

## **FINANCIAL STATEMENTS**



**FOR THE YEARS ENDED  
JUNE 30, 2024 AND 2023**

# NATIONAL IMMIGRATION LAW CENTER

## CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statements of Financial Position, as of June 30, 2024 and 2023	4
EXHIBIT B - Statement of Activities and Changes in Net Assets, for the Year Ended June 30, 2024	5
EXHIBIT C - Statement of Activities and Changes in Net Assets, for the Year Ended June 30, 2023	6
EXHIBIT D - Statement of Functional Expenses, for the Year Ended June 30, 2024	7
EXHIBIT E - Statement of Functional Expenses, for the Year Ended June 30, 2023	8
EXHIBIT F - Statements of Cash Flows, for the Years Ended June 30, 2024 and 2023	9
NOTES TO FINANCIAL STATEMENTS	10 - 22



**CPAs & ADVISORS**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
National Immigration Law Center  
Los Angeles, California

### **Opinion**

We have audited the accompanying financial statements of the National Immigration Law Center (NILC), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses 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 NILC as of June 30, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NILC 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 NILC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's 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 auditor's 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 generally accepted auditing standards will always detect a material misstatement when it exists.

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**MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION**

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, including omissions, 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 generally accepted auditing standards, 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 NILC'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 NILC'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.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Friedman".

December 16, 2024

## NATIONAL IMMIGRATION LAW CENTER

STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2024 AND 2023

## ASSETS

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 3,717,341	\$ 1,818,569
Investments	18,977,947	19,293,882
Grants and contributions receivable, net	6,905,245	8,716,055
Other receivables	168,296	215,855
Due from related party	306,598	-
Prepaid expenses and other assets	283,464	227,663
Property and equipment, net	229,380	171,998
Right-of-use asset, net	<u>2,111,078</u>	<u>968,817</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 32,699,349</u></b>	<b><u>\$ 31,412,839</u></b>

## LIABILITIES AND NET ASSETS

## LIABILITIES

Accounts payable and accrued liabilities	\$ 375,296	\$ 812,207
Accrued salaries and related benefits	943,771	1,001,957
Due to related party	-	29,304
Deferred revenue	16,667	-
Operating lease liability, net	<u>2,338,136</u>	<u>1,287,321</u>
Total liabilities	<u>3,673,870</u>	<u>3,130,789</u>

## NET ASSETS

Without donor restrictions:		
Undesignated	4,159,961	3,357,928
Board designated	<u>7,397,832</u>	<u>7,775,858</u>
Total net assets without donor restrictions	11,557,793	11,133,786
With donor restrictions	<u>17,467,686</u>	<u>17,148,264</u>
Total net assets	<u>29,025,479</u>	<u>28,282,050</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 32,699,349</u></b>	<b><u>\$ 31,412,839</u></b>

## NATIONAL IMMIGRATION LAW CENTER

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Grants	\$ 1,030,000	\$ 12,772,326	\$ 13,802,326
Contributions	2,365,796	-	2,365,796
Net investment return	1,162,985	117,569	1,280,554
Contracts	240,441	-	240,441
Sublease income	27,517	-	27,517
Other revenue	9,103	-	9,103
Net assets released from donor restrictions	<u>12,570,473</u>	<u>(12,570,473)</u>	<u>-</u>
Total support and revenue	<u>17,406,315</u>	<u>319,422</u>	<u>17,725,737</u>
<b>EXPENSES</b>			
Program Services:			
Legal and Policy	4,699,315	-	4,699,315
Protecting Immigrant Families	3,486,184	-	3,486,184
Other Programs	3,142,109	-	3,142,109
Partnerships and Advocacy	<u>1,941,846</u>	<u>-</u>	<u>1,941,846</u>
Total program services	<u>13,269,454</u>	<u>-</u>	<u>13,269,454</u>
Supporting Services:			
Fundraising	2,417,045	-	2,417,045
General and Administrative	<u>1,295,809</u>	<u>-</u>	<u>1,295,809</u>
Total supporting services	<u>3,712,854</u>	<u>-</u>	<u>3,712,854</u>
Total expenses	<u>16,982,308</u>	<u>-</u>	<u>16,982,308</u>
Changes in net assets	424,007	319,422	743,429
Net assets at beginning of year	<u>11,133,786</u>	<u>17,148,264</u>	<u>28,282,050</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 11,557,793</u></b>	<b><u>\$ 17,467,686</u></b>	<b><u>\$ 29,025,479</u></b>

## NATIONAL IMMIGRATION LAW CENTER

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Grants	\$ 1,000,000	\$ 8,495,837	\$ 9,495,837
Contributions	2,440,640	-	2,440,640
Net investment return	265,572	209,665	475,237
Contracts	478,590	-	478,590
Attorney fees awards	104,012	-	104,012
Sublease income	18,600	-	18,600
Other revenue	250	-	250
Net assets released from donor restrictions	<u>14,013,715</u>	<u>(14,013,715)</u>	<u>-</u>
Total support and revenue	<u>18,321,379</u>	<u>(5,308,213)</u>	<u>13,013,166</u>
<b>EXPENSES</b>			
Program Services:			
Legal and Policy	5,613,437	-	5,613,437
Protecting Immigrant Families	3,085,312	-	3,085,312
Other Programs	3,545,149	-	3,545,149
Partnerships and Advocacy	<u>1,383,721</u>	<u>-</u>	<u>1,383,721</u>
Total program services	<u>13,627,619</u>	<u>-</u>	<u>13,627,619</u>
Supporting Services:			
Fundraising	2,358,387	-	2,358,387
General and Administrative	<u>2,164,014</u>	<u>-</u>	<u>2,164,014</u>
Total supporting services	<u>4,522,401</u>	<u>-</u>	<u>4,522,401</u>
Total expenses	<u>18,150,020</u>	<u>-</u>	<u>18,150,020</u>
Changes in net assets	171,359	(5,308,213)	(5,136,854)
Net assets at beginning of year	<u>10,962,427</u>	<u>22,456,477</u>	<u>33,418,904</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 11,133,786</u></b>	<b><u>\$ 17,148,264</u></b>	<b><u>\$ 28,282,050</u></b>

## NATIONAL IMMIGRATION LAW CENTER

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services					Supporting Services		Total Expenses
	Legal and Policy	Protecting Immigrant Families	Other Programs	Partnerships and Advocacy	Total Program Services	Fundraising	General and Administrative	
Salaries and related benefits	\$ 3,691,618	\$ 1,119,922	\$ 1,677,533	\$ 1,501,429	\$ 7,990,502	\$ 1,772,242	\$ 651,361	\$ 10,414,105
Professional services	485,469	1,614,279	905,920	236,806	3,242,474	292,503	347,811	3,882,788
Subgrants	5,000	294,810	250,000	-	549,810	-	-	549,810
Meetings and retreats	52,060	192,128	89,919	30,217	364,324	31,755	123,042	519,121
Occupancy	128,087	96,134	46,056	52,928	323,205	65,880	45,029	434,114
Information technology	66,810	58,230	41,804	71,569	238,413	98,578	28,166	365,157
Business fees	132,205	14,338	32,166	12,249	190,958	104,571	34,467	329,996
Travel	88,149	56,766	41,487	17,334	203,736	20,683	29,147	253,566
Marketing	199	7,149	43,000	3,194	53,542	9,947	70	63,559
Insurance	18,292	13,729	6,577	7,559	46,157	9,408	6,352	61,917
Depreciation and amortization	18,144	13,618	6,524	7,498	45,784	9,332	6,379	61,495
Other and miscellaneous	4,116	4,113	745	628	9,602	1,162	21,875	32,639
Litigation	8,108	-	-	-	8,108	-	-	8,108
Office expenses	1,058	968	378	435	2,839	984	2,110	5,933
<b>TOTAL</b>	<b>\$ 4,699,315</b>	<b>\$ 3,486,184</b>	<b>\$ 3,142,109</b>	<b>\$ 1,941,846</b>	<b>\$13,269,454</b>	<b>\$ 2,417,045</b>	<b>\$ 1,295,809</b>	<b>\$ 16,982,308</b>

See accompanying notes to financial statements.



## NATIONAL IMMIGRATION LAW CENTER

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services					Supporting Services		
	Legal and Policy	Protecting Immigrant Families	Other Programs	Partnerships and Advocacy	Total Program Services	Fundraising	General and Administrative	Total Expenses
Salaries and related benefits	\$ 4,478,933	\$ 746,489	\$ 1,990,637	\$ 1,078,262	\$ 8,294,321	\$ 1,558,451	\$ 1,021,490	\$ 10,874,262
Professional services	449,375	1,527,877	868,793	149,792	2,995,837	435,270	613,535	4,044,642
Subgrants	62,464	468,480	249,856	-	780,800	-	-	780,800
Meetings and retreats	139,039	76,471	97,327	34,760	347,597	40,092	165,137	552,826
Occupancy	92,698	50,984	64,889	23,175	231,746	43,544	121,662	396,952
Information technology	81,124	44,618	56,787	20,281	202,810	121,358	89,051	413,219
Business fees	91,194	50,157	63,835	22,799	227,985	104,561	33,018	365,564
Travel	94,289	51,859	66,001	23,572	235,721	10,950	54,410	301,081
Marketing	50,130	27,571	35,091	12,532	125,324	21,274	-	146,598
Insurance	14,088	7,749	9,862	3,522	35,221	6,618	18,490	60,329
Depreciation and amortization	18,421	10,132	12,895	4,605	46,053	8,650	23,637	78,340
Other and miscellaneous	6,785	3,732	4,749	1,696	16,962	2,841	10,235	30,038
Litigation	24,726	13,599	17,308	6,182	61,815	-	-	61,815
Office expenses	10,171	5,594	7,119	2,543	25,427	4,778	13,349	43,554
<b>TOTAL</b>	<b>\$ 5,613,437</b>	<b>\$ 3,085,312</b>	<b>\$ 3,545,149</b>	<b>\$ 1,383,721</b>	<b>\$13,627,619</b>	<b>\$ 2,358,387</b>	<b>\$ 2,164,014</b>	<b>\$ 18,150,020</b>

## NATIONAL IMMIGRATION LAW CENTER

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 743,429	\$ (5,136,854)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Realized and unrealized (gain) loss on investments	(494,266)	225,840
Change in discount on long-term receivables	10,174	(219,881)
Depreciation and amortization of property and equipment	61,495	78,340
Amortization of right-of-use asset	294,108	294,912
Decrease (increase) in:		
Grants and contributions receivable	1,800,636	1,173,514
Other receivables	47,559	(188,597)
Due from related party	(306,598)	506,488
Prepaid expenses and other assets	(55,801)	(71,705)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(436,911)	(209,837)
Accrued salaries and related benefits	(58,186)	82,996
Due to related party	(29,304)	29,304
Deferred revenue	16,667	-
Operating lease liability	<u>(385,554)</u>	<u>(376,513)</u>
Net cash provided (used) by operating activities	<u>1,207,448</u>	<u>(3,811,993)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	18,939,313	10,357,059
Purchases of investments	(18,129,112)	(12,372,207)
Purchases of property and equipment	<u>(118,877)</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>691,324</u>	<u>(2,015,148)</u>
Net increase (decrease) in cash and cash equivalents	1,898,772	(5,827,141)
Cash and cash equivalents at beginning of year	<u>1,818,569</u>	<u>7,645,710</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 3,717,341</u></b>	<b><u>\$ 1,818,569</u></b>
<b>SUPPLEMENTAL INFORMATION:</b>		
Donated Securities	<u>\$ 37,005</u>	<u>\$ 314,854</u>
Right-of-Use Asset	<u>\$ 1,436,369</u>	<u>\$ 1,263,729</u>
Operating Lease Liability for Right-of-Use Asset	<u>\$ 1,436,369</u>	<u>\$ 1,663,834</u>

## NATIONAL IMMIGRATION LAW CENTER

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organization -

The National Immigration Law Center (NILC) was formed in 1979 as a nonprofit public benefit corporation in the state of California. NILC is one of the leading organizations in the United States of America (U.S.) that is exclusively dedicated to defending and advancing the rights of immigrants with low income.

NILC believes that all people who live in the U.S. should have the opportunity to achieve their full potential. Over the years, NILC has been at the forefront of many of the country's greatest challenges when it comes to immigration issues, and NILC plays a major leadership role in addressing the real-life impact of policies that affect the ability of low-income immigrants to prosper and thrive.

NILC understands that legal and policy strategies alone are not enough to achieve the long-term transformational change that the times require. NILC uses its litigation and policy expertise to challenge unjust laws and policies that marginalize low-income and other vulnerable immigrant communities and advance systemic policy solutions that make it possible for immigrants and their loved ones to thrive. NILC focuses on building a stronger, more inclusive immigrant justice movement and fostering intersectional alliances with other communities in order to amass the political power necessary to hold decisionmakers accountable for making policy changes real and lasting.

##### Program services descriptions -

NILC delivers its mission through staff who work in four program departments. These activities are reported on the Statements of Functional Expenses. Legal and Policy staff challenge unjust legislation and rulings through a range of activities including amicus briefs, impact litigation, and advocacy. The Protecting Immigrant Families team builds support with partner organizations at state and local levels to advance immigrants' rights to healthcare, food, education, and economic opportunities. Other Programs include activities related to Narrative Change, the Immigrant Movement Visioning Project, and Strategic Communications. Narrative Change works to shift hearts and minds through art, storytelling, and culture to advance a just and equitable society. The Immigrant Movement Visioning Project engages diverse immigrant justice leaders to plan and articulate a long-term vision for the immigrant movement. The Strategic Communications team advances strategic priorities with compelling messages that reach their intended audiences. The Partnerships and Advocacy team runs campaigns, builds coalitions, and advocates at all levels of government for the interests of immigrants.

##### Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions. NILC's Board designated net assets consist solely of a reserve fund.

## NATIONAL IMMIGRATION LAW CENTER

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Basis of presentation (continued) -

- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

New accounting pronouncement adopted -

Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by NILC that are subject to the guidance in FASB ASC 326 are accounts receivable resulting from exchange transaction revenue, which is included in other receivables in the accompanying Statements of Financial Position. NILC implemented the ASU on July 1, 2023, using a modified retrospective approach. The impact of the adoption was not material to the financial statements and primarily resulted only in new disclosures.

Cash and cash equivalents -

NILC considers all highly liquid investments with maturities of three months or less, which are not part of the investment portfolio, to be cash and cash equivalents. Money market funds held by investment managers totaled \$2,825,592 and \$2,203,675 as of June 30, 2024 and 2023, respectively. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, NILC maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in net investment return, which is presented net of investment expenses paid to external investment advisors, in the accompanying Statements of Activities and Changes in Net Assets.

Grants and contributions receivable -

Grants and contributions receivable include unconditional promises to give that are expected to be collected in future years. Grants and contributions receivable are recorded at their fair value, which is measured as the net present value of the future cash flows. The discount on long-term grants and contributions receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in grants and contributions.

## **NATIONAL IMMIGRATION LAW CENTER**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)**

##### **Grants and contributions receivable (continued) -**

Management reviews grants and contributions receivable on a periodic basis. Each receivable balance is assessed based on management's knowledge of and relationship with the donor and the age of the receivable balance. As a result of these reviews, receivable balances for which collection is deemed doubtful are charged to loss on uncollectable grants and contributions and an allowance is recorded. However, an allowance for doubtful grants and contributions receivable has not been established.

##### **Other receivables -**

Other receivables primarily consist of accrued interest receivable, but also include amounts due within one year related to contracts with customers. Other receivables are recorded at their net realizable value which approximates fair value. Other receivables are presented net of an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. However, an allowance for credit losses related to the contracts with customers has not been established.

##### **Property and equipment -**

Property and equipment in excess of \$5,000 are capitalized and stated at cost. Furniture and equipment and website are depreciated or amortized on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. Leasehold improvements are amortized over the lesser of the useful life of the asset or the remaining term of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense totaled \$61,495 and \$78,340 for the years ended June 30, 2024 and 2023, respectively.

##### **Impairment of long-lived assets -**

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to the Statements of Activities and Changes in Net Assets, to its current fair value.

##### **Income taxes -**

NILC is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. NILC is not a private foundation.

##### **Support from grants and contributions -**

Contributions are recognized in the appropriate category of net assets in the period received. NILC performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

## NATIONAL IMMIGRATION LAW CENTER

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Support from grants and contributions (continued) -

Support from contributions is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, NILC had no refundable advances as of June 30, 2024 and 2023.

In addition, NILC may obtain funding source agreements related to conditional contributions, which will be received in future years. NILC had no conditional contributions to be received in future years as of June 30, 2024 and 2023.

##### Revenue from contracts with customers -

NILC's revenue from contracts is the most significant revenue stream that is treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met, which is typically at the point in time that the services are provided. NILC has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost reimbursements for a government contract and transaction price is based on sale price for a training contract. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. NILC's contracts with customers generally have initial terms of one year or less.

Accounts receivable related to contracts with customers is included in other receivables in the accompanying Statements of Financial Position and totaled \$27,547 and \$61,923 as of June 30, 2024 and 2023, respectively. There were no accounts receivable related to exchange transaction revenue as of July 1, 2022.

Deferred revenue related to contracts with customers totaled \$16,667 as of June 30, 2024. There was no deferred revenue as of either June 30, 2023 or July 1, 2022.

##### Attorney fees awards -

In conjunction with its program services activities, NILC participates in certain cases on behalf of the immigrant community. Attorney fees awards related to these cases are treated as gain contingencies in that they are recorded in the financial statements when the payments are received.

##### Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

## NATIONAL IMMIGRATION LAW CENTER

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Functional allocation of expenses -

The costs of providing NILC's programs and supporting services have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services that benefited.

Expenses directly attributed to a specific functional area are reported as direct expenses within that functional area and expenses that benefited more than one functional area, such as salaries and related benefits, were allocated based on estimated time and effort.

##### Risks and uncertainties -

NILC invests in securities which are exposed to various risks, such as interest rate, market, and credit risks. It is possible that investment securities may fluctuate in value and those changes could materially affect the amounts reported on these financial statements.

##### Reclassifications -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications primarily related to receivables and support and revenue. The reclassifications had no effect on the previously reported changes in net assets.

#### 2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, NILC has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market NILC has the ability to access.

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

# NATIONAL IMMIGRATION LAW CENTER

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

### 2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the years ended June 30, 2024 and 2023. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and are deemed to be actively traded.
- *Common Stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Mutual Funds and Exchange Traded Funds (ETFs)* - Valued at the daily closing price as reported by the fund. Mutual funds and ETFs held by NILC are open-end funds that are registered with the SEC and deemed to be actively traded. These funds are required to publish their daily value and to transact at that price.
- *Corporate Debt and U.S. Government Obligations* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.

A portion of NILC's investments are held in relation to the donor-restricted endowment fund, which is described in Note 12. Investments held in relation to the endowment fund totaled \$1,235,242 and \$1,617,673 as of June 30, 2024 and 2023, respectively.

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments:</b>				
Money Market Funds	\$ 2,825,592	\$ -	\$ -	\$ 2,825,592
Common Stocks	1,198,144	-	-	1,198,144
Mutual Funds and ETFs	146,088	-	-	146,088
Corporate Debt and U.S. Government Obligations	<u>-</u>	<u>14,808,123</u>	<u>-</u>	<u>14,808,123</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 4,169,824</u></b>	<b><u>\$ 14,808,123</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 18,977,947</u></b>

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments:</b>				
Money Market Funds	\$ 2,203,675	\$ -	\$ -	\$ 2,203,675
Common Stocks	1,249,598	-	-	1,249,598
Mutual Funds and ETFs	226,678	-	-	226,678
Corporate Debt and U.S. Government Obligations	<u>-</u>	<u>15,613,931</u>	<u>-</u>	<u>15,613,931</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 3,679,951</u></b>	<b><u>\$ 15,613,931</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 19,293,882</u></b>



**NATIONAL IMMIGRATION LAW CENTER**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

Net investment return consisted of the following for the years ended June 30, 2024 and 2023:

	<u><b>2024</b></u>	<u><b>2023</b></u>
Interest and dividends	\$ 827,562	\$ 715,494
Realized and unrealized gain (loss) on investments	494,266	(225,840)
Investment expenses	<u>(41,274)</u>	<u>(14,417)</u>
<b>NET INVESTMENT RETURN</b>	<b><u>\$ 1,280,554</u></b>	<b><u>\$ 475,237</u></b>

**3. GRANTS AND CONTRIBUTIONS RECEIVABLE**

NILC has received unconditional promises to give from donors which are to be received over multiple years. Long-term grants and contributions receivable have been recorded at the net present value of their estimated future cash flows, using discount rates ranging from 7.00% to 8.25%.

Grants and contributions are expected to be collected as follows as of June 30, 2024 and 2023:

	<u><b>2024</b></u>	<u><b>2023</b></u>
Less than one year	\$ 5,416,110	\$ 6,700,046
One to five years	<u>1,587,500</u>	<u>2,104,200</u>
Total	7,003,610	8,804,246
Less: Discount to net present value	<u>(98,365)</u>	<u>(88,191)</u>
<b>GRANTS AND CONTRIBUTIONS RECEIVABLE, NET</b>	<b><u>\$ 6,905,245</u></b>	<b><u>\$ 8,716,055</u></b>

**4. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of June 30, 2024 and 2023:

	<u><b>2024</b></u>	<u><b>2023</b></u>
Furniture and equipment	\$ 268,620	\$ 221,493
Website	71,750	-
Leasehold improvements	<u>425,150</u>	<u>425,150</u>
Total property and equipment	765,520	646,643
Less: Accumulated depreciation and amortization	<u>(536,140)</u>	<u>(474,645)</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<b><u>\$ 229,380</u></b>	<b><u>\$ 171,998</u></b>

# NATIONAL IMMIGRATION LAW CENTER

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

### 5. LINE OF CREDIT

NILC had a line of credit agreement with its investment manager, which allowed NILC to borrow against eligible securities in its investment portfolio for general liquidity purposes with a maximum limit of \$4,500,000. Interest was calculated on draw downs at a rate of 4.50%. There were no draw-downs on the line of credit during the years ended June 30, 2024 and 2023. Effective in February 2024, the line of credit was closed.

### 6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Purpose restricted	\$ 8,095,599	\$ 6,538,363
Time restricted	8,136,845	8,992,228
Endowment fund	<u>1,235,242</u>	<u>1,617,673</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>\$ 17,467,686</u></b>	<b><u>\$ 17,148,264</u></b>

Net assets released from donor restrictions consisted of the following during the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Purpose restrictions accomplished	\$ 6,620,265	\$ 7,093,983
Appropriations from endowment	500,000	-
Time restrictions expired	<u>5,450,208</u>	<u>6,919,732</u>
<b>NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 12,570,473</u></b>	<b><u>\$ 14,013,715</u></b>

### 7. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the date of the Statements of Financial Position comprise the following as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 3,717,341	\$ 1,818,569
Investments	18,977,947	19,293,882
Grants and contributions receivable, net	6,905,245	8,716,055
Other receivables	168,296	215,855
Due from related party	<u>306,598</u>	<u>-</u>
Subtotal financial assets available within one year	30,075,427	30,044,361
Less: Board designated net assets	(7,397,832)	(7,775,858)
Less: Net assets with donor restrictions	<u>(17,467,686)</u>	<u>(17,148,264)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 5,209,909</u></b>	<b><u>\$ 5,120,239</u></b>

NILC has a policy to structure its financial assets to be available and liquid as its obligations become due.

## NATIONAL IMMIGRATION LAW CENTER

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

#### 8. LEASE COMMITMENTS

NILC has an operating lease agreement for office space in Washington, D.C. which currently expires on December 31, 2031. The lease includes an escalation of base rentals which is being amortized on a basis to achieve straight-line rent expense over the life of the lease. In addition, NILC received a tenant improvement allowance of \$425,150 for leasehold improvements. The tenant improvement allowance is being amortized as a credit to lease expense over the term of the lease. The current yearly base rent is \$367,175 with an annual 2.5% increasing factor. Additionally, NILC received a 100% rent abatement during the first seven months. The lease was modified on July 1, 2024, to revise the annual base rent and extend the lease to December 31, 2031.

NILC has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. NILC has also elected to use a risk-free rate as the lease discount rate as allowed under FASB ASC 842. Upon initial implementation of ASC 842, NILC used a discount rate of 2.87% to calculate the right-of-use asset and lease liability as of July 1, 2022. However, for the lease modification, NILC used a discount rate of 2.95% to calculate the modified right-of-use asset and modified lease liability as of June 30, 2024.

Lease expense is included in occupancy expense in the accompanying Statements of Functional Expenses and totaled \$340,391 and \$325,164 for the years ended June 30, 2024 and 2023, respectively. Total cash paid was \$425,614 and \$415,256 for the years ended June 30, 2024 and 2023, respectively.

The following is a schedule of future minimum lease payments due under the operating lease, net of imputed interest, as of June 30, 2024:

<u>Year Ending June 30,</u>	
2025	\$ 152,990
2026	376,374
2027	385,804
2028	395,467
2029	405,361
Thereafter	<u>1,059,590</u>
	2,775,586
Less: Imputed interest	<u>(437,450)</u>
<b>OPERATING LEASE LIABILITY</b>	<b><u>\$ 2,338,136</u></b>

NILC also subleases a portion of its office space under various leases. Sublease income totaled \$27,517 and \$18,600 for the years ended June 30, 2024 and 2023, respectively.

The following is a schedule of the future minimum lease payments under the subleases:

<u>Year Ending June 30,</u>	
2025	\$ 18,765
2026	<u>1,564</u>
<b>TOTAL</b>	<b><u>\$ 20,329</u></b>

## **NATIONAL IMMIGRATION LAW CENTER**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023**

#### **9. RETIREMENT PLAN**

NILC has a tax deferred annuity retirement plan under Internal Revenue Code Section 403(b) (the Plan), which covers all eligible employees as of their first day of employment. Participants may elect to defer up to 20% of their salary, depending on years of service and subject to the maximum exclusion determined by the Internal Revenue Code. NILC may make a non-elective employer contribution of up to 4.0% of annual compensation. NILC's contributions to the Plan are included in salaries and related benefits in the accompanying Statements of Functional Expenses and totaled \$324,437 and \$339,243 during the years ended June 30, 2024 and 2023, respectively.

#### **10. CONCENTRATION OF SUPPORT**

Approximately 43% of NILC's support was provided by two donors during the year ended June 30, 2024. Approximately 37% of NILC's support was provided by four donors during the year ended 2023. NILC has no reason to believe that relationships with these donors will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect NILC's ability to finance ongoing operations.

#### **11. RELATED PARTY**

The Board of Directors of NILC established NILC Immigrant Justice Fund (IJF) as a nonprofit public benefit corporation in accordance with the laws of California. NILC has the ability to appoint a majority voting interest of the IJF Board of Directors. However, NILC does not have an economic interest in IJF because IJF does not exist for the benefit of NILC and IJF is not a fundraising entity for NILC. In addition, while the parties share staff, office space, furniture, and equipment, IJF and NILC have a Resource Sharing Agreement that supports the allocation of expenses associated with the use of shared resources. Consolidated financial statements would be required if both control and economic interest were present. Therefore, under U.S. GAAP, NILC and IJF are not required to present consolidated financial statements.

The following describes the transactions between NILC and IJF.

NILC awarded grants to IJF totaling \$250,000 during both of the years ended June 30, 2024 and 2023.

NILC charged IJF for shared resources totaling \$678,346 and \$677,347 during the years ended June 30, 2024 and 2023, respectively. In addition, NILC pays certain expenses on behalf of IJF, which are reimbursed by IJF.

As a result of transactions with IJF, NILC reported an amount due from related party totaling \$306,598 as of June 30, 2024, which is included in the Statements of Financial Position. As a result of transactions with IJF, NILC reported a net amount due to related party totaling \$29,304 as of June 30, 2023, which is included in the Statements of Financial Position.

## NATIONAL IMMIGRATION LAW CENTER

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

#### 12. ENDOWMENT FUND

NILC's endowment fund consists of a donor-restricted endowment fund. The original gift is to be held in perpetuity and the earnings thereon are to be used for general operations. As required by GAAP, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions. The net investment return on the fund is not restricted by the donor. However, U.S. GAAP requires an implied time restriction on the net investment return until appropriated by the Board of Directors.

Interpretation of relevant law -

NILC has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted by Washington, D.C. as requiring the preservation of the fair value of the original gift made to the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

As a result, of this interpretation, NILC classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Additionally, in accordance with UPMIFA, NILC considers the following factors in making a determination to appropriated or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

Return Objectives and Risk Parameters -

NILC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that NILC must hold in perpetuity or for a donor-specified period.

Strategies Employed for Achieving Objectives -

Specifically, the primary objective in the investment management of the fund shall be:

Long-term growth of capital - To emphasize the long-term growth of principal while avoiding excessive risk. Short-term volatility consistent with the volatility of a comparable market index is anticipated, though management should strive to contain it.

Preservation of purchasing power - To achieve returns in excess of the rate of inflation plus spending over the investment time horizon in order to preserve purchasing power of agency and assets. Risk control is a principal element in the investment of assets.

**NATIONAL IMMIGRATION LAW CENTER**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**12. ENDOWMENT FUND (Continued)**

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The assets of the funds shall be managed in such a way as to facilitate NILC's goals and objectives as outlined by the Board of Directors. The principal is permanent and irrevocable; thus, it can never be spent. At the discretion of the Board of Directors, up to 100% of the yearly total return may be utilized for program and agency expenses unless restricted for specific purposes by the donor(s).

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires NILC to retain as a fund of perpetual duration. There were no deficiencies of this nature as of June 30, 2024 and 2023.

The endowment fund consisted of the following as of June 30, 2024:

	<u>Available for Appropriation</u>	<u>Held in Perpetuity</u>	<u>Total</u>
<b>Donor Restricted Fund</b>	<b><u>\$ 235,242</u></b>	<b><u>\$ 1,000,000</u></b>	<b><u>\$ 1,235,242</u></b>

Changes in the endowment fund consisted of the following as of and for the year ended June 30, 2024:

	<u>Available for Appropriation</u>	<u>Held in Perpetuity</u>	<u>Total</u>
Endowment fund, beginning of year	\$ 617,673	\$ 1,000,000	\$ 1,617,673
Net investment return	117,569	-	117,569
Appropriations	<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>
<b>ENDOWMENT FUND, END OF YEAR</b>	<b><u>\$ 235,242</u></b>	<b><u>\$ 1,000,000</u></b>	<b><u>\$ 1,235,242</u></b>

The endowment fund consisted of the following as of June 30, 2023:

	<u>Available for Appropriation</u>	<u>Held in Perpetuity</u>	<u>Total</u>
<b>Donor Restricted Fund</b>	<b><u>\$ 617,673</u></b>	<b><u>\$ 1,000,000</u></b>	<b><u>\$ 1,617,673</u></b>

Changes in the endowment fund consisted of the following as of and for the year ended June 30, 2023:

	<u>Available for Appropriation</u>	<u>Held in Perpetuity</u>	<u>Total</u>
Endowment fund, beginning of year	\$ 408,008	\$ 1,000,000	\$ 1,408,008
Net investment return	<u>209,665</u>	<u>-</u>	<u>209,665</u>
<b>ENDOWMENT FUND, END OF YEAR</b>	<b><u>\$ 617,673</u></b>	<b><u>\$ 1,000,000</u></b>	<b><u>\$ 1,617,673</u></b>

**NATIONAL IMMIGRATION LAW CENTER**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**13. SUBSEQUENT EVENTS**

In preparing these financial statements, NILC has evaluated events and transactions for potential recognition or disclosure through December 16, 2024, the date the financial statements were issued.