

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023



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**IMMIGRANT LAW CENTER OF MINNESOTA, INC.
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSE	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9



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, 2024 and 2023, 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, 2024 and 2023, 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 17, 2025

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

ASSETS	2024	2023
CURRENT ASSETS		
Cash	\$ 1,058,575	\$ 924,170
Prepays	13,695	12,326
Accounts Receivable	-	4,647
Interest Receivable	16,790	-
Grants Receivable	718,677	469,436
Pledges Receivable	25,000	-
Certificates of Deposit	1,344,920	1,310,975
Total Current Assets	3,177,657	2,721,554
RIGHT-OF-USE ASSET - OPERATING	218,078	105,135
FURNITURE AND EQUIPMENT, NET	49,605	74,116
Total Assets	\$ 3,445,340	\$ 2,900,805
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 219,318	\$ 40,469
Accrued Payroll	44,879	16,998
Deferred Revenue	34,083	19,000
Notes Payable, Current	45,433	40,366
Lease Liability, Current	114,483	102,540
Total Current Liabilities	458,196	219,373
LONG-TERM NOTES PAYABLE, NET OF CURRENT PORTION	100,834	187,306
LEASE LIABILITY, NET OF CURRENT PORTION	114,094	20,043
Total Liabilities	673,124	426,722
NET ASSETS		
Without Donor Restrictions:		
Equity in Fixed Assets	49,605	74,116
Board-Designated Replacement Reserve	78,652	67,096
Board-Designated Investment in Technology Reserve	28,690	15,246
Board-Designated Operating Reserve	2,310,635	2,075,338
Total Without Donor Restrictions	2,467,582	2,231,796
With Donor Restrictions	304,634	242,287
Total Net Assets	2,772,216	2,474,083
Total Liabilities and Net Assets	\$ 3,445,340	\$ 2,900,805

See accompanying Notes to Financial Statements.

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support:			
Contributions	\$ 1,190,939	\$ 306,003	\$ 1,496,942
Contributed Nonfinancial Assets	1,221,144	-	1,221,144
Government Grants and Contracts	2,527,862	-	2,527,862
Total Support	4,939,945	306,003	5,245,948
Revenue:			
Events/Annual Banquet	65,470	-	65,470
Loan Forgiveness	37,500	-	37,500
Miscellaneous	90,035	-	90,035
Total Revenue	193,005	-	193,005
Net Assets Released from Restrictions	243,656	(243,656)	-
Total Support and Revenue	5,376,606	62,347	5,438,953
EXPENSE			
Program Services:			
Legal Assistance	3,968,752	-	3,968,752
Community Education	228,557	-	228,557
Total Program Services	4,197,309	-	4,197,309
Support Services:			
Management and General	576,100	-	576,100
Fundraising	367,411	-	367,411
Total Support Services	943,511	-	943,511
Total Expense	5,140,820	-	5,140,820
CHANGES IN NET ASSETS	235,786	62,347	298,133
Net Assets – Beginning of Year	2,231,796	242,287	2,474,083
NET ASSETS – END OF YEAR	\$ 2,467,582	\$ 304,634	\$ 2,772,216

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 FUNCTIONAL EXPENSE
YEAR ENDED DECEMBER 31, 2024**

	Program Services			Management and General	Fundraising	Total All Services
	Legal Assistance	Community Education	Total Program Services			
Personnel:						
Salaries and Taxes	\$ 1,512,495	\$ 193,090	\$ 1,705,585	\$ 318,129	\$ 271,726	\$ 2,295,440
Benefits	313,220	21,439	334,659	40,310	27,683	402,652
Total Personnel	<u>1,825,715</u>	<u>214,529</u>	<u>2,040,244</u>	<u>358,439</u>	<u>299,409</u>	<u>2,698,092</u>
Donated Professional Services	1,221,145	-	1,221,145	-	-	1,221,145
Grants to Other Organizations	468,221	-	468,221	-	-	468,221
Contracted Services	140,228	3,988	144,216	162,676	23,440	330,332
Office Rent	104,177	2,123	106,300	4,117	8,265	118,682
Subscriptions and Dues	42,973	3,295	46,268	2,776	2,959	52,003
Staff Travel and Development	29,156	610	29,766	8,527	1,235	39,528
Telephone and Internet	19,769	1,296	21,065	858	2,051	23,974
Direct Client Assistance/Litigation/Research	19,288	-	19,288	-	-	19,288
Insurance	14,166	383	14,549	1,289	1,198	17,036
Postage	12,265	33	12,298	2,381	443	15,122
Supplies	9,122	2	9,124	582	2,797	12,503
Printing	3,631	632	4,263	2,075	5,272	11,610
Events	-	-	-	1,250	10,045	11,295
Training Presentations	9,684	-	9,684	-	-	9,684
Meetings/Outreach	2,653	344	2,997	2,706	2,993	8,696
Malpractice Insurance	7,060	-	7,060	-	-	7,060
Equipment, Repairs and Maintenance	2,874	92	2,966	432	292	3,690
Miscellaneous	15,909	524	16,433	27,109	4,806	48,348
Total Expense before Depreciation	<u>3,948,036</u>	<u>227,851</u>	<u>4,175,887</u>	<u>575,217</u>	<u>365,205</u>	<u>5,116,309</u>
Depreciation and Amortization	20,716	706	21,422	883	2,206	24,511
Total Expense	<u>\$ 3,968,752</u>	<u>\$ 228,557</u>	<u>\$ 4,197,309</u>	<u>\$ 576,100</u>	<u>\$ 367,411</u>	<u>\$ 5,140,820</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>
Donated Professional 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
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
Telephone and Internet	21,119	967	22,086	1,784	1,453	25,323
Litigation/Research	86,506	-	86,506	-	-	86,506
Insurance	7,532	192	7,724	787	641	9,152
Postage	12,754	40	12,794	1,995	-	14,789
Supplies	10,871	456	11,327	1,257	4,664	17,248
Printing	857	55	912	423	19	1,354
Events	-	250	250	-	46,381	46,631
Training Presentations	3,714	-	3,714	-	-	3,714
Meetings/Outreach	-	7	7	574	4,526	5,107
Malpractice Insurance	8,220	-	8,220	-	-	8,220
Equipment, Repairs, and Maintenance	2,350	60	2,410	246	200	2,856
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.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 298,133	\$ (193,260)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	24,511	26,752
Loan Forgiveness	(37,500)	(37,500)
Change in Current Assets and Liabilities:		
(Increase) Decrease in Assets:		
Prepays	(1,369)	17,441
Receivables	(286,384)	(71,772)
Increase (Decrease) in Liabilities:		
Accounts Payable	178,849	(40,261)
Deferred Revenue	15,083	(30,187)
Accrued Vacation and Payroll	27,881	(9,884)
Lease Liability	(469)	(5,030)
Net Cash Provided (Used) by Operating Activities	218,735	(343,701)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Furniture and Equipment	-	(18,896)
Purchase of Certificates of Deposit	(1,356,888)	(1,310,975)
Proceeds from Redemption of Certificates of Deposit	1,322,943	-
Net Cash Used by Financing Activities	(33,945)	(1,329,871)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	(43,905)	(34,828)
Payments on Financing Lease	(6,480)	(6,480)
Net Cash Used by Financing Activities	(50,385)	(41,308)
 NET INCREASE (DECREASE) IN CASH	134,405	(1,714,880)
Cash - Beginning of Year	924,170	2,639,050
 CASH - END OF YEAR	\$ 1,058,575	\$ 924,170
 SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING AND INVESTING TRANSACTIONS		
Noncash Donated Professional Services	\$ 1,221,145	\$ 889,417

See accompanying Notes to Financial Statements.

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

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 2024, ILCM worked on 2,735 cases.

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization Purpose (Continued)

Brief Description of Current Programs and Service Statistics (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, 2024 AND 2023**

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.

New Americans/Immigration Hub Project

New in 2024, this project is a collaboration of efforts, time, skills, expertise, and resources by similar immigration-legal organizations in the state of Minnesota. The “Hub” makes it easier for new Minnesotans to access legal services by creating coordinated intake systems, new clinic locations, specialized educational materials, collaborative outreach efforts, and a more thoughtful referral network. In 2024, ILCM handled 46 cases through the Hub project.

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. 18% of ILCM’s 2024 cases—492—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 725 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 2024, 194 pro bono attorneys reported a total of 3,319 hours of legal services to ILCM clients.

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

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. In 2024, ILCM reached nearly 2,000 people through outreach activities. Participants in our education efforts included immigrants, judges, attorneys, advocates, and law enforcement. Much of ILCM's education efforts in 2024 centered around immigration legal developments, driver's licenses for all, Minnesota Care for all, get out the vote, 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. This past year, after the passage of "Driver's Licenses for All" (2023), we served as a crucial liaison between the community and the Department of Vehicle Services (DVS), ensuring that community needs were effectively communicated to DVS while also relaying DVS' questions and concerns back to the community. ILCM also advocated heavily for all Minnesotans, regardless of immigration status, to access MinnesotaCare, health insurance offered by the MN Department of Human Services. In November, it was announced that MinnesotaCare expanded its coverage to allow undocumented people to apply for health insurance. Historically, lack of insurance for undocumented people has contributed to disparities in health care access, health outcomes, and quality of life. Expanded eligibility will help decrease stress on emergency rooms by encouraging preventative care, lower costs, and, most importantly, improve the health of all Minnesotans.

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.

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

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.

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, Pledges, 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.

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2024. 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.

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 17, 2025, the date the financial statements were available to be issued.

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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:

	2024	2023
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 1,058,575	\$ 924,170
Grants Receivable Due Within One Year	718,677	469,436
Pledges Receivable Due Within One Year	25,000	-
Accounts and Interest Receivable	16,790	4,647
Certificates of Deposit	1,344,920	1,310,975
Liquid Financial Assets Available to Meet General Expenditures Within One Year	3,163,962	2,709,228
Less: Those Unavailable for General Expenditures Within One Year, Due to Contractual or Donor-Imposed Time or Purpose Restrictions	(304,634)	(242,287)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 2,859,328	\$ 2,466,941

Per its financial policies, ILCM aims to maintain a minimum operating reserve between four months of operating costs (approximately \$1.3 million) and six months of operating costs (approximately \$2.0 million) 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, 2024, the operating reserve consists of cash and cash equivalents and other current assets of over \$3.0 million (approximately ten months).

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 3 CONCENTRATIONS

In the year ended December 31, 2024, approximately 67% of the Organization's program service fees (government grants and contracts and other contracts) were from two entities. As of December 31, 2024, approximately 76% of the Organization's program service fees were recorded in accounts receivable from two entities.

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.

NOTE 4 FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following at December 31:

	2024	2023
Property and Equipment:		
Computer Equipment	\$ 138,110	\$ 138,110
Furniture and Other Equipment	90,418	90,418
Leasehold Improvements	13,328	13,328
Total Property and Equipment	241,856	241,856
Less: Accumulated Depreciation	192,251	167,740
Property and Equipment, Net	\$ 49,605	\$ 74,116

NOTE 5 LEASES

The Organization leases various office facilities in Minnesota and North Dakota 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. During the year ended December 31, 2024, the lease was extended through January 31, 2027 with annually escalating lease payments. The Organization has a lease for office space in Austin, Minnesota. 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, the Organization has a lease for office space in Moorhead, Minnesota and in 2024 the lease was renewed with a lease term through December 31, 2026. The Organization has a month-to-month operating lease for office space in Fargo, North Dakota. Finally, there is also a lease in place for office space in Worthington, Minnesota, with a lease term through December 31, 2025.

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.

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 5 LEASES (CONTINUED)

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

	2024	2023
Lease Costs:		
Finance Lease Costs:		
Amortization of Right-of-Use Assets	\$ 6,247	\$ 6,247
Interest on Lease Liabilities	448	641
Operating Lease Costs	97,800	95,993
Short-Term Lease Costs	17,490	17,490
Total Lease Costs	\$ 121,985	\$ 120,371
Other Information:		
Operating Cash Flows from Financing Leases	\$ 448	\$ 641
Operating Cash Flows from Operating Leases	\$ 98,321	\$ 96,014
Financing Cash Flows from Financing Leases	\$ 6,032	\$ 5,839
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 208,921	\$ 108,043
Weighted-Average Remaining Lease Term - Financing Leases	1.6 years	2.6 years
Weighted-Average Remaining Lease Term - Operating Leases	2.0 years	1.1 years
Weighted-Average Discount Rate - Financing Leases	3.25%	3.25%
Weighted-Average Discount Rate - Operating Leases	3.00%	3.50%

ILCM 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, 2024, is as follows:

<u>Year Ending December 31,</u>	Operating Leases	Financing Leases
2025	\$ 113,065	\$ 6,480
2026	103,662	4,320
2027	7,807	-
Total Lease Payments	224,534	10,800
Less: Imputed Interest	(6,456)	(301)
Present Value of Lease Liabilities	\$ 218,078	\$ 10,499

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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 years ended December 31, 2024 and 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>	<u>Amount</u>
2025	\$ 45,433
2026	46,815
2027	46,970
2028	7,049
Total	<u>\$ 146,267</u>

NOTE 7 NET ASSETS

Net Assets with Donor Restrictions

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

	<u>2024</u>	<u>2023</u>
Restricted to Purpose	\$ 284,767	\$ 219,087
Restricted to Time and Purpose	19,867	23,200
Total Restricted	<u>\$ 304,634</u>	<u>\$ 242,287</u>

Net Assets Released from Restrictions

The net assets released from restrictions during the years ended December 31, 2024 and 2023 consisted of both donor-restricted funds for the Organization's core programs or time-restricted funds.

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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 \$29 up to \$583 per hour as of December 31, 2024 and 2023, 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:

	2024	2023
Donated Professional Services	<u>\$ 1,221,145</u>	<u>\$ 889,417</u>



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