net assets without donor restriction that have been designated by the Board of Directors as operating reserves and can only be expended by action of the Board of Directors.

Board-designated quasi-endowment – represents an endowment fund established by the Board of Directors for all bequests without donor restriction contributed to FAIR and Affiliates. Investment income earned by this fund is reinvested within the fund.

- Net assets with donor restrictions represent the funds that are specifically restricted by donors for use in various programs or for use in future periods. They also represent endowment funds requiring that the gift be held in perpetuity, such that only the investment earnings can be expended by FAIR and Affiliates.

Revenue Recognition

FAIR and Affiliates recognizes revenue from grants, contributions and bequests in the year in which the promise to give becomes unconditional. Grants and contributions are recorded with donor restrictions if those grants and contributions are received with donor or grantor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is met (i.e., funds are spent or released based on spending policy), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statement of activities as net assets released from restrictions.

Definition of Operations

Income from investments, including realized gains and losses on investment transactions, is considered to be revenue generated from operations. Unrealized gains or losses recognized from the change in the fair value of investments are not considered to be from operations until such time as those gains or losses are realized through investment sale transactions.

Functional Allocation of Expenses

The costs of providing programs and activities have been summarized on a functional basis in the accompanying consolidated statement of functional expenses. Expenses directly attributed to specific functional areas are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas have been allocated among the various areas in proportion to allocated salaries (program area allocation) or the amount of time spent on a particular program to total time spent by employees on all activities (office overhead allocation). Shared costs include salaries and employee benefits, as well as overhead expenses, including rent, utilities and telephone, depreciation and amortization, accounting and computer services, insurance, meetings, office expenses, printing, bank charges, and taxes.

FEDERATION FOR AMERICAN IMMIGRATION REFORM AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

1. Organization and Summary of Significant Accounting Policies (continued)

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Accounting Pronouncement Adopted

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-04, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. FAIR and Affiliates has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented. The major changes of the ASU affecting FAIR and Affiliates include (a) requiring the representation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”; (b) requiring the disclosure of qualitative and quantitative information regarding the liquidity and availability of resources; and (c) requiring presentation of investment return net of external and direct internal investment expenses.

2. Grants Receivable

As of December 31, 2018, grants receivable were expected to be collected as follows:

Due in less than 1 year	\$ 11,000,000
Due in 1 to 5 years	<u>1,000,000</u>
Total Grants Receivable	12,000,000
Less: Discount to Present Value (2.4%)	<u>(23,437)</u>
Grants Receivable, Net	<u>\$ 11,976,563</u>

All amounts were deemed to be fully collectible as of December 31, 2018.

3. Investments

Investments, at fair value, consisted of the following at December 31, 2018:

Common stocks	\$ 7,808,428
Fixed-income securities	10,342,355
Mutual and exchange-traded funds	<u>2,599,578</u>
Total Investments	<u>\$ 20,750,361</u>

Continued

FEDERATION FOR AMERICAN IMMIGRATION REFORM AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

3. Investments (continued)

For the year ended December 31, 2018, investment income consisted of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Investment income, net	\$ 443,661	\$ 50,716	\$ 494,377
Unrealized losses	<u>(1,345,668)</u>	<u>(391,674)</u>	<u>(1,737,342)</u>
Total	<u>\$ (902,007)</u>	<u>\$ (340,958)</u>	<u>\$ (1,242,965)</u>

4. Fair Value Measurement

The following table summarizes FAIR and Affiliates' assets measured at fair value on a recurring basis as of December 31, 2018:

	<u>Total Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets:				
Investments:				
Common stocks:				
Telecommunications	\$ 1,240,052	\$ 1,240,052	\$ -	\$ -
Financials	1,235,331	1,235,331	-	-
Consumer discretionary	1,083,324	1,083,324	-	-
Healthcare sector	1,062,294	1,062,294	-	-
Information technology	977,880	977,880	-	-
Utilities	709,624	709,624	-	-
Energy	463,067	463,067	-	-
Industry sector	421,552	421,552	-	-
Consumer staples	393,016	393,016	-	-
Materials	<u>222,288</u>	<u>222,288</u>	-	-
Total Common Stocks	<u>7,808,428</u>	<u>7,808,428</u>	-	-
Fixed-income securities:				
Corporate bonds	<u>10,342,355</u>	-	<u>10,342,355</u>	-
Total Fixed-Income Securities	<u>10,342,355</u>	-	<u>10,342,355</u>	-

Continued

FEDERATION FOR AMERICAN IMMIGRATION REFORM AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

4. Fair Value Measurement (continued)

<i>(continued)</i>	<u>Total Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets: (continued)				
Investments: (continued)				
Mutual and exchange- traded funds:				
Fixed-income:				
US Treasury Bond	\$ 263,085	\$ 263,085	\$ -	\$ -
Alternatives	978,949	978,949	-	-
Equities:				
Large value	621,768	621,768	-	-
Large blend	224,644	224,644	-	-
Emerging markets	222,846	222,846	-	-
Medium growth	123,558	123,558	-	-
Medium value	112,180	112,180	-	-
Large growth	38,798	38,798	-	-
Small value	<u>13,750</u>	<u>13,750</u>	<u>-</u>	<u>-</u>
Total Mutual and Exchange- Traded Funds	<u>2,599,578</u>	<u>2,599,578</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 20,750,361</u>	<u>\$ 10,408,006</u>	<u>\$ 10,342,355</u>	<u>\$ -</u>

FAIR and Affiliates used the following methods and significant assumptions to estimate fair value for assets and liabilities recorded at fair value:

Common stocks – Valued at the closing price reported in the active market in which the individual stocks are traded.

Fixed-income securities – Valued based on current yields, the securities' terms and conditions, and market activity. Information used includes market sources, credit information, observed market movement and sector news.

Mutual and exchange-traded funds – Valued at net asset value at the closing price reported in the active market in which the mutual and exchange-traded funds are traded.

Continued

FEDERATION FOR AMERICAN IMMIGRATION REFORM AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

5. Property and Equipment and Accumulated Depreciation and Amortization

FAIR and Affiliates held the following property and equipment as of December 31, 2018:

Leasehold improvements	\$ 2,101,251
Office furniture and equipment	321,633
Website costs	<u>113,104</u>
Total Property and Equipment	2,535,988
Less: Accumulated Depreciation and Amortization	<u>(1,506,374)</u>
Property and Equipment, Net	<u>\$ 1,029,614</u>

For the year ended December 31, 2018, depreciation and amortization expense totaled \$207,941.

6. Commitments and Risks

Office Lease

FAIR leases office space under a noncancelable operating lease for its Washington, D.C., office. On March 22, 2017, FAIR amended its existing office space lease, extending the lease term by 11 years with a new expiration date of December 2028. The lease agreement contains a fixed escalation clause for increases in the annual minimum rent at a rate of 2.5% per year along with certain incentives consisting of rent abatements and improvement allowances. FAIR will also be required to pay for its proportionate share of operating expenses and real estate taxes.

Under GAAP, all lease incentives and fixed rent increases are recognized on a straight-line basis over the term of the lease. The difference between this expense and the required lease payments is reflected as deferred rent and lease incentive liabilities in the accompanying consolidated statement of financial position.

The total future minimum rental payments required under the lease agreement are as follows:

For the Year Ending <u>December 31,</u>	
2019	\$ 593,863
2020	608,568
2021	623,868
2022	639,465
2023	655,359
Thereafter	<u>3,531,390</u>
Total	<u>\$ 6,652,513</u>

Continued

FEDERATION FOR AMERICAN IMMIGRATION REFORM AND AFFILIATES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

6. Commitments and Risks (continued)

Office Lease (continued)

Rent expense totaled \$502,667 for the year ended December 31, 2018, and is included in the accompanying consolidated statement of functional expenses.

Concentration of Risk

Concentration of Credit Risk

FAIR and Affiliates maintains its cash and cash equivalents with certain commercial financial institutions, which aggregate balances may exceed, at times, the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of December 31, 2018, FAIR and Affiliates had approximately \$7,307,000 composed of demand deposits, which exceeded the maximum limit insured by the FDIC by approximately \$6,505,000. FAIR and Affiliates monitors the creditworthiness of these institutions and has not experienced any historical credit losses on its cash and cash equivalents.

FAIR and Affiliates also invests in various investment securities that are exposed to various risks, including market, interest rate and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated financial statements.

Concentration of Revenue

During the year ended December 31, 2018, FAIR and Affiliates received \$11,081,770 in grants and contributions from five donors. Grants and contributions from the five donors represented approximately 82% of the total operating revenue and support recognized by FAIR and Affiliates for the year ended December 31, 2018. If a significant reduction in funding from these grantors were to occur, it might adversely impact FAIR and Affiliates' financial position and ability to carry out its program activities.

7. Board-Designated Reserve

The Boards of Directors of FAIR and IRLI have adopted resolutions to designate certain net assets as reserve funds. These funds can be drawn upon to fund FAIR's and IRLI's operations in time of need, as approved by their Boards of Directors. In accordance with these resolutions, FAIR and IRLI transfer funds from general operations to the board-designated reserve fund in an amount equal to 5% of all contributions without donor restrictions that are greater than \$50,000 and \$20,000, respectively. All investment income accumulates in the funds. FAIR's and IRLI's board-designated reserve net asset balances totaled \$4,309,286 and \$792,700, respectively, as of December 31, 2018.

FAIR's Board of Directors has authorized a \$100,000 revolving line of credit against the board-designated reserve funds that is intended to allow FAIR's management to bridge shortfalls in operating revenue without the Board of Directors' approval. Any borrowings from the reserve fund in excess of \$100,000 require approval from FAIR's Board of Directors. There were no borrowings or repayments during the year ended December 31, 2018, and there was no outstanding balance as of December 31, 2018.

Continued

FEDERATION FOR AMERICAN IMMIGRATION REFORM AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

8. Net Assets

Without Donor Restrictions

Net assets without donor restrictions that remained as of December 31, 2018, were made up of the following balances:

Undesignated	<u>\$ 8,799,832</u>
Board-designated	
Reserve fund	5,101,986
Swensrud Memorial Endowment fund	<u>8,651,133</u>
Total Board-Designated	<u>13,753,119</u>
Total Net Assets Without Donor Restrictions	<u>\$ 22,552,951</u>

With Donor Restrictions

Net assets with donor restrictions that remained as of December 31, 2018, were available for the following purposes or period:

Subject to expenditure for specified purpose:

Public education	\$ 1,005,418
Swensrud Memorial Internship program	<u>121,281</u>
Total Purpose-Restricted	<u>1,126,699</u>

Subject to occurrence of passage of time:

General operating support for future periods	11,976,563
Time-restricted for board appropriation	<u>672,738</u>
Total Time-Restricted	<u>12,649,301</u>

Subject to be held in perpetuity:

Swensrud Endowment Fund	<u>2,531,324</u>
Total Net Assets With Donor Restrictions	<u>\$ 16,307,324</u>

9. Endowment Funds

FAIR's Board of Directors has interpreted the District of Columbia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, FAIR classifies as perpetual endowment funds (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the

Continued

FEDERATION FOR AMERICAN IMMIGRATION REFORM AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

9. Endowment Funds (continued)

donor-restricted endowment fund that is not classified in perpetual endowment funds is classified as net assets with donor-imposed purpose restrictions until those amounts are appropriated for expenditure by FAIR in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, FAIR considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the funds.
- The purposes of FAIR and the donor-restricted endowment funds.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of FAIR.
- The investment policies of FAIR.

Return Objectives and Risk Parameters

FAIR has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that FAIR must hold in perpetuity or for donor-specified periods, as well as board-designated funds. Under these policies, as approved by the Board of Directors, the endowment assets are invested in funds to achieve growth in principal value and income over time sufficient to preserve or increase the purchasing power of the funds, thus protecting the funds against inflation. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

To satisfy FAIR's long-term rate-of-return objectives, FAIR relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). FAIR's current asset allocation for board-designated and endowment funds targets a composition of 30% fixed income (with a range of 20-50%), 10% money market funds (with a range of 0-15%) and 60% stocks (with a range of 20-65%).

Spending Policy and How the Investment Objectives Relate to Spending Policy

Excluding the Swensrud Memorial Internship Fund, FAIR's endowment spending policy takes the average combined value of the endowment fund during the previous 10 quarters, and calculates 5% annually of the rolling amount for release into current operations. Expenditures from the Swensrud Memorial Internship Fund are released from restrictions as the scholarships are awarded, in accordance with donor stipulations. If an endowment fund has a deficiency, the Board of Directors has the discretion to forgo any appropriation from that fund until the fund deficiency is replenished. In establishing this policy, FAIR considered the long-term expected return on its endowment. This is consistent with FAIR's objective to maintain the purchasing power of the endowment assets for a specified term, as well as to provide additional real growth through investment returns.

FEDERATION FOR AMERICAN IMMIGRATION REFORM AND AFFILIATES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

9. Endowment Funds (continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the level that the donor or UPMIFA requires FAIR to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2018.

Composition and Activity of Endowment Funds by Net Asset Category

The endowment's net asset composition by type of fund is as follows as of December 31, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated funds	\$ 8,651,133	\$ -	\$ 8,651,133
Donor-restricted funds:			
Historical gift value	-	2,531,324	2,531,324
Appreciation	-	794,019	794,019
	<u>\$ 8,651,133</u>	<u>\$ 3,325,343</u>	<u>\$ 11,976,476</u>

Changes in endowment net assets are as follows for the year ended December 31, 2018:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, January 1, 2018	\$ 4,974,963	\$ 3,666,301	\$ 8,641,264
Investment loss, net	(670,105)	(340,958)	(1,011,063)
Contributions	4,756,770	-	4,756,770
Spending policy	<u>(410,495)</u>	<u>-</u>	<u>(410,495)</u>
Endowment Net Assets December 31, 2018	<u>\$ 8,651,133</u>	<u>\$ 3,325,343</u>	<u>\$ 11,976,476</u>

Net Assets With Donor Restrictions

Perpetual Endowment Funds

Swensrud Endowment Fund	\$ 2,427,571
Swensrud Memorial Internship Fund	<u>103,753</u>

The portion of perpetual endowment funds that is required to be retained permanently, either by explicit donor stipulation or by UPMIFA

\$ 2,531,324

FEDERATION FOR AMERICAN IMMIGRATION REFORM AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

9. Endowment Funds (continued)

Net Assets With Donor Restrictions (continued)

Endowment Funds With Donor-Imposed Purpose Restrictions

The portion of endowment funds subject to a purpose restriction under UPMIFA:

With purpose restriction	\$ 121,281
Funds awaiting board appropriation	<u>672,738</u>
Total Endowment Funds With Donor-Imposed Purpose Restrictions	<u>\$ 794,019</u>

10. Savings Plans

FAIR sponsors a contributory tax-deferred savings plan for eligible employees whereby FAIR matches contributions for employees who meet certain length of service requirements. Under the terms of the plan, FAIR matches participants' contributions on a one-for-one basis up to a maximum of 2.5% of the gross salaries for employees who have one to three years of eligible service. After an employee reaches three years of eligible service, FAIR's contribution increases to a maximum of 5%, and after five years of service, a maximum of 7.5%. All eligible employees must contribute a minimum of 2.5% of their gross salaries in order to participate in the employer match. FAIR and Affiliates' plan contributions totaled \$147,306 for the year ended December 31, 2018, and are included in employee benefits and payroll taxes in the accompanying consolidated statement of functional expenses.

FAIR has also established a deferred compensation plan for certain key employees. The deferred compensation plan is intended to be a nonqualified deferred compensation plan that is governed by Section 457(b) of the Internal Revenue Code (the IRC). FAIR's deferred compensation plan contributions totaled \$2,086 for the year ended December 31, 2018, and are included in employee benefits and payroll taxes in the accompanying consolidated statement of functional expenses. As of December 31, 2018, the deferred compensation plan assets and liabilities totaled \$43,917 and are included in other assets and accounts payable and accrued expenses, respectively, in the accompanying consolidated statement of financial position.

11. Allocation of Joint Costs

During the year ended December 31, 2018, FAIR and Affiliates incurred joint costs of \$564,787 for informational materials and activities, which included fundraising appeals. Of these costs, \$46,355 was allocated to fundraising expenses and \$518,432 was allocated to program service expenses in the accompanying consolidated statement of functional expenses.

FEDERATION FOR AMERICAN IMMIGRATION REFORM AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

12. Availability and Liquidity

FAIR and Affiliates' financial assets available within one year of the consolidated statements of financial position for general expenditure are as follows:

Financial assets available at year-end:	
Cash and cash equivalents, without donor or board restrictions	\$ 4,823,737
Grants receivable, due within one year, and without donor restrictions	11,000,000
Investments, without donor or board restrictions	<u>6,111,978</u>
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	<u>\$21,935,715</u>

FAIR and Affiliates' liquid assets have fluctuations during the year due to timing of contributions and as part of FAIR and Affiliates' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. As part of its liquidity plan, excess cash is invested in short-term, low-risk investments. In addition, FAIR's Board of Directors has authorized a \$100,000 revolving line of credit against the board-designated reserve funds that is intended to allow FAIR's management to bridge shortfalls in operating revenue which is described in Note 7 above, and it also has an endowment spending policy that allows for 5% annual release in the current year operations to fund general expenditures which is described in Note 9.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, FAIR and Affiliates considers all expenditures related to its ongoing activities of media advertising, public education, research and publications, lobbying, and public interest legal as well as the conduct of services undertaken to support those activities to be general expenditures. Investments related to executive deferred compensation are not included in the analysis as the principal and interest on these investments are solely for the executive, and therefore, not available to meet current operating needs.

13. Income Taxes

FAIR, FCTF and IRLI are exempt from the payment of income taxes under Sections 501(c)(3), 501(c)(4) and 501(c)(3) of the IRC, respectively. As such, these organizations are taxed only on their net unrelated business income. In addition, FAIR has filed an election under IRC Section 501(h), which permits FAIR to engage in a limited amount of legislative lobbying. No provision for income taxes has been made in the accompanying consolidated financial statements for the year ended December 31, 2018, as there was no significant net unrelated business income or excess lobbying expenditures.

FAIR and Affiliates adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB Accounting Standards Codification Topic 740, *Income Taxes*. FAIR and Affiliates performed an evaluation of uncertainty in income taxes for the year ended December 31, 2018, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status.

Continued

FEDERATION FOR AMERICAN IMMIGRATION REFORM AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

13. Income Taxes (continued)

As of December 31, 2018, the statute of limitations for tax years 2015 through 2017 remained open with the U.S. federal jurisdiction or the various states and local jurisdictions in which FAIR and Affiliates files tax returns; however, there are no examinations in progress. As of December 31, 2018, FAIR and Affiliates had no accruals for interest and/or penalties.

14. Prior Year Summarized Financial Information

The accompanying consolidated financial statements include certain prior year 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 GAAP. Accordingly, such information should be read in conjunction with FAIR and Affiliates' consolidated financial statements for the year ended December 31, 2017, from which the summarized information was derived.

15. Subsequent Events

In preparing these consolidated financial statements, FAIR and Affiliates has evaluated events and transactions, for potential recognition or disclosure, through June 5, 2019, the date the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

FEDERATION FOR AMERICAN IMMIGRATION REFORM AND AFFILIATES

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

December 31, 2018

	<u>FAIR</u>	<u>FCTF</u>	<u>IRLI</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS					
Current assets					
Cash and cash equivalents	\$ 4,893,599	\$ 37,443	\$ 2,349,308	\$ -	\$ 7,280,350
Grants receivable, current portion	10,000,000	-	1,000,000	-	11,000,000
Affiliate receivable	41,729	-	-	(41,729)	-
Prepaid expenses	<u>32,260</u>	<u>-</u>	<u>7,981</u>	<u>-</u>	<u>40,241</u>
Total Current Assets	14,967,588	37,443	3,357,289	(41,729)	18,320,591
Grants receivable, net of current portion	-	-	976,563	-	976,563
Investments	19,965,545	-	784,816	-	20,750,361
Property and equipment, net	1,017,357	-	12,257	-	1,029,614
Artwork collections	15,000	-	-	-	15,000
Other assets	57,917	-	1,600	-	59,517
Security deposits	<u>38,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,611</u>
TOTAL ASSETS	<u>\$ 36,062,018</u>	<u>\$ 37,443</u>	<u>\$ 5,132,525</u>	<u>\$ (41,729)</u>	<u>\$ 41,190,257</u>
LIABILITIES AND NET ASSETS					
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 580,711	\$ -	\$ 97,682	\$ -	\$ 678,393
Affiliate payable	-	1,650	40,079	(41,729)	-
Deferred rent and lease incentive liabilities, current portion	<u>85,605</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,605</u>
Total Current Liabilities	666,316	1,650	137,761	(41,729)	763,998
Deferred rent and lease incentive liabilities, net of current portion	<u>1,565,984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,565,984</u>
TOTAL LIABILITIES	<u>2,232,300</u>	<u>1,650</u>	<u>137,761</u>	<u>(41,729)</u>	<u>2,329,982</u>
Net Assets					
Without donor restrictions	19,498,957	35,793	3,018,201	-	22,552,951
With donor restrictions	<u>14,330,761</u>	<u>-</u>	<u>1,976,563</u>	<u>-</u>	<u>16,307,324</u>
TOTAL NET ASSETS	<u>33,829,718</u>	<u>35,793</u>	<u>4,994,764</u>	<u>-</u>	<u>38,860,275</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 36,062,018</u>	<u>\$ 37,443</u>	<u>\$ 5,132,525</u>	<u>\$ (41,729)</u>	<u>\$ 41,190,257</u>

See independent auditors' report on supplementary information.

FEDERATION FOR AMERICAN IMMIGRATION REFORM AND AFFILIATES

CONSOLIDATING SCHEDULE OF ACTIVITIES

For the Year Ended December 31, 2018

	<u>FAIR</u>	<u>FCTF</u>	<u>IRLI</u>	<u>Eliminations</u>	<u>Total</u>
OPERATING REVENUE AND SUPPORT					
Grants	\$ 5,858,987	\$ 1,010	\$ 1,330,790	\$ -	\$ 7,190,787
Contributions and bequests	5,582,880	500	-	-	5,583,380
Investment income	419,530	39	74,808	-	494,377
Online marketing	74,129	-	-	-	74,129
Royalty income	16,901	-	-	-	16,901
Other income	119,304	-	159,242	(65,764)	212,782
	<u>12,071,731</u>	<u>1,549</u>	<u>1,564,840</u>	<u>(65,764)</u>	<u>13,572,356</u>
TOTAL OPERATING REVENUE AND SUPPORT					
	<u>12,071,731</u>	<u>1,549</u>	<u>1,564,840</u>	<u>(65,764)</u>	<u>13,572,356</u>
EXPENSES					
Program Services:					
Media	3,006,740	-	-	-	3,006,740
Immigration Reform Law Institute (IRLI)	-	-	2,395,733	-	2,395,733
Public education	3,383,647	-	-	-	3,383,647
Government relations	1,020,670	-	-	-	1,020,670
Field	577,178	-	-	-	577,178
Research and publications	527,935	-	-	-	527,935
Membership education and service	350,579	-	-	-	350,579
Lobbying	328,295	-	-	-	328,295
Public interest legal	40,187	-	-	-	40,187
FAIR Congressional Task Force (FCTF)	-	4,320	-	-	4,320
	<u>9,235,231</u>	<u>4,320</u>	<u>2,395,733</u>	<u>-</u>	<u>11,635,284</u>
Total Program Services					
	<u>9,235,231</u>	<u>4,320</u>	<u>2,395,733</u>	<u>-</u>	<u>11,635,284</u>
Supporting Services:					
Management and general	1,230,090	1,103	191,365	(65,764)	1,356,794
Fundraising	383,011	-	-	-	383,011
	<u>1,613,101</u>	<u>1,103</u>	<u>191,365</u>	<u>(65,764)</u>	<u>1,739,805</u>
Total Supporting Services					
	<u>1,613,101</u>	<u>1,103</u>	<u>191,365</u>	<u>(65,764)</u>	<u>1,739,805</u>
TOTAL EXPENSES	<u>10,848,332</u>	<u>5,423</u>	<u>2,587,098</u>	<u>(65,764)</u>	<u>13,375,089</u>
Change in net assets before unrealized loss on investments	1,223,399	(3,874)	(1,022,258)	-	197,267
NONOPERATING LOSS					
Unrealized loss on investments	(1,621,967)	-	(115,375)	-	(1,737,342)
CHANGE IN NET ASSETS	(398,568)	(3,874)	(1,137,633)	-	(1,540,075)
NET ASSETS, BEGINNING OF YEAR	<u>34,228,286</u>	<u>39,667</u>	<u>6,132,397</u>	<u>-</u>	<u>40,400,350</u>
NET ASSETS, END OF YEAR	<u>\$ 33,829,718</u>	<u>\$ 35,793</u>	<u>\$ 4,994,764</u>	<u>\$ -</u>	<u>\$ 38,860,275</u>

See independent auditors' report on supplementary information.