

**IMMIGRANT LAW CENTER
OF MINNESOTA, INC.**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Immigrant Law Center of Minnesota, Inc.
Minneapolis, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Immigrant Law Center of Minnesota, Inc., which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expense, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Immigrant Law Center of Minnesota, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Immigrant Law Center of Minnesota, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Immigrant Law Center of Minnesota, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

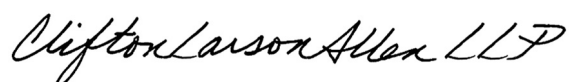
Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Immigrant Law Center of Minnesota, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Immigrant Law Center of Minnesota, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 11, 2024

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 924,170	\$ 2,639,050
Prepays	12,326	29,767
Accounts Receivable	4,647	21,945
Grants Receivable	469,436	380,366
Certificates of Deposit	1,310,975	-
Total Current Assets	2,721,554	3,071,128
RIGHT-OF-USE ASSET - OPERATING	105,135	84,508
FURNITURE AND EQUIPMENT, NET	74,116	81,972
Total Assets	\$ 2,900,805	\$ 3,237,608
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 40,469	\$ 80,730
Accrued Payroll	16,998	26,882
Deferred Revenue	19,000	49,187
Notes Payable, Current	40,366	34,828
Lease Liability, Current	102,540	92,293
Total Current Liabilities	219,373	283,920
LONG-TERM NOTES PAYABLE, NET OF CURRENT PORTION	187,306	265,172
LEASE LIABILITY, NET OF CURRENT PORTION	20,043	21,173
Total Liabilities	426,722	570,265
NET ASSETS		
Without Donor Restrictions:		
Equity in Fixed Assets	74,116	81,972
Board-Designated Replacement Reserve	67,096	55,540
Board-Designated Investment in Technology Reserve	15,246	1,802
Board-Designated Operating Reserve	2,075,338	2,171,692
Total Without Donor Restrictions	2,231,796	2,311,006
With Donor Restrictions	242,287	356,337
Total Net Assets	2,474,083	2,667,343
Total Liabilities and Net Assets	\$ 2,900,805	\$ 3,237,608

See accompanying Notes to Financial Statements.

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support:			
Contributions	\$ 1,174,527	\$ 301,997	\$ 1,476,524
Contributed Nonfinancial Assets	889,417	-	889,417
Government Grants and Contracts	1,473,758	-	1,473,758
Total Support	3,537,702	301,997	3,839,699
Revenue:			
Events/Annual Banquet	93,951	-	93,951
Loan Forgiveness	37,500	-	37,500
Miscellaneous	22,302	-	22,302
Total Revenue	153,753	-	153,753
Net Assets Released from Restrictions	416,047	(416,047)	-
Total Support and Revenue	4,107,502	(114,050)	3,993,452
EXPENSE			
Program Services:			
Legal Assistance	3,143,225	-	3,143,225
Community Education	164,303	-	164,303
Total Program Services	3,307,528	-	3,307,528
Support Services:			
Management and General	458,690	-	458,690
Fundraising	420,494	-	420,494
Total Support Services	879,184	-	879,184
Total Expense	4,186,712	-	4,186,712
CHANGES IN NET ASSETS	(79,210)	(114,050)	(193,260)
Net Assets – Beginning of Year	2,311,006	356,337	2,667,343
NET ASSETS – END OF YEAR	\$ 2,231,796	\$ 242,287	\$ 2,474,083

See accompanying Notes to Financial Statements.

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Support:			
Contributions	\$ 1,375,810	\$ 293,333	\$ 1,669,143
Contributed Nonfinancial Assets	620,394	-	620,394
Government Grants and Contracts	893,019	-	893,019
Total Support	<u>2,889,223</u>	<u>293,333</u>	<u>3,182,556</u>
Revenue:			
Other Contracts	6,000	-	6,000
Earned Income	64	-	64
Events/Annual Banquet	4,532	-	4,532
Miscellaneous	6,815	-	6,815
Total Revenue	<u>17,411</u>	<u>-</u>	<u>17,411</u>
Net Assets Released from Restrictions	<u>270,733</u>	<u>(270,733)</u>	<u>-</u>
Total Support and Revenue	3,177,367	22,600	3,199,967
EXPENSE			
Program Services:			
Legal Assistance	2,541,555	-	2,541,555
Community Education	109,865	-	109,865
Total Program Services	<u>2,651,420</u>	<u>-</u>	<u>2,651,420</u>
Support Services:			
Management and General	325,532	-	325,532
Fundraising	316,815	-	316,815
Total Support Services	<u>642,347</u>	<u>-</u>	<u>642,347</u>
Total Expense	<u>3,293,767</u>	<u>-</u>	<u>3,293,767</u>
CHANGES IN NET ASSETS	(116,400)	22,600	(93,800)
Net Assets - Beginning of Year	<u>2,427,406</u>	<u>333,737</u>	<u>2,761,143</u>
NET ASSETS - END OF YEAR	<u>\$ 2,311,006</u>	<u>\$ 356,337</u>	<u>\$ 2,667,343</u>

See accompanying Notes to Financial Statements.

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED DECEMBER 31, 2023

	Program Services			Management and General	Fundraising	Total All Services
	Legal Assistance	Community Education	Total Program Services			
Personnel:						
Salaries and Taxes	\$ 1,530,047	\$ 133,003	\$ 1,663,050	\$ 224,879	\$ 295,947	\$ 2,183,876
Benefits	248,199	9,159	257,358	41,269	29,848	328,475
Total Personnel	<u>1,778,246</u>	<u>142,162</u>	<u>1,920,408</u>	<u>266,148</u>	<u>325,795</u>	<u>2,512,351</u>
Insurance	7,532	192	7,724	787	641	9,152
Malpractice Insurance	8,220	-	8,220	-	-	8,220
Donated Goods and Services	889,417	-	889,417	-	-	889,417
Contracted Services	114,757	13,490	128,247	170,577	14,041	312,865
Office Rent	94,147	1,633	95,780	6,174	5,492	107,446
Equipment, Repairs, and Maintenance	2,350	60	2,410	246	200	2,856
Telephone	21,119	967	22,086	1,784	1,453	25,323
Supplies	10,871	456	11,327	1,257	4,664	17,248
Postage	12,754	40	12,794	1,995	-	14,789
Printing	857	55	912	423	19	1,354
Subscriptions and Dues	41,099	3,119	44,218	2,548	2,381	49,147
Staff Travel and Development	22,087	477	22,564	2,218	1,369	26,151
Litigation/Research	86,506	-	86,506	-	-	86,506
Meetings/Outreach	-	7	7	574	4,526	5,107
Training Presentations	3,714	-	3,714	-	-	3,714
Special Events	-	250	250	-	46,381	46,631
Miscellaneous	27,533	833	28,366	1,658	11,659	41,683
Total Expense before Depreciation	<u>3,121,209</u>	<u>163,741</u>	<u>3,284,950</u>	<u>456,389</u>	<u>418,621</u>	<u>4,159,960</u>
Depreciation and Amortization	22,016	562	22,578	2,301	1,873	26,752
Total Expense	<u>\$ 3,143,225</u>	<u>\$ 164,303</u>	<u>\$ 3,307,528</u>	<u>\$ 458,690</u>	<u>\$ 420,494</u>	<u>\$ 4,186,712</u>

See accompanying Notes to Financial Statements.

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED DECEMBER 31, 2022

	Program Services			Management and General	Fundraising	Total All Services
	Legal Assistance	Community Education	Total Program Services			
Personnel:						
Salaries and Taxes	\$ 1,284,761	\$ 75,859	\$ 1,360,620	\$ 153,672	\$ 255,183	\$ 1,769,475
Benefits	215,224	10,713	225,937	16,369	26,256	268,562
Total Personnel	<u>1,499,985</u>	<u>86,572</u>	<u>1,586,557</u>	<u>170,041</u>	<u>281,439</u>	<u>2,038,037</u>
Insurance	4,422	119	4,541	383	403	5,327
Malpractice Insurance	12,562	-	12,562	-	-	12,562
Donated Goods and Services	620,394	-	620,394	-	-	620,394
Contracted Services	89,877	11,021	100,898	140,157	5,164	246,219
Office Rent	98,334	2,071	100,405	4,546	6,378	111,329
Equipment, Repairs, and Maintenance	2,064	55	2,119	185	186	2,490
Telephone	23,228	592	23,820	1,625	1,969	27,414
Supplies	19,037	396	19,433	706	1,661	21,800
Postage	12,497	37	12,534	1,657	230	14,421
Printing	2,225	1,055	3,280	1,096	2,979	7,355
Subscriptions and Dues	45,547	5,369	50,916	1,368	5,017	57,301
Staff Travel and Development	16,830	1,042	17,872	503	3,687	22,062
Litigation/Research	52,083	27	52,110	-	-	52,110
Meetings/Outreach	-	117	117	-	1,834	1,951
Training Presentations	6,198	-	6,198	-	-	6,198
Special Events	-	-	-	-	1,825	1,825
Miscellaneous	15,097	817	15,914	1,471	2,100	19,485
Total Expense before Depreciation	<u>2,520,380</u>	<u>109,290</u>	<u>2,629,670</u>	<u>323,738</u>	<u>314,872</u>	<u>3,268,280</u>
Depreciation	21,175	575	21,750	1,794	1,943	25,487
Total Expense	<u>\$ 2,541,555</u>	<u>\$ 109,865</u>	<u>\$ 2,651,420</u>	<u>\$ 325,532</u>	<u>\$ 316,815</u>	<u>\$ 3,293,767</u>

See accompanying Notes to Financial Statements.

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ (193,260)	\$ (93,800)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	26,752	25,487
Loan Forgiveness	(37,500)	-
Noncash Addition of ROU Asset	(108,043)	(159,557)
Change in Current Assets and Liabilities:		
(Increase) Decrease in Assets:		
Prepays	17,441	(9,763)
Receivables	(71,772)	132,692
Increase (Decrease) in Liabilities:		
Accounts Payable	(40,261)	18,609
Deferred Revenue	(30,187)	7,575
Accrued Vacation and Payroll	(9,884)	(7,655)
Deferred Rent	-	(7,448)
Lease Liability	103,013	166,510
Net Cash Provided (Used) by Operating Activities	(343,701)	72,650
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Furniture and Equipment	(18,896)	(32,059)
Purchase of Certificates of Deposit	(1,310,975)	-
Net Cash Used by Financing Activities	(1,329,871)	(32,059)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long-Term Debt	-	300,000
Payments on Long-Term Debt	(34,828)	-
Payments on Financing Lease	(6,480)	(6,480)
Net Cash Provided (Used) by Financing Activities	(41,308)	293,520
 NET INCREASE (DECREASE) IN CASH	(1,714,880)	334,111
Cash - Beginning of Year	2,639,050	2,304,939
 CASH - END OF YEAR	\$ 924,170	\$ 2,639,050
 SUPPLEMENTAL DISCLOSURES OF NONCASH FINANCING AND INVESTING TRANSACTIONS		
Noncash Donated Goods and Services	\$ 889,417	\$ 860,227

See accompanying Notes to Financial Statements.

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Purpose

Brief Summary of Organization History

Immigrant Law Center of Minnesota, Inc.'s (ILCM or the Organization) mission is to enhance opportunities for immigrants and refugees through legal representation for low-income individuals, and through education and advocacy with diverse communities.

Specifically, ILCM aims to:

- Remedy legal problems by providing quality immigration legal services to low-income immigrants and refugees of all nationalities;
- Prevent legal problems by providing law-related education to immigrants and refugees of all nationalities;
- Raise public awareness of immigration issues to encourage sound public policy that protects the universal human rights of immigrants and is both compassionate and practical.

ILCM was founded in St. Paul in 1976, but became a standalone nonprofit organization in 1996 due to restrictions placed upon some federal funding for legal aid. To this day, ILCM refuses to accept funding that limits our organization's ability to serve clients without legal status. We are currently the only organization in Minnesota that offers free immigration legal services to immigrants and refugees of all nationalities at offices across the state, regardless of legal status and case type. ILCM's legal programming includes direct legal representation as well as brief advice and services. In addition to legal services, ILCM is also one of the state's most trusted providers of immigration law-related education and is a local leader in the drive to promote compassionate and fair immigration reform.

Brief Description of Current Programs and Service Statistics

Programs and Activities: ILCM provides both direct legal representation and brief advice and service on three levels. ILCM assists persons with applications for benefits to the U.S. Citizenship and Immigration Service (USCIS). ILCM also represents persons in immigration court and in the appeal process before the Board of Immigration Appeals (BIA) and federal courts.

General Legal Services

The Immigrant Law Center of Minnesota (ILCM) provides brief legal advice, referrals, and representation in a variety of immigration matters to support immigrants and refugees in achieving security, opportunity and prosperity. Immigration matters handled include applications for Temporary Protected Status (TPS); Deferred Action for Childhood Arrivals (DACA) renewals; Special Immigrant Juvenile Status (SIJS) for abused and neglected children; U and T visas and Violence Against Women Act (VAWA) protection for survivors of domestic violence and other serious crimes; green cards; citizenship, and defenses against deportation. In 2023 ILCM worked on 3,033 cases.

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization Purpose (Continued)

Dreamers Project

This project provides legal representation and outreach for current recipients of the Deferred Action for Childhood Arrivals (DACA) program who are eligible to renew their DACA status. DACA was established in August 2012, and there have been efforts to eliminate the program since 2017. Currently, initial applications cannot be filed. The project supports DACA holders with renewing their status, which confers employment authorization and protection from deportation.

Temporary Protected Status Project:

This project provides representation for individuals from countries granted TPS from the Secretary of the Department of Homeland Security (DHS). TPS is a temporary immigration status for individuals who are unable to return home safely due to civil war, natural disaster, or other conditions or circumstances preventing their return to their home country. During the designated TPS period, TPS holders cannot be deported from the United States and cannot be detained by DHS on the basis of their immigration status. TPS holders are eligible for an employment authorization document (EAD) and for travel authorization.

New Beginnings Project

This project supports immigrant survivors of domestic violence or other serious crimes and unaccompanied children who have been abused, abandoned, or neglected to obtain lawful status, thereby gaining the personal and economic self-sufficiency needed to escape the cycle of violence. The project works closely with social service organizations and law enforcement to provide comprehensive support to these clients.

Refugee Services Project

This project supports refugees, asylees, Ukrainian parolees, and Afghan parolees and Special Immigrant Visa holders in applying for employment authorization, lawful permanent resident status and replacement of green cards, and citizenship. In providing these services, the project collaborates with refugee resettlement and community organizations across Minnesota.

Citizenship Project

This project focuses on increasing the number of lawful permanent residents in Minnesota who apply for and obtain United States citizenship. The project also builds collaborations across sectors to promote the importance of citizenship in increasing civic engagement and strengthening communities.

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization Purpose (Continued)

Brief Description of Current Programs and Service Statistics (Continued)

Community Defense Project

This project responds to the evolving need for deportation defense to keep families together. The project provides advice and brief service to detainees in custody, represents detained and non-detained clients who qualify for asylum or other protections against deportation, and presents appeals to defend the constitutionally guaranteed fundamental liberties of immigrants. The project also supports impact litigation that protects and advances the civil rights of immigrants through a partnership with the University of Minnesota, nonprofits, and private law firms.

Rural Immigration Project

This project provides legal representation and education to immigrants and their families living in Greater Minnesota. This project focuses on providing services in the areas of Minnesota where the highest immigrant and refugee populations reside and immigration legal services are least available. Services are based out of satellite offices in Austin, Moorhead, and Worthington. Almost 20% of ILCM's 2023 cases—550—were in Greater Minnesota.

North Dakota Immigration Project

ILCM also opened an office in Fargo, North Dakota in 2022 to provide services to refugees, asylees, and new arrivals from Afghanistan and Ukraine. This project focuses on applications for employment authorization, green cards, and citizenship. Since the Fargo Office opened in 2022, the project has worked on over 300 cases.

Pro Bono Project

This project increases ILCM's capacity to serve immigrant and refugee communities by recruiting, training, and supervising private attorneys, paralegals, and legal assistants to assist clients in becoming naturalized U.S. citizens and renewing their DACA status. Pro bono attorneys have also assisted in family reunification cases, deportation defense, impact litigation and appeals, and commenting on proposed regulations. In 2023, 70 pro bono attorneys reported a total of 2,654 hours of legal services to ILCM clients.

Education

ILCM complements its legal advice and representation services with quality education and training sessions, including Continuing Legal Education (CLE) sessions and community presentations on a variety of immigration-related subjects. Presentations are tailored to meet the needs of each individual group and provide accurate and up-to-date written materials where appropriate. In 2023, ILCM reached over 3,300 people through outreach activities. Participants in our education efforts included immigrants, judges, attorneys, advocates, and law enforcement. Much of ILCM's education efforts in 2023 centered around immigration legal developments, driver's licenses for all, and citizenship.

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization Purpose (Continued)

Brief Description of Current Programs and Service Statistics (Continued)

Advocacy Project

ILCM works at a systems-level to promote fair and just public policies that support immigrant and refugee communities. ILCM works directly with the immigrant community, immigrant advocates, nonprofits, business and civic leaders, law enforcement, and policymakers to increase awareness of the contributions and needs of immigrants and refugees and to advocate for welcoming policies at the local, state, and federal levels. In 2023, ILCM reached over 7,500 individuals through its action alert advocacy emails and countless others through press articles and radio and television appearances.

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting.

Financial Statement Presentation

Net assets and revenues, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions – Resources over which the board of directors has discretionary control.

With Donor Restrictions – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Organization, the passage of time or require that they be maintained in perpetuity by the Organization; generally, the donor of these assets permits the Organization to use all or part of the income earned and capital gains, if any, on related investments for general or specific purposes.

Revenue Recognition

The Organization recognizes contributions as revenue when they are received or unconditionally pledged. All contributions with donor-imposed restrictions are reported as increases in net assets with donor restrictions. When the restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

Donated Services

The Organization receives significant contributions of donated services and goods. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received.

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash

The Organization maintains its checking and savings accounts at two institutions. Balances are insured by the Federal Deposit Insurance Corporation up to certain limits, and by Securities Investor Protection Corporation (SIPC) Coverage of Client Securities and Cash for Organization accounts held at Morgan Stanley. At times during the year, cash in bank exceeded Federal Deposit Insurance Corporation insurable limits.

Grants, Contracts, and Accounts Receivable

Receivables are stated at net realizable value. Accordingly, no allowance for doubtful accounts has been provided as all receivables are considered collectible.

Furniture and Equipment

All furniture and equipment over \$500 is capitalized at cost. Contributed items are recorded at fair market value at date of donation. Donated assets are recorded at fair market value. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulation, contributions of furniture and equipment are recorded as unrestricted. All assets are depreciated on a straight-line basis over the estimated useful lives of the assets. The useful lives range from 3 to 7 years.

Certificates of Deposit

Certificates of deposit are recorded at fair value and have maturities of 12 months or less. All are classified as Level 1 based on the fair value measurements as noted below. Investment income is recorded as increases or decreases in net assets without donor restrictions unless its use is limited by donor-imposed restrictions or law.

Fair Value Measurement

The Organization categorizes its investments measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. 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 in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Investments valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (continued)

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Government Grants and Contracts

Government grants are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as grant advances. The organization was awarded cost-reimbursable grants of approximately \$2.8 million that have not yet been recognized at December 31, 2023. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

Functional Allocation of Expense

Expenses which are identifiable as a program expense or support service are directly allocated to that function. Salaries and related expenses are allocated based on management's best estimate of actual time spent by function. Office rent, and related office expenses are allocated by management's best estimate of employees' time spent by function. All other expenses are allocated based on the best estimates of management.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Tax Exempt Status

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code (IRC) and Minnesota statute. It has been classified as an organization that is not a private foundation under the IRC and charitable contributions by donors are tax deductible.

The Organization's tax returns are subject to review and examination by federal, state, and local authorities.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

ILCM leases office space and office equipment for general operations. The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liabilities on the statements of financial position.

ROU assets represent ILCM's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. ILCM has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 11, 2024, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY, AVAILABILITY OF RESOURCES, AND RESERVES MANAGEMENT

The Organization is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, ILCM must maintain sufficient resources to meet those responsibilities to its donors. That means that certain financial assets may not be available for general expenditures within one year. As part of ILCM's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization may invest cash in excess of daily requirements in various short-term investments, including certificate deposits and short-term treasury instruments. The board also establishes a liquidity reserve or an operating reserve, to ensure available funds that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside of the typical life cycle of converting financial assets to cash or settling financial liabilities. The finance committee of the board regularly reviews and recommends reserve policies to the full board for approval.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, are made up of the following:

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
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**NOTE 2 LIQUIDITY, AVAILABILITY OF RESOURCES, AND RESERVES MANAGEMENT
(CONTINUED)**

	2023	2022
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 924,170	\$ 2,639,050
Grants Receivable Due Within One Year	469,436	380,366
Accounts Receivable	4,647	21,945
Certificates of Deposit	1,310,975	-
Liquid Financial Assets Available to Meet General Expenditures Within One Year	2,709,228	3,041,361
Less: Those Unavailable for General Expenditures Within One Year, Due to Contractual or Donor-Imposed Time or Purpose Restrictions	(242,287)	(356,337)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 2,466,941	\$ 2,685,024

Per its financial policies, ILCM aims to maintain a minimum operating reserve between four months of operating costs (approximately \$1,099,232) and six months of operating costs (approximately \$1,648,849) based on the annual organizational budget, less noncash items such as depreciation. In light of economic uncertainty, including increases in case pending time and court delays, ILCM currently aims to hold a reserve above the four to six months of operating costs. As of December 31, 2023, the operating reserve consists of cash and cash equivalents and other current assets of \$2,102,304 (approximately 8 months).

NOTE 3 CONCENTRATIONS

In the year ended December 31, 2023, approximately 65% of the Organization's program service fees (government grants and contracts and other contracts) were from two entities.

In the year ended December 31, 2022, approximately 61% of the Organization's program service fees (government grants and contracts and other contracts) were from two entities.

NOTE 4 FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following at December 31:

	2023	2022
Property and Equipment:		
Computer Equipment	\$ 138,110	\$ 119,215
Furniture and Other Equipment	90,418	90,418
Leasehold Improvements	13,328	13,328
Total Property and Equipment	241,856	222,961
Less: Accumulated Depreciation	167,740	140,989
Property and Equipment, Net	\$ 74,116	\$ 81,972

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NOTE 5 LEASES

The Organization leases various office facilities and certain office equipment with various terms under long-term, noncancellable lease arrangements. ILCM entered into an operating lease agreement for office space in St. Paul, Minnesota, beginning February 1, 2019. The lease has a 60-month term with annually escalating lease payments through this term. During the year ended December 31, 2023, the lease was extended through January 31, 2025. In 2018, the Organization extended a lease for office space in Austin, Minnesota beginning November 1, 2018, with a term through June 30, 2022, and on a month-to-month basis thereafter. During the year ended December 31, 2023, the Organization signed a lease for a new office space in Austin effective June 1, 2023 for a term of 10 months which automatically renews each year unless canceled by either party. In addition, in 2020 the Organization signed a lease for office space in Moorhead, Minnesota beginning January 1, 2021 which has been extended through December 31, 2024. There is also a lease in place for office space in Worthington, Minnesota, on a month-to-month basis.

The Organization also entered into a financing lease for a copier in April 2021. This financing lease requires 63 monthly payments of approximately \$540 and the equipment is included in furniture and equipment.

The following table provides quantitative information concerning ILCM's leases for the year ended December 31, 2023:

	<u>2023</u>	<u>2022</u>
Lease Costs:		
Finance Lease Costs:		
Amortization of Right-of-Use Assets	\$ 6,247	\$ 6,247
Interest on Lease Liabilities	641	827
Operating Lease Costs	95,993	84,584
Short-Term Lease Costs	17,490	12,696
Total Lease Costs	<u>\$ 120,371</u>	<u>\$ 104,354</u>
Other Information:		
Operating Cash Flows from Financing Leases	\$ 641	\$ 927
Operating Cash Flows from Operating Leases	96,014	83,228
Financing Cash Flows from Financing Leases	5,839	5,653
Right-of-Use Assets Obtained in Exchange for New Financing Lease Liabilities	-	-
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	108,043	159,557
Weighted-Average Remaining Lease Term - Financing Leases	2.6 years	3.7 years
Weighted-Average Remaining Lease Term - Operating Leases	1.1 years	1.1 years
Weighted-Average Discount Rate - Financing Leases	3.25%	3.25%
Weighted-Average Discount Rate - Operating Leases	3.50%	3.50%

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
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NOTE 5 LEASES (CONTINUED)

IHCM classified the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2023, is as follows:

<u>Year Ending December 31,</u>	Operating Leases	Financing Leases
2024	\$ 98,321	\$ 6,480
2025	9,544	6,480
2026	-	4,320
Total Lease Payments	<u>107,865</u>	<u>17,280</u>
Less: Imputed Interest	(1,813)	(749)
Present Value of Lease Liabilities	<u>\$ 106,052</u>	<u>\$ 16,531</u>

NOTE 6 NOTES PAYABLE

On February 28, 2022, the Organization obtained a Capital Recovery Loan from Propel Nonprofits for \$300,000. The note has a six-month deferment period with no payments due and a 0% interest rate. Thereafter, the note has an interest rate of 3% per annum and a maturity date of February 29, 2028, with six interest-only payments due beginning September 30, 2022, and fixed monthly payments of \$4,100 due beginning March 31, 2023. If certain conditions and covenants of the loan agreement are met, up to \$75,000 of the original loan principal will be forgiven in equal portions at set dates of February 28, 2023 and February 28, 2024. During the year ended December 31, 2023, \$37,500 has been forgiven and is included in the statement of activities as loan forgiveness. The loan is secured by the property and accounts of the Organization. The proceeds of the loan were used to invest in the development function of the Organization.

Maturities of the note payable are as follows as of December 31:

<u>Year Ending December 31,</u>	Amount
2024	\$ 40,366
2025	45,433
2026	46,815
2027	46,970
2028	<u>10,588</u>
Subtotal Principal Payments	190,172
Forgivable Portion	37,500
Total	<u>\$ 227,672</u>

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.
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NOTE 7 NET ASSETS

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at December 31:

	2023	2022
Restricted to Purpose	\$ 219,087	\$ 293,137
Restricted to Time and Purpose	23,200	63,200
Total Restricted	\$ 242,287	\$ 356,337

Net Assets Released from Restrictions

The net assets released from restrictions during the years ended December 31, 2023 and 2022 consisted of both donor-restricted funds for the Organization’s core programs or time-restricted funds.

NOTE 8 CONTRIBUTED NONFINANCIAL ASSETS

The Organization records in-kind contributions at fair market value at the date of donation. Donated services are valued at \$24 up to \$598 per hour as of December 31, 2023 and 2022, determined by estimates of per hour rates for attorneys and other legal professionals in the metro area or invoiced rates provided by volunteer attorneys. All in-kind donated services are utilized for program activities of ILCM and all in-kind donated services are without donor-imposed restrictions. In-kind contributions, included in contributions on the statements of activities and in the related expenses on the statements of functional expenses, consist of the following for the years ended December 31:

	2023	2022
Donated Services	\$ 889,417	\$ 620,394
Total	\$ 889,417	\$ 620,394



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