

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

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2014 AND 2013**

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.**  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Immigrant Law Center of Minnesota, Inc.  
St. Paul, Minnesota

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Immigrant Law Center of Minnesota, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expense, and cash flows for the years 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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.

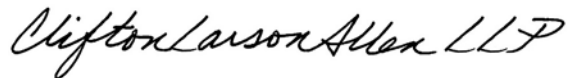
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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.

Board of Directors  
Immigrant Law Center of Minnesota, Inc.

***Opinion***

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, 2014 and 2013, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
April 14, 2015

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 575,577	\$ 633,505
Prepays	14,459	27,977
Accounts Receivable	40,822	16,799
Grants Receivable	194,450	116,415
Pledges Receivable - Current Portion	401,809	328,793
Total Current Assets	<u>1,227,117</u>	<u>1,123,489</u>
<b>PLEDGES RECEIVABLE, NET OF CURRENT PORTION</b>	44,753	87,092
<b>FURNITURE AND EQUIPMENT, NET</b>	<u>55,153</u>	<u>32,499</u>
Total Assets	<u><u>\$ 1,327,023</u></u>	<u><u>\$ 1,243,080</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 30,735	\$ 59,356
Accrued Vacation and Payroll	37,745	34,365
Deferred Revenue	1,000	2,200
Deferred Rent	6,681	7,653
Capital Lease Obligation	4,547	5,555
Total Liabilities	<u>80,708</u>	<u>109,129</u>
<b>CAPITAL LEASE OBLIGATION, NET OF CURRENT PORTION</b>	16,868	-
<b>NET ASSETS</b>		
Unrestricted:		
Equity in Fixed Assets	55,153	32,499
Board Designated Replacement Reserve	13,016	30,880
Board Designated 2014 Initiatives	-	100,000
Board Designated Investment in Technology Reserve	17,864	-
Board Designated Operating Reserve	418,236	393,812
Total Unrestricted	<u>504,269</u>	<u>557,191</u>
Temporarily Restricted	725,178	576,760
Total Net Assets	<u>1,229,447</u>	<u>1,133,951</u>
Total Liabilities and Net Assets	<u><u>\$ 1,327,023</u></u>	<u><u>\$ 1,243,080</u></u>

See accompanying Notes to Financial Statements.

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014		
	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Support:			
Contributions	\$ 103,222	\$ 734,057	\$ 837,279
In-Kind Donations	441,446	-	441,446
Total Support	544,668	734,057	1,278,725
Revenue:			
Government Grants and Contracts	553,234	37,900	591,134
Other Contracts	103,589	-	103,589
Earned Income	33,594	-	33,594
Events/Annual Banquet, Less Direct Costs of \$53,846 and \$19,665 for 2014 and 2013, respectively	4,683	-	4,683
Miscellaneous	1,011	-	1,011
Total Revenue	696,111	37,900	734,011
Net Assets Released from Restrictions	623,539	(623,539)	-
Total Support and Revenue	1,864,318	148,418	2,012,736
<b>EXPENSE</b>			
Program Services:			
Legal Assistance	1,467,670	-	1,467,670
Community Education	139,574	-	139,574
Total Program Services	1,607,244	-	1,607,244
Support Services:			
Management and General	122,746	-	122,746
Fundraising	187,250	-	187,250
Total Support Services	309,996	-	309,996
Total Expense	1,917,240	-	1,917,240
<b>CHANGES IN NET ASSETS</b>	(52,922)	148,418	95,496
Net Assets - Beginning of Year	557,191	576,760	1,133,951
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 504,269</u>	<u>\$ 725,178</u>	<u>\$ 1,229,447</u>

See accompanying Notes to Financial Statements.

2013		
Unrestricted	Temporarily Restricted	Total
\$ 210,866	\$ 842,778	\$ 1,053,644
510,564	-	510,564
<u>721,430</u>	<u>842,778</u>	<u>1,564,208</u>
383,143	10,282	393,425
100,268	-	100,268
15,843	-	15,843
39,297	-	39,297
1,358	-	1,358
<u>539,909</u>	<u>10,282</u>	<u>550,191</u>
868,536	(868,536)	-
2,129,875	(15,476)	2,114,399
1,486,009	-	1,486,009
191,965	-	191,965
<u>1,677,974</u>	<u>-</u>	<u>1,677,974</u>
168,867	-	168,867
137,865	-	137,865
<u>306,732</u>	<u>-</u>	<u>306,732</u>
1,984,706	-	1,984,706
145,169	(15,476)	129,693
412,022	592,236	1,004,258
<u>\$ 557,191</u>	<u>\$ 576,760</u>	<u>\$ 1,133,951</u>

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSE**  
**YEAR ENDED DECEMBER 31, 2014**

	Program Services					
	Legal Assistance	Community Education	Total Program Services	Management and General	Fundraising	Total All Services
Personnel:						
Salaries and Taxes	\$ 636,608	\$ 88,317	\$ 724,925	\$ 55,524	\$ 95,324	\$ 875,773
Benefits	162,787	16,853	179,640	16,983	25,887	222,510
Total Personnel	799,395	105,170	904,565	72,507	121,211	1,098,283
Insurance	2,280	275	2,555	208	347	3,110
Malpractice Insurance	9,827	-	9,827	-	-	9,827
Donated Goods and Services	398,260	3,230	401,490	17,980	15,080	434,550
Contracted Services	85,977	5,454	91,431	14,018	5,381	110,830
Office Rent	57,485	5,633	63,118	4,566	8,084	75,768
Equipment, Repairs and Maintenance	3,492	581	4,073	327	467	4,867
Telephone	9,006	1,675	10,681	538	905	12,124
Supplies	9,467	1,152	10,619	828	1,309	12,756
Postage	14,914	42	14,956	935	447	16,338
Printing	3,619	338	3,957	288	502	4,747
Subscriptions and Dues	19,226	1,666	20,892	810	1,194	22,896
Staff Travel and Development	27,932	6,609	34,541	1,026	1,030	36,597
Litigation/Research	237	-	237	-	-	237
Meetings/Outreach	8,964	5,660	14,624	2,085	157	16,866
Training Presentations	430	-	430	-	-	430
Events	-	-	-	-	26,877	26,877
Miscellaneous	2,910	533	3,443	5,351	1,997	10,791
Total Expense before Depreciation	1,453,421	138,018	1,591,439	121,467	184,988	1,897,894
Depreciation	14,249	1,556	15,805	1,279	2,262	19,346
Total Expense	\$ 1,467,670	\$ 139,574	\$ 1,607,244	\$ 122,746	\$ 187,250	\$ 1,917,240
	77%	7%	84%	6%	10%	100%

See accompanying Notes to Financial Statements.



**IMMIGRANT LAW CENTER OF MINNESOTA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSE**  
**YEAR ENDED DECEMBER 31, 2013**

	Program Services					
	Legal Assistance	Community Education	Total Program Services	Management and General	Fundraising	Total All Services
Personnel:						
Salaries and Taxes	\$ 627,511	\$ 85,350	\$ 712,861	\$ 70,459	\$ 78,830	\$ 862,150
Benefits	149,262	9,504	158,766	32,929	24,943	216,638
Total Personnel	776,773	94,854	871,627	103,388	103,773	1,078,788
Insurance	2,433	187	2,620	176	256	3,052
Malpractice Insurance	10,107	-	10,107	-	-	10,107
Donated Goods and Services	476,912	7,560	484,472	6,626	12,071	503,169
Contracted Services	78,431	45,604	124,035	33,550	4,401	161,986
Office Rent	43,708	3,615	47,323	8,539	4,597	60,459
Equipment, Repairs and Maintenance	5,279	518	5,797	532	584	6,913
Telephone	6,896	1,664	8,560	336	490	9,386
Supplies	10,174	1,346	11,520	6,691	1,068	19,279
Postage	13,963	91	14,054	312	938	15,304
Printing	3,106	262	3,368	155	225	3,748
Subscriptions and Dues	18,268	801	19,069	1,093	799	20,961
Staff Travel and Development	15,290	9,140	24,430	2,425	122	26,977
Litigation/Research	1,706	-	1,706	-	-	1,706
Meetings/Outreach	1,769	11,353	13,122	2,371	70	15,563
Training Presentations	459	-	459	-	-	459
Events	8,863	91	8,954	-	6,788	15,742
Miscellaneous	3,320	13,956	17,276	1,970	694	19,940
Total Expense before Depreciation	1,477,457	191,042	1,668,499	168,164	136,876	1,973,539
Depreciation	8,552	923	9,475	703	989	11,167
Total Expense	\$ 1,486,009	\$ 191,965	\$ 1,677,974	\$ 168,867	\$ 137,865	\$ 1,984,706
	75%	10%	85%	8%	7%	100%

See accompanying Notes to Financial Statements.

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ 95,496	\$ 129,693
Adjustments to Reconcile Changes in Net Assets to Net		
Cash Provided (Used) by Operating Activities:		
Depreciation	19,346	11,167
Loss on Sale of Fixed Assets	1,253	-
Change in Current Assets and Liabilities:		
(Increase) Decrease in Assets:		
Prepays	13,518	(10,657)
Receivables	(132,735)	(80,320)
Increase (Decrease) in Liabilities:		
Accounts Payable	(28,621)	51,720
Deferred Revenue	(1,200)	(50)
Accrued Vacation and Payroll	3,380	9,230
Deferred Rent	(972)	7,653
Net Cash Provided (Used) by Operating Activities	(30,535)	118,436
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Furniture and Fixtures	(20,903)	(17,290)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Capital Lease	(6,490)	(5,161)
<b>NET INCREASE (DECREASE) IN CASH</b>	(57,928)	95,985
Cash - Beginning of Year	633,505	537,520
<b>CASH - END OF YEAR</b>	<u>\$ 575,577</u>	<u>\$ 633,505</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Noncash Donated Goods and Services	<u>\$ 441,446</u>	<u>\$ 510,564</u>
Interest Paid	<u>\$ 514</u>	<u>\$ 419</u>
Equipment Financed through a Capital Lease	<u>\$ 22,350</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization Purpose**

***Brief Summary of Organization History***

The Immigrant Law Center of Minnesota (ILCM) has been serving Minnesota's immigrants and refugees from its offices in St. Paul since 1976. ILCM began as Oficina Legal, a program of Southern Minnesota Regional Legal Services (SMRLS), the federally funded nonprofit. With ILCM as a program, SMRLS became nationally known as a pioneer in providing immigration-related legal services to low-income individuals. In 1996, federal restrictions limiting the types of clients that SMRLS could serve as a federally funded legal services program compelled ILCM to become an independent organization.

Since 1996, ILCM has provided free legal assistance to low-income families and individuals of all nationalities in immigration matters. Historically, ILCM provided comprehensive services to persons residing in the St. Paul metro area and the 33 counties in southern Minnesota. Beginning in fiscal year 2010, ILCM expanded its service area to the entire state of Minnesota. Previously, ILCM provided statewide services only for victims of domestic violence and other serious crimes. To qualify for ILCM's services, individuals must have an income equal to or less than 187.5 percent of the federal poverty guidelines, depending on family size.

ILCM's work is essential for strengthening immigrants and refugees' lives in Minnesota. Indeed, legal service programs throughout Minnesota, community organizations, and elected officials rely heavily on the expertise of ILCM staff. Without ILCM's services, hundreds of immigrant families and individuals would have no assistance navigating a remarkably complex legal realm. ILCM provides essential legal aid to immigrants and their families, allowing them to overcome legal obstacles in order to thrive in Minnesota.

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

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

Consequently, ILCM's goals are to:

- 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 so as to encourage sound public policy that protects the universal human rights of immigrants and is both compassionate and practical.

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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

**Organization Purpose (Continued)**

***Brief Description of Current Programs and Service Statistics***

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

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

- the **New Beginnings Project** assists battered immigrants and their children to obtain immigration benefits, enabling them to gain the personal and economic self-sufficiency needed to escape the cycle of violence. Since 2007, this project has also been at the forefront of providing representation to victims of crime and training law enforcement and other service organizations to mutually assist these clients;
- the **Minnesota Family Naturalization Project** focuses on increasing the number of legal permanent residents in Minnesota who apply for and successfully become United States citizens while building collaborations across sectors to promote the importance of citizenship in increasing civic engagement and strengthening communities;
- the **Minnesota Detainee Assistance Project**, operated jointly with the Advocates for Human Rights and area law schools, provides representation for detainees in custody, assists in filing asylum applications, and presents appeals in court to defend the constitutionally-guaranteed fundamental liberties of immigrants;
- the **Rural Immigration Project**, provides legal representation and coordination of education to immigrant individuals and families living in rural Minnesota;
- the **Pro Bono Project** increases services and maximizes community resources by recruiting, training, and supervising volunteer attorneys to provide assistance with citizenship applications, provide representation to immigrants who have been the victims of domestic violence or other serious crimes, assist clients with filing for Temporary Protected Status, defend immigrant detainees, and present appeals in federal court;
- the **DREAMers Immigration Project** provides legal representation and outreach to young immigrants who were brought to the United States as children, who are now eligible for legal status under Deferred Action for Childhood Arrivals;
- the **Refugee Services Project** collaborates with community organizations like the Neighborhood House to provide holistic services that include immigration advice and assistance to Minnesota's newest refugees;

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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

**Organization Purpose (Continued)**

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

- the **Center for New Americans Collaboration** is a partnership with the University of Minnesota, other immigration-focused nonprofits, and private law firms to identify and provide high quality representation for immigrants before the detained immigration court, U.S. District Courts, U.S. Court of Appeals, Board of Immigration Appeals, and U.S. Supreme Court—prioritizing both increasing representation of detained immigrants and selecting cases with the potential to increase due process or benefit large numbers of immigrants across Minnesota and the United States;
- the **Public Defenders Project** provides technical assistance, training, and education to Minnesota public defenders on the immigration consequences of criminal convictions as required by the U.S. Supreme Court's decision in Padilla v. Kentucky;
- the **Central American Refugee Project** provides legal assistance for children and families who are seeking refuge from extreme violence, abuse, and/or poverty experienced in their country of origin.
- the **Advocacy Project** allows ILCM to provide systematic education to immigrants, the general public, and policymakers about the human impact of immigration laws and proposals;
- the **Youth Intervention Project** educates non-citizen immigrant teenagers and young adults about the crimes that lead to deportation and how young adults can change their behaviors and their immigration status to avoid deportation. This project provides educational presentations on immigration law and law-related topics to ELL (English Language Learner) students, teachers, nurses, school administrators, and parents.

During the fiscal year ended December 31, 2014, ILCM worked on 4,465 cases providing brief legal advice and direct representation. Our clients originated in 110 different countries from around the world. The needs of our clients ranged from family reunification to defense in removal (deportation) proceedings. During the period, ILCM worked with 250 active pro bono attorneys who donated 2,548 hours toward serving 518 individuals and their families.

ILCM also reached approximately 8,485 persons through law-related education and advocacy presentations and countless others through radio and television appearances during 2014. Attendees at the presentations included immigrant and refugee youth, educators, immigrants and their advocates, attorneys, judges, law enforcement, community leaders, or elected officials.

**Basis of Presentation**

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

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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

**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:

Unrestricted – Resources over which the board of directors has discretionary control. Designated amounts represent those revenues that the board has set aside for a particular purpose.

Temporarily Restricted – Those resources subject to donor imposed restrictions which will be satisfied by actions of the Organization or the passage of time.

Permanently Restricted – Those resources subject to a donor-imposed restriction that they be maintained permanently. At this time the Organization has no such permanently restricted resources.

**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 temporarily restricted net assets or permanently restricted net assets depending on the nature of the restriction. When the restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement 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 FDIC insurable limits.

**Grants, Contracts, and Accounts Receivable**

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

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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

**Pledges Receivable**

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

As of December 31, 2014 and 2013, an allowance was not warranted. The total discount applied to pledges expected to be collected in future years was \$5,247 and \$12,908 for the years ended December 31, 2014 and 2013, respectively.

**Furniture and Equipment**

All furniture and equipment over \$300 is capitalized at cost. Contributed items are recorded at fair market value at date of donation. Donated assets are recorded at fair market value. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulation, contributions of furniture and equipment are recorded as unrestricted. All assets are depreciated on a straight-line basis over the estimated useful lives of the assets. The useful lives range from three to seven years.

**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. 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**

Salaries and related expenses are allocated based on management's best estimate of time spent. Expenses, other than salaries and related expenses, which are not directly identifiable by program or support service, are allocated based on the best estimates of management.

**Use of Estimates**

Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. 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.

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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

**Tax Exempt Status**

The Organization has a tax exempt status under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute. It has been classified as an organization that is not a private foundation under the Internal Revenue Code 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. The tax returns for the years 2011 to 2013 are open to examination by federal, local, and state authorities.

**Reclassifications**

Certain reclassifications have been made to the prior year financial statements to conform with current year presentation. The reclassifications had no effect on the change in net assets or total net assets as previously reported.

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 14, 2015, the date the financial statements were available to be issued.

**NOTE 2 PLEDGES RECEIVABLE**

The Organization has received unconditional promises-to-give from certain foundations. The total balance outstanding on these unconditional promises-to-give was \$446,562 and \$415,885 as of December 31, 2014 and 2013, respectively.

Unconditional promises to give at December 31, 2014, are expected to be collected in the following manner:

	2014	2013
Less Than One Year	\$ 401,809	\$ 328,793
One Year to Five Years	50,000	100,000
Present Value Discount	(5,247)	(12,908)
Total	<u>\$ 446,562</u>	<u>\$ 415,885</u>

Contributions expected to be received more than one year from the statement of financial position date are discounted to present value. The contributions are discounted using a rate of 5.7%.



**IMMIGRANT LAW CENTER OF MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

**NOTE 3 CONCENTRATIONS**

In the year ended December 31, 2014, approximately 27% of the Organization's contributions were contributed by two donors and approximately 70% of the Organization's program service fees (government grants and contracts and other contracts) were from four entities.

In the year ended December 31, 2013, approximately 82% of the Organization's contributions were contributed by three donors and approximately 73% of the Organization's program service fees (government grants and contracts and other contracts) were from three entities.

**NOTE 4 FURNITURE AND EQUIPMENT**

Furniture and equipment consists of the following at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Property and Equipment:		
Computer Equipment	\$ 27,434	\$ 26,633
Furniture and Other Equipment	61,792	58,530
Leasehold Improvements	3,890	3,890
Total Property and Equipment	<u>93,116</u>	<u>89,053</u>
Less: Accumulated Depreciation	37,963	56,554
Property and Equipment, Net	<u><u>\$ 55,153</u></u>	<u><u>\$ 32,499</u></u>

**NOTE 5 OPERATING LEASES**

The Organization entered into an operating lease agreement for office space beginning September 1, 2013. The lease has a 64-month term. In addition, the Organization leases office space in Worthington, Minnesota on a month-to-month basis.

Future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2015	\$ 70,740
2016	70,740
2017	72,144
2018	72,144
Total Minimum Lease Payments	<u><u>\$ 285,768</u></u>

Rent expense was \$75,768 and \$60,459 for the years ended December 31, 2014 and 2013, respectively.

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**NOTE 6 CAPITAL LEASE**

During the year ended December 31, 2014, the Organization disposed of the previous copier under a capital lease and entered into a new capital lease. This leased copier is included in property and equipment. The following is a schedule by years of future minimum payments required under the lease together with their present value as of December 31, 2014:

<u>Year Ending December 31,</u>	<u>Amount</u>
2015	\$ 4,547
2016	4,547
2017	4,547
2018	4,547
2019	3,574
Total Minimum Lease Payments	21,762
Less: Amount Representing Interest	(347)
Present Value of Minimum Lease Payments	<u>\$ 21,415</u>

The related asset consists of the following at December 31, 2014:

Equipment	\$ 22,350
Accumulated Depreciation	(745)
Net Book Value	<u>\$ 21,605</u>

Amortization of assets held under capital leases is included with depreciation expense.

**NOTE 7 NET ASSETS**

**Temporarily Restricted Net Assets**

Temporarily restricted assets consist of the following at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Restricted to Purpose	\$ 532,886	\$ 120,875
Restricted to Time and Purpose	192,292	455,885
Total Restricted	<u>\$ 725,178</u>	<u>\$ 576,760</u>

**Net Assets Released from Restrictions**

The net assets released from restrictions during the years ended December 31, 2014 and 2013 consisted of both donor restricted funds for the Organization's core programs or time restricted funds.

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**NOTE 8 IN-KIND CONTRIBUTIONS**

The Organization records in-kind contributions at fair market value at the date of donation. Donated Services are valued at \$20 up to \$420 per hour as of December 31, 2014 and 2013. In-kind contributions, included in contributions on the statement of activities and in the related expenses on the statement of functional expenses, consist of the following for the years ended December 31, 2014 and 2013, respectively.

	2014	2013
Donated Goods	\$ 21,976	\$ 21,588
Donated Services	419,470	488,976
Total	<u>\$ 441,446</u>	<u>\$ 510,564</u>

In-kind expenses on the statement of functional expenses does not include direct expenses of \$6,896 and \$7,395 as that is netted with special event revenue for the year ended December 31, 2014 and 2013, respectively.

**NOTE 9 SUMMARY OF BOARD DESIGNATED OPERATING RESERVES**

The Board of Directors of ILCM defines Board Designated Operating Reserves as the portion of “unrestricted net assets” that are available for use at the discretion of the organization’s board. The presence of a board designated operating reserve increases an organization’s ability to absorb or respond to temporary changes in its environment or circumstances, for example, the unanticipated event of significant unbudgeted increases in operating expenses and/or losses in operating revenues.

ILCM maintains an Operating Reserve Policy that requires the board to set aside a portion of Available Unrestricted Assets at the end of each fiscal year to fund a Board Designated Operating Reserve. The policy also establishes a goal for the reserve of a minimum target balance of three months of operating costs (\$401,284) and a maximum target of six months of operating costs (\$802,568) based on the annual organizational budget.

Available Unrestricted Assets are defined as the portion of unrestricted net assets that are available for designation by the board for operating reserves or non-operational special purposes that further the mission of the organization.

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**NOTE 9 SUMMARY OF BOARD DESIGNATED OPERATING RESERVES (CONTINUED)**

Available Unrestricted Net Assets at December 31, 2014 and 2013 are:

	2014	2013
Total Unrestricted Net Assets	\$ 504,269	\$ 557,191
Less: Equity in Fixed Assets	(55,153)	(32,499)
Unrestricted Net Assets Available for Designation	<u>\$ 449,116</u>	<u>\$ 524,692</u>
Board Designated Amounts for:		
Operating Reserve	\$ 418,236	\$ 393,812
2014 Initiatives	-	100,000
Investment in Technology	17,864	-
Replacement of Fixed Assets	13,016	30,880
Total Designated Funds	<u>\$ 449,116</u>	<u>\$ 524,692</u>