

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

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**



CPAs | CONSULTANTS | WEALTH ADVISORS

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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, 2022 and 2021, 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, 2022 and 2021, 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.

#### **Change in Accounting Principle**

As discussed in Note 1 to the financial statements, in 2022 ILCM adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

#### **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 6, 2023

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 2,639,050	\$ 2,304,939
Prepays	29,767	20,004
Accounts Receivable	21,945	194,340
Grants Receivable	380,366	236,665
Pledges Receivable	-	103,998
Total Current Assets	3,071,128	2,859,946
<b>RIGHT-OF-USE ASSET - OPERATING</b>	84,508	-
<b>FURNITURE AND EQUIPMENT, NET</b>	81,972	75,400
Total Assets	\$ 3,237,608	\$ 2,935,346
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 80,730	\$ 62,121
Accrued Payroll	26,882	34,537
Deferred Revenue	49,187	41,612
Deferred Rent	-	7,448
Capital Lease Obligation, Current	-	4,536
Lease Liability, Current	92,293	-
Total Current Liabilities	249,092	150,254
<b>LONG-TERM NOTES PAYABLE</b>	300,000	-
<b>CAPITAL LEASE OBLIGATION, NET OF CURRENT PORTION</b>	-	23,949
<b>LEASE LIABILITY, NET OF CURRENT PORTION</b>	21,173	-
Total Liabilities	570,265	174,203
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Equity in Fixed Assets	81,972	75,400
Board-Designated Replacement Reserve	55,540	44,947
Board-Designated Investment in Technology Reserve	1,802	12,395
Board-Designated Initiatives Reserve	-	50,000
Board-Designated Operating Reserve	2,171,692	2,244,664
Total Without Donor Restrictions	2,311,006	2,427,406
With Donor Restrictions	356,337	333,737
Total Net Assets	2,667,343	2,761,143
Total Liabilities and Net Assets	\$ 3,237,608	\$ 2,935,346

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>
<b>SUPPORT AND REVENUE</b>			
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
<b>EXPENSE</b>			
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>
<b>CHANGES IN NET ASSETS</b>	(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>
<b>NET ASSETS – END OF YEAR</b>	<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 ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Support:			
Contributions	\$ 999,576	\$ 503,200	\$ 1,502,776
Contributed Nonfinancial Assets	1,118,632	-	1,118,632
Government Grants and Contracts	1,636,440	-	1,636,440
Total Support	<u>3,754,648</u>	<u>503,200</u>	<u>4,257,848</u>
Revenue:			
Other Contracts	-	-	-
Earned Income	1,500	-	1,500
Events/Annual Banquet	108,315	-	108,315
Miscellaneous	4,908	-	4,908
Total Revenue	<u>114,723</u>	<u>-</u>	<u>114,723</u>
Net Assets Released from Restrictions	<u>665,227</u>	<u>(665,227)</u>	<u>-</u>
Total Support and Revenue	4,534,598	(162,027)	4,372,571
<b>EXPENSE</b>			
Program Services:			
Legal Assistance	3,041,616	-	3,041,616
Community Education	98,576	-	98,576
Total Program Services	<u>3,140,192</u>	<u>-</u>	<u>3,140,192</u>
Support Services:			
Management and General	293,885	-	293,885
Fundraising	193,852	-	193,852
Total Support Services	<u>487,737</u>	<u>-</u>	<u>487,737</u>
Total Expense	<u>3,627,929</u>	<u>-</u>	<u>3,627,929</u>
<b>CHANGES IN NET ASSETS</b>	906,669	(162,027)	744,642
Net Assets - Beginning of Year	<u>1,520,737</u>	<u>495,764</u>	<u>2,016,501</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2,427,406</u>	<u>\$ 333,737</u>	<u>\$ 2,761,143</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	1,499,985	86,572	1,586,557	170,041	281,439	2,038,037
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	2,520,380	109,290	2,629,670	323,738	314,872	3,268,280
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.**  
**STATEMENT OF FUNCTIONAL EXPENSE**  
**YEAR ENDED DECEMBER 31, 2021**

	Program Services			Management and General	Fundraising	Total All Services
	Legal Assistance	Community Education	Total Program Services			
Personnel:						
Salaries and Taxes	\$ 1,258,014	\$ 69,049	\$ 1,327,063	\$ 138,443	\$ 137,979	\$ 1,603,485
Benefits	239,908	11,001	250,909	10,799	18,604	280,312
Total Personnel	1,497,922	80,050	1,577,972	149,242	156,583	1,883,797
Insurance	7,380	226	7,606	313	783	8,702
Malpractice Insurance	12,804	-	12,804	-	-	12,804
Donated Goods and Services	1,118,632	-	1,118,632	-	-	1,118,632
Contracted Services	86,041	8,670	94,711	129,701	9,506	233,918
Office Rent	94,336	2,106	96,442	2,916	7,291	106,649
Equipment, Repairs, and Maintenance	3,442	106	3,548	146	365	4,059
Telephone	21,035	583	21,618	801	1,959	24,378
Supplies	15,275	335	15,610	329	1,131	17,070
Postage	14,245	21	14,266	3,025	143	17,434
Printing	2,326	736	3,062	753	934	4,749
Subscriptions and Dues	26,884	4,458	31,342	1,091	4,772	37,205
Staff Travel and Development	6,795	115	6,910	349	504	7,763
Litigation/Research	101,912	-	101,912	100	-	102,012
Meetings/Outreach	312	48	360	825	645	1,830
Training Presentations	1,442	-	1,442	-	-	1,442
Special Events	139	-	139	750	7,140	8,029
Miscellaneous	11,005	518	11,523	2,708	6	14,237
Total Expense before Depreciation	3,021,927	97,972	3,119,899	293,049	191,762	3,604,710
Depreciation	19,689	604	20,293	836	2,090	23,219
Total Expense	<u>\$ 3,041,616</u>	<u>\$ 98,576</u>	<u>\$ 3,140,192</u>	<u>\$ 293,885</u>	<u>\$ 193,852</u>	<u>\$ 3,627,929</u>

See accompanying Notes to Financial Statements.

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ (93,800)	\$ 744,642
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	25,487	23,219
Loss on Disposal of Capital Lease	-	8,997
Loss on Disposal of Furniture and Equipment	-	5,675
Noncash Addition of Furniture and Equipment	-	(31,236)
Amortization of ROU Asset	75,049	-
Noncash Addition of ROU Asset	(159,557)	-
Change in Current Assets and Liabilities:		
(Increase) Decrease in Assets:		
Prepays	(9,763)	38,898
Receivables	132,692	(42,187)
Increase (Decrease) in Liabilities:		
Accounts Payable	18,609	(14,263)
Deferred Revenue	7,575	22,251
Accrued Vacation and Payroll	(7,655)	11,197
Deferred Rent	(7,448)	279
Lease Liability	91,461	-
Net Cash Provided by Operating Activities	72,650	767,472
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Furniture and Equipment	(32,059)	(35,282)
Proceeds from Sale of Furniture and Equipment	-	15,075
Net Cash Used by Financing Activities	(32,059)	(20,207)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Long-Term Debt	300,000	-
Payments on Financing Lease	(6,480)	(5,478)
Net Cash Provided (Used) by Financing Activities	293,520	(5,478)
<b>NET INCREASE IN CASH</b>	334,111	741,787
Cash - Beginning of Year	2,304,939	1,563,152
<b>CASH - END OF YEAR</b>	\$ 2,639,050	\$ 2,304,939
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH FINANCING AND INVESTING TRANSACTIONS</b>		
Assets Purchased through Capital Lease Obligation	\$ -	\$ 31,236
Noncash Donated Goods and Services	\$ 620,394	\$ 860,227

See accompanying Notes to Financial Statements.

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization Purpose**

***Brief Summary of Organization History***

Immigrant Law Center of Minnesota, Inc. (ILCM or the Organization) has been serving Minnesota's immigrants and refugees from its offices in St. Paul since 1976. ILCM began as Oficina Legal, a program of Southern Minnesota Regional Legal Services (SMRLS), a federally funded legal services agency. While still a program of SMRLS, ILCM was a pioneer in providing immigration-related legal services to low-income individuals. In 1996, ILCM became an independent organization when federal restrictions limited the types of clients that SMRLS could serve as a federally funded legal services program.

Since 1996, ILCM has provided free legal assistance to low-income families and individuals of all nationalities in immigration matters. Historically, ILCM provided comprehensive services to persons residing in the St. Paul metro area and the 33 counties in southern Minnesota. ILCM expanded its service area to the entire state of Minnesota in 2010. Today, ILCM offices are located in St. Paul, Moorhead, Austin, and Worthington, Minnesota. Additionally, in 2022, ILCM opened an office in Fargo, North Dakota to serve the needs of refugees, asylees, and parolees in North Dakota. For clients to qualify for most of ILCM's services, they must have an income equal to or less than 187.5% of the federal poverty guidelines, depending on family size.

ILCM's work is essential for strengthening immigrants and refugees' lives in Minnesota. Legal services programs throughout Minnesota, community organizations, and elected officials rely heavily on the expertise of ILCM staff. Without ILCM's services, hundreds of low-income immigrant families and individuals would have no assistance navigating a remarkably complex legal system. Our services help break down barriers and make meaningful improvements to immigrant families' lives, creating a pathway to a safe and sustainable future in Minnesota.

***Brief Summary of Mission and Goals***

The mission of the Immigrant Law Center of Minnesota is to enhance opportunities for immigrants and refugees through legal representation for low-income individuals, and through education and advocacy with diverse communities.

Consequently, ILCM's goals are to:

- Ensure safety for immigrants and their families through legal remedies that prevent crises, enhance stability, and improve long-term outcomes;
- Create opportunities for immigrants and refugees through improved legal statuses that allow them new and more varied options in employment and education;
- Raise public awareness of immigration issues so as to encourage sound public policy that protects the universal human rights of immigrants and is both compassionate and practical.

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Organization Purpose (Continued)**

***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). It represents persons in immigration court, and, it represents persons in the appeal process before the Board of Immigration Appeals (BIA) and federal courts.

To meet the specialized needs of our clients, ILCM is operating and developing several innovative programs.

**General Legal Services**

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 2022, ILCM worked on 2,353 cases.

**Dreamers Project**

This project provides legal representation and outreach to persons who continue to be eligible for the Deferred Action for Childhood Arrivals (DACA) Program. 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.

**New Beginnings Project**

This project supports immigrant survivors of domestic violence and 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.

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Organization Purpose (Continued)**

***Brief Description of Current Programs and Service Statistics (Continued)***

**Minnesota Family 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.

**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 nondetained 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.

**Public Defenders Project**

This project provides backup technical assistance to Minnesota public defenders on the immigration consequences of criminal convictions as required by the U.S. Supreme Court's decision in *Padilla v. Kentucky*. The advice provided is critical to minimize the collateral immigration consequences—including loss of status and deportation—that could result from a criminal charge or prosecution.

**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 a quarter of ILCM's 2022 cases—535—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. After the Fargo Office opened in 2022, the project worked on 39 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 2022, the project had a pool of 235, 80 of whom reported a total of 1,889 hours of legal services to ILCM clients.

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Organization Purpose (Continued)**

***Brief Description of Current Programs and Service Statistics (Continued)***

**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. During the year ended December 31, 2022, 3,060 individuals were reached through outreach activities. Participants in our education efforts included immigrants, judges, attorneys, advocates, and law enforcement. Much of ILCM's education efforts in 2022 centered around immigration legal developments, legal remedies for victims of violence, and citizenship.

**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. During the year ended December 31, 2022, ILCM reached an estimated 4,986 individuals through its action alert advocacy emails and countless others through 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.

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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.

**Pledges Receivable**

Pledges to give that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at fair value, which is determined to be the present value of the amount expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received. Amortization of the discount is included in contribution revenue. Conditional pledges are not included as support until such time as the conditions are substantially met.

As of December 31, 2022 and 2021, an allowance and a discount on multi-year pledges were not warranted.

**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 three to seven years.

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 \$1.23 million that have not yet been recognized at December 31, 2022. 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.

**Adoption of New Accounting Standards**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.



**IMMIGRANT LAW CENTER OF MINNESOTA, INC.**  
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**DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Adoption of New Accounting Standards (Continued)**

ILCM adopted the requirements of the guidance effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

ILCM has elected to adopt the package of practical expedients available in the year of adoption. The Organization has not elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization's ROU assets.

ILCM elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

In addition, ILCM has elected to adopt ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets* during the year ended December 31, 2022. The accounting change has been retrospectively applied.

**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.

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUE)**

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 6, 2023, 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:

	<u>2022</u>	<u>2021</u>
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 2,639,050	\$ 2,304,939
Pledges and Grants Receivable Within One Year	380,366	340,663
Accounts Receivable	<u>21,945</u>	<u>194,340</u>
Liquid Financial Assets Available to Meet General Expenditures Within One Year	3,041,361	2,839,942
Less: Those Unavailable for General Expenditures Within One Year, Due to Contractual or Donor-Imposed Time or Purpose Restrictions	<u>(356,337)</u>	<u>(333,737)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u><u>\$ 2,685,024</u></u>	<u><u>\$ 2,506,205</u></u>

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

Per its financial policies, ILCM aims to maintain a minimum operating reserve between four months of operating costs (approximately \$860,000) and six months of operating costs (approximately \$1,300,000) 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, 2022, the operating reserve consists of cash and cash equivalents and other current assets of \$2,166,692 (approximately 10 months).

**NOTE 3 PLEDGES RECEIVABLE**

The Organization has received unconditional promises-to-give from certain foundations. The total balance outstanding on these unconditional promises-to-give was \$-0- and \$103,998 as of December 31, 2022 and 2021, respectively.

Unconditional promises to give at December 31, 2022 and 2021 are due in less than one year and are anticipated to be collected within that time frame.

**NOTE 4 CONCENTRATIONS**

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.

In the year ended December 31, 2021, approximately 70% of the Organization's program service fees (government grants and contracts and other contracts) were from four entities.

**NOTE 5 FURNITURE AND EQUIPMENT**

Furniture and equipment consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Property and Equipment:		
Computer Equipment	\$ 119,215	\$ 87,155
Furniture and Other Equipment	90,418	90,418
Leasehold Improvements	13,328	13,328
Total Property and Equipment	<u>222,961</u>	<u>190,901</u>
Less: Accumulated Depreciation	140,989	115,501
Property and Equipment, Net	<u>\$ 81,972</u>	<u>\$ 75,400</u>

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.**  
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**NOTE 6 LEASES – ASC 842**

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. 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. In addition, in 2020 the Organization signed a lease for office space in Moorhead, Minnesota beginning January 1, 2021 through December 31, 2022. Subsequent to year-end, a new lease for this space commenced with a term 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, 2022:

Lease Costs:

Finance Lease Costs:	
Interest on Lease Liabilities	\$ 827
Operating Lease Costs	84,584
Total Lease Costs	<u>\$ 85,411</u>

Other Information:

Operating Cash Flows from Financing Leases	\$ 927
Operating Cash Flows from Operating Leases	\$ 83,228
Financing Cash Flows from Financing Leases	\$ 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	\$ 159,557
Weighted-Average Remaining Lease Term - Financing Leases	3.7 years
Weighted-Average Remaining Lease Term - Operating Leases	1.1 years
Weighted-Average Discount Rate - Financing Leases	3.25%
Weighted-Average Discount Rate - Operating Leases	3.50%

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.**  
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**NOTE 6 LEASES – ASC 842 (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, 2022, is as follows:

<u>Year</u>	<u>Operating Leases</u>	<u>Financing Leases</u>
2023	\$ 85,813	\$ 6,480
2024	7,169	6,480
2025	-	6,480
2026	-	4,320
Total Lease Payments	<u>92,982</u>	<u>23,760</u>
Less: Imputed Interest	<u>(1,880)</u>	<u>(1,396)</u>
Present Value of Lease Liabilities	<u>\$ 91,102</u>	<u>\$ 22,364</u>

**NOTE 7 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. The loan is secured by the property and accounts of the Organization. The proceeds of the forgiveness will be 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>	<u>Amount</u>
2023	\$ 34,828
2024	43,906
2025	45,433
2026	46,815
2027	46,970
Thereafter	<u>7,048</u>
Subtotal Principal Payments	225,000
Forgivable Portion	<u>75,000</u>
Total	<u>\$ 300,000</u>

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.  
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**NOTE 8 NET ASSETS**

**Net Assets with Donor Restrictions**

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

	2022	2021
Restricted to Purpose	\$ 293,137	\$ 228,200
Restricted to Time and Purpose	63,200	105,537
Total Restricted	\$ 356,337	\$ 333,737

**Net Assets Released from Restrictions**

The net assets released from restrictions during the years ended December 31, 2022 and 2021 consisted of both donor-restricted funds for the Organization’s core programs or time-restricted funds.

**NOTE 9 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, 2022 and 2021, 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:

	2022	2021
Donated Services	\$ 620,394	\$ 1,118,632
Total	\$ 620,394	\$ 1,118,632



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