

NATIONAL IMMIGRATION LAW CENTER

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

NATIONAL IMMIGRATION LAW CENTER

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
National Immigration Law Center

Report on the Financial Statements

We have audited the accompanying financial statements of National Immigration Law Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Immigration Law Center as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited National Immigration Law Center's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 27, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Green Hasson & Janks LLP

October 18, 2013
Los Angeles, California

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NATIONAL IMMIGRATION LAW CENTER

STATEMENT OF FINANCIAL POSITION

June 30, 2013

With Summarized Totals at June 30, 2012

ASSETS	2013	2012
Cash and Cash Equivalents	\$ 4,196,200	\$ 1,953,380
Investments	678,390	774,315
Grants Receivable	1,668,934	1,341,340
Related Party Receivable	183,697	-
Prepaid Expenses and Other Assets	97,660	54,865
Property and Equipment (Net)	64,517	51,519
TOTAL ASSETS	\$ 6,889,398	\$ 4,175,419
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable	\$ 97,239	\$ 36,790
Accrued Liabilities	323,382	210,496
TOTAL LIABILITIES	420,621	247,286
NET ASSETS:		
Unrestricted:		
Unrestricted - Undesignated	438,083	340,207
Unrestricted - Board Designated	1,443,659	1,541,207
TOTAL UNRESTRICTED NET ASSETS	1,881,742	1,881,414
Temporarily Restricted	4,587,035	2,046,719
TOTAL NET ASSETS	6,468,777	3,928,133
TOTAL LIABILITIES AND NET ASSETS	\$ 6,889,398	\$ 4,175,419

The Accompanying Notes are an Integral Part of These Financial Statements

NATIONAL IMMIGRATION LAW CENTER

STATEMENT OF ACTIVITIES

Year Ended June 30, 2013

With Summarized Totals for the Year Ended June 30, 2012

	2013			2012 Total
	Unrestricted	Temporarily Restricted	Total	
REVENUE AND SUPPORT:				
Grants - NILC	\$ 1,457,248	\$ 4,628,978	\$ 6,086,226	\$ 3,996,651
Grants - UWD	-	2,924,529	2,924,529	666,624
Contributions	443,500	-	443,500	78,988
Reimbursable Income	84,240	-	84,240	61,421
Special Events (Net of Direct Donor Benefit Costs of \$31,968)	99,822	-	99,822	4,937
Management Fee	43,000	-	43,000	-
Attorney Fees	22,608	-	22,608	21,983
Investment Income	12,778	-	12,778	8,527
Miscellaneous Income	2,774	-	2,774	263
Training and Conferences	500	-	500	124,193
Grant from Government Agency	-	-	-	16,500
Net Assets Released from Restrictions	5,013,191	(5,013,191)	-	-
TOTAL REVENUE AND SUPPORT	7,179,661	2,540,316	9,719,977	4,980,087
EXPENSES:				
Program Services	6,293,166	-	6,293,166	3,660,680
Supporting Services:				
Management and General	753,160	-	753,160	503,174
Fundraising	133,007	-	133,007	114,459
TOTAL EXPENSES	7,179,333	-	7,179,333	4,278,313
CHANGE IN NET ASSETS	328	2,540,316	2,540,644	701,774
Net Assets - Beginning of Year	1,881,414	2,046,719	3,928,133	3,226,359
NET ASSETS - END OF YEAR	\$ 1,881,742	\$ 4,587,035	\$ 6,468,777	\$ 3,928,133

The Accompanying Notes are an Integral Part of These Financial Statements

NATIONAL IMMIGRATION LAW CENTER

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2013

With Summarized Totals for the Year Ended June 30, 2012

	Program Services			Supporting Services		Total	
	NILC	UWD	Total	Management and General	Fundraising	2013	2012
PERSONNEL COSTS:							
Salaries	\$ 1,847,072	\$ 276,828	\$ 2,123,900	\$ 445,237	\$ 83,950	\$ 2,653,087	\$ 2,188,969
Benefits	337,860	69,360	407,220	81,441	15,356	504,017	465,132
Contract Staff	577,003	682,784	1,259,787	63,557	7,703	1,331,047	461,793
TOTAL PERSONNEL COSTS	2,761,935	1,028,972	3,790,907	590,235	107,009	4,488,151	3,115,894
OTHER COSTS:							
Training and National Conference	27,644	-	27,644	-	-	27,644	145,105
Litigation	42,013	-	42,013	-	-	42,013	52,790
Legal and Accounting Fees	-	-	-	20,999	-	20,999	34,151
Project Consulting	-	-	-	-	-	-	12,880
TOTAL OTHER COSTS	69,657	-	69,657	20,999	-	90,656	244,926
OPERATING COSTS:							
Special Projects	236,114	874,017	1,110,131	8,705	1,640	1,120,476	-
UWD Events	-	645,248	645,248	-	-	645,248	145,983
Rent	184,200	-	184,200	44,205	8,334	236,739	235,071
Travel	102,161	38,135	140,296	24,626	4,643	169,565	103,131
Telecommunications	75,459	23,405	98,864	18,189	3,428	120,481	105,127
Library	67,000	1,930	68,930	-	-	68,930	41,794
Computer Consultant	31,064	3,081	34,145	7,488	1,411	43,044	52,304
Staff Meeting and Retreats	22,038	3,982	26,020	5,312	1,001	32,333	53,233
Office Supplies	16,760	8,406	25,166	4,040	761	29,967	28,438
Depreciation	19,956	-	19,956	5,322	1,330	26,608	23,619
Equipment Maintenance and Lease	16,239	-	16,239	3,914	738	20,891	22,730
Miscellaneous Operating Expense	9,006	7,251	16,257	2,312	1,631	20,200	10,646
Bar Dues / Agency and Professional	17,462	-	17,462	-	-	17,462	13,094
Bank and Payroll Processing Fees	-	2,028	2,028	12,081	-	14,109	11,916
Board Support	8,094	-	8,094	1,951	368	10,413	33,199
Postage and Shipping	6,466	1,607	8,073	1,559	294	9,926	9,229
Staff Development	2,930	2,201	5,131	706	133	5,970	3,429
Development	2,823	-	2,823	680	128	3,631	11,948
Insurance	2,616	-	2,616	631	119	3,366	10,809
Recruitment Costs	848	75	923	205	39	1,167	1,793
Management Fees	(245,825)	245,825	-	-	-	-	-
TOTAL OPERATING COSTS	575,411	1,857,191	2,432,602	141,926	25,998	2,600,526	917,493
TOTAL 2013 FUNCTIONAL EXPENSES	\$ 3,407,003	\$ 2,886,163	\$ 6,293,166	\$ 753,160	\$ 133,007	\$ 7,179,333	
TOTAL 2012 FUNCTIONAL EXPENSES	\$ 2,920,529	\$ 740,151	\$ 3,660,680	\$ 503,174	\$ 114,459		\$ 4,278,313

The Accompanying Notes are an Integral Part of These Financial Statements

NATIONAL IMMIGRATION LAW CENTER

STATEMENT OF CASH FLOWS

Year Ended June 30, 2013

With Summarized Totals for the Year Ended June 30, 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 2,540,644	\$ 701,774
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	26,608	23,619
Donated Stock	(500,000)	-
Proceeds from Sale of Donated Stock	502,240	-
Realized and Unrealized Gain on Investments	(3,519)	(1,286)
(Increase) Decrease in:		
Grants Receivable	(327,594)	(870,751)
Related Party Receivable	(183,697)	-
Prepaid Expenses and Other Assets	(42,795)	16,241
Increase (Decrease) in:		
Accounts Payable	60,449	(390,901)
Accrued Liabilities	112,886	(11,404)
	2,185,222	(532,708)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Investments	(799,236)	(400,000)
Purchase of Property and Equipment	(39,606)	(8,641)
Proceeds from Sale of Investments	896,440	-
	57,598	(408,641)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,242,820	(941,349)
Cash and Cash Equivalents - Beginning of Year	1,953,380	2,894,729
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,196,200	\$ 1,953,380

The Accompanying Notes are an Integral Part of These Financial Statements

NATIONAL IMMIGRATION LAW CENTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE 1 - NATURE OF ORGANIZATION

- **MISSION AND HISTORY**

The National Immigration Law Center (NILC) is the only national legal advocacy organization in the United States exclusively dedicated to defending and advancing the rights of low-income immigrants and their families. Policymakers, community organizers, legal advocates, and the media recognize NILC staff as experts on a wide range of issues that affect the lives of immigrants in the U.S., and frequently call upon NILC to explain the real-life impact of immigration-related laws and policies. Through innovative policy and legal advocacy strategies, NILC has won landmark decisions protecting fundamental due process and civil rights, warded off policy changes that would have led to devastating consequences for marginalized members of society, and advanced major progressive policies that promote the well-being of all communities.

Due to NILC's focus on the needs and concerns of low-income immigrants, NILC brings unique expertise and a particular focus on racial and economic justice issues that distinguishes NILC from other national immigrants' rights organizations. Being grounded in California also enables NILC to play a unique role among the various national organizations that work in support of immigrants' rights. Because NILC is a national organization with a "beyond-the-beltway" perspective, a broad range of local, state and national groups see NILC as a trustworthy, reliable partner that is committed to helping critical constituencies voice their perspectives on policies and proposals that impact immigrants' lives.

- **ORGANIZATIONAL GOALS AND STRATEGIES**

NILC envisions a U.S. society in which all people - regardless of their race, gender, immigration or economic status - are treated equally, fairly, and humanely, have equal access to justice, education, government resources and economic opportunities, and are able to achieve their full potential as human beings. To realize NILC's mission and vision, our work focuses on key issues affecting low-income immigrants: expanding immigrants' access to public benefits and safety net programs, health care, and legal status; countering draconian immigration enforcement; and advancing workers' rights.

NILC uses multiple strategies to advance social change for low-income immigrant families. This includes conducting law reform and impact litigation, researching and analyzing policies affecting immigrants, developing and advocating policy improvements, providing legal advice and strategic support for organizing and advocacy campaigns, educating the public through trainings and publications, and employing strategic communications based on common public values and local communities' realities. This use of multiple and integrated strategies is a unique feature of NILC's work, and many state and local partners rely on NILC's ability to tackle issues utilizing these various tactics and approaches. The deep understanding of practical legal issues that NILC gains through litigation, support to the field, and in-depth strategic technical assistance contributes to NILC's ability to analyze legislative and administrative policy proposals and advocate for improvements. NILC's ability to pursue both policy advocacy and litigation challenges also allows great flexibility in fulfilling NILC's mission.

NATIONAL IMMIGRATION LAW CENTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE 1 - NATURE OF ORGANIZATION (continued)

- **ORGANIZATIONAL GOALS AND STRATEGIES (continued)**

NILC has developed strong connections and working relationships with national allies as well as advocates in states and localities across the country. All of these alliances and relationships helped inform, shape, and advance NILC's work.

- **QUALIFICATIONS, REPUTATION AND LEADERSHIP ROLE**

NILC staff members have decades of experience in our core issue areas, especially in terms of public benefit rules and regulations (including health care), employment and labor law, and due process and constitutional rights. Many NILC attorneys have extensive experience in litigating immigration-related and civil rights cases. Others have deep knowledge of public policy issues affecting immigrants, as well as policymaking procedures and processes. Having staff members who understand both the policy and legal implications of a wide range of issues is one of NILC's great strengths. Finally, many of NILC's staff have dedicated their careers to supporting community-based advocacy groups, service providers, and organizing initiatives, which shapes and informs NILC's community outreach and education efforts.

Given the country's demographic shifts and the current challenges faced by NILC's core constituency, NILC is committed to cultivating alliances with the broader progressive community to create a society in which everyone is treated fairly and equitably and has opportunities to prosper, and that allows low-income immigrants to be integrated as full members and participants. To this end, NILC works closely with a broad range of immigrants' rights advocates, anti-poverty groups, organizing networks, worker advocates and organizers, labor unions, civil rights and civil liberties advocates, and public interest legal organizations to help low-income immigrant families build power in their local communities.

For many years, the United We Dream Network (UWD) has been an integral part of NILC and its work to ensure broad access to legal status for low-income immigrants. NILC was a co-convenor of a coalition that was the precursor to UWD, providing strategic and legal guidance to national coalition members, and supporting their organizing and advocacy efforts. In December 2008, the coalition formalized and became the UWD; NILC has served as the fiscal sponsor for the network since its inception. NILC's fiscal sponsorship extends beyond playing a critical grants and financial management support role. NILC also provides in-depth support to the network on organizational development and fundraising issues, and has organized trainings for UWD board, staff, and leadership on NILC's areas of expertise to help the network broaden their advocacy and organizing capacity to focus on a wider range of immigrants' rights issues. UWD, in turn, has fueled and accelerated the advocacy efforts of NILC (and other national advocacy groups) through its innovative mobilization and organizing strategies.

NATIONAL IMMIGRATION LAW CENTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

The accompanying financial statements have been prepared utilizing the accrual basis of accounting.

(b) FINANCIAL STATEMENT PRESENTATION

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of NILC are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

- **Unrestricted-Undesignated.** These generally result from revenues generated by receiving unrestricted contributions, providing services and receiving income from investments less expenses incurred in providing program-related services, raising contributions and performing administrative functions. NILC has unrestricted undesignated net assets of \$438,083 at June 30, 2013.
- **Unrestricted-Board Designated.** These are comprised of resources which the Board of Directors have designated for particular purposes. For purposes of complying with net asset accounting, these funds totaled \$1,443,659 at June 30, 2013 and are included in unrestricted net assets.
- **Temporarily Restricted Net Assets.** NILC reports grants and gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. NILC has \$4,587,035 of temporarily restricted net assets at June 30, 2013.
- **Permanently Restricted Net Assets.** These assets are received from donors who stipulate that resources are to be maintained permanently, but permit NILC to expend all of the income (or other economic benefits) derived from the donated assets. NILC has no permanently restricted net assets at June 30, 2013.

(c) CASH AND CASH EQUIVALENTS

NILC has defined cash and cash equivalents as cash in banks, money market funds and certificates of deposit with original maturities of three months or less. The carrying value of cash and cash equivalents approximates its fair value at June 30, 2013.

Cash and cash equivalents may exceed federally insured limits. NILC has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents as of June 30, 2013.

NATIONAL IMMIGRATION LAW CENTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) CASH AND CASH EQUIVALENTS (continued)

NILC maintains separate cash and investment accounts for its Reserve Fund. The balances in these accounts totaled \$1,646,812 as of June 30, 2013.

(d) INVESTMENTS

Investments in certificates of deposit are reported at fair value. Interest income and gains and losses on investments are reflected in the statement of activities as increases or decreases in unrestricted net assets unless their use is restricted by donor stipulations or law.

(e) GRANTS RECEIVABLE AND CONTRIBUTIONS

Unconditional contributions, including grants and pledges recorded at fair value, are recognized as revenues in the period received. NILC reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated asset.

(f) CONCENTRATION OF CREDIT RISK

NILC's revenues mainly consist of grants from foundations and other funding sources. During the year ended June 30, 2013, grant revenues from two foundations accounted for 40% of NILC's total revenue. Grants receivable from these foundations as of June 30, 2013 represented 30% of the total grants receivable.

(g) PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the related assets.

Expenditures for repairs and maintenance are charged to operations when incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to five hundred dollars and the useful life is greater than one year. Upon sale or disposal of equipment, the cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations.

(h) LONG-LIVED ASSETS

NILC reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No such impairment losses were recognized on long-lived assets during the year ended June 30, 2013.

NATIONAL IMMIGRATION LAW CENTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) INCOME TAXES

NILC has been granted exemption from income tax under Section 501(c)(3) of the Internal Revenue Code and the corresponding California Provisions.

(j) CONTRIBUTED SERVICES

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair values in the period received. Some unpaid volunteers have made contributions of their time to NILC. However, the value of these services is not reflected in these financial statements because the criteria for recognition have not been satisfied.

(k) FUNCTIONAL ALLOCATION OF EXPENSES

Costs of providing NILC's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are allocated among program and support services by a method that best measures the relative degree of benefit. NILC uses salary dollars to allocate indirect costs.

(l) USE OF ESTIMATES

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

(m) COMPARATIVE TOTALS

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with NILC's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

(n) RECLASSIFICATION

For comparability, certain June 30, 2012 amounts have been reclassified, where appropriate, to conform with the financial statement presentation used at June 30, 2013.

(o) SUBSEQUENT EVENTS

NILC has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2013 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through October 18, 2013, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

NATIONAL IMMIGRATION LAW CENTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE 3 - INVESTMENTS

NILC implemented a fair value measurement accounting standard which defines fair value for those assets that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs use unobservable data points for the asset and include situations where there is little, if any, market activity for the asset.

The following table presents information about NILC's assets that are measured at fair value on a recurring basis at June 30, 2013 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

Year Ended June 30, 2013	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of Deposit	\$ 678,390	\$ -	\$ 678,390
			\$ -

The fair values of certificates of deposit determined by Level 2 inputs were valued utilizing observable data points such as interest rates and yield curves at June 30, 2013.

Investments in certificates of deposit at June 30, 2013 will mature as follows:

Years Ending June 30

2014	\$ 628,305
2015	50,085
TOTAL	\$ 678,390

Investment income consists of interest income of \$9,259 and realized and unrealized gains of \$3,519 for the year ended June 30, 2013.

NATIONAL IMMIGRATION LAW CENTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE 4 - GRANTS RECEIVABLE

Grants receivable consists of the following at June 30, 2013:

Due within One Year	\$ 1,613,934
Due Between One and Five Years	<u>55,000</u>
TOTAL	<u>\$ 1,668,934</u>

NOTE 5 - RELATED PARTY RECEIVABLE

In May 2013, NILC Immigration Justice Fund (Fund) was incorporated. It is exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code and corresponding provisions of state law. Fund's purpose is to promote social welfare by, to the extent permitted under Section 501(c)(4), promoting and advancing just and humane immigration policies, including playing a leadership role in advocating for a broad and expansive overhaul of the nation's immigration systems.

NILC and Fund have common board members and share certain non-human resources, such as office space, furniture, and equipment, and jointly employ certain human resources. NILC and Fund entered into a Resource Sharing Agreement for the reasonable allocation between the parties of the expenses associated with use of shared or joint resources. During the year ended June 30, 2013, NILC paid for certain expenses on behalf of Fund, and as a result there was a receivable from Fund for the amount of \$183,697 at June 30, 2013. The receivable is unsecured, non-interest bearing and will be settled during the ordinary course of business.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2013:

Furniture and Fixtures	\$ 182,090
Library	<u>1,000</u>
TOTAL	183,090
Less: Accumulated Depreciation	<u>(118,573)</u>
PROPERTY AND EQUIPMENT (NET)	<u>\$ 64,517</u>

Depreciation expense for the year ended June 30, 2013 was \$26,608.

NATIONAL IMMIGRATION LAW CENTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE 7 - ACCRUED LIABILITIES

Accrued liabilities at June 30, 2013 consist of the following:

Accrued Paid-Time-Off	\$	254,623
Deferred Rent		52,142
Other Accruals		16,617
TOTAL ACCRUED LIABILITIES	\$	323,382

NOTE 8 - COMMITMENTS AND CONTINGENCIES

(a) OBLIGATIONS UNDER OPERATING LEASES

NILC leases various facilities under operating leases with various terms through December 2020. Effective August 1, 2013, one of the leases was terminated and NILC was released from all future obligations. Future minimum payments, by year and in aggregate, under these leases excluding the terminated lease, with initial or remaining terms of one year or more consist of the following:

Years Ending June 30

2014	\$	235,102
2015		334,598
2016		251,665
2017		192,096
2018		196,908
Thereafter		514,788
TOTAL	\$	1,725,157

Rent expense under operating leases for the year ended June 30, 2013 was \$236,739.

(b) LITIGATION

In the ordinary course of doing business, NILC, from time to time, becomes involved in various lawsuits. Some of these proceedings may result in judgments being assessed against NILC which may have an impact on changes in net assets. NILC does not believe that these proceedings, individually or in the aggregate, would have a material effect on the accompanying financial statements.

NATIONAL IMMIGRATION LAW CENTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2013:

Programs	\$ 4,087,265
UWD	311,100
Time Restricted	<u>188,670</u>
TEMPORARILY RESTRICTED NET ASSETS	\$ <u>4,587,035</u>

Net assets released from restrictions during the year ended June 30, 2013 were as follows:

Programs	\$ 1,518,541
UWD	2,845,039
Time Restricted	<u>649,611</u>
NET ASSETS RELEASED FROM RESTRICTIONS	\$ <u>5,013,191</u>

NOTE 10 - FISCAL SPONSORSHIPS

Effective July 1, 2010, NILC entered into a formal agreement to sponsor the United We Dream Network (UWD), which had been a project of NILC up to that point. UWD is seeking tax exemption under the Internal Revenue Code Section 501(c)(3). UWD's purpose is to build a national immigrant youth-led organization to achieve access to legal status and equal access to higher education for all youth in the United States. Grants amounting to \$2,924,529 that were received on behalf of UWD have been included as grant revenue in the current year. Related grants receivable as of June 30, 2013 amounted to \$330,000.

For the performance of its fiscal sponsor services described in the fiscal sponsor agreement, NILC is to be reimbursed for administrative and overhead costs at a percentage of UWD's funds, initially at 15% and reduced to 6% in April 2013. A management fee of \$245,825 was charged to UWD by NILC for the year ended June 30, 2013.

As a result of UWD developing more internal infrastructure, effective July 1, 2013, NILC will effectively engage in transactions acting as fiscal agent. UWD revenue and expenses will be recorded in their own accounting system. It is anticipated that UWD will obtain their independent non-profit status over the next year.

NOTE 11 - PENSION PLAN

NILC has a tax deferred annuity retirement plan under Internal Revenue Code (IRC) Section 403(b). The plan covers all eligible employees of NILC. Participants may elect to defer 20% of their salary, depending on years of service and subject to the maximum exclusion determined by the IRC. NILC makes employer contributions of 2% of qualifying wages for employees with at least two years of continuous service. NILC contributed \$27,917 to the Plan for the year ended June 30, 2013.