

IMMIGRANT LAW CENTER OF MINNESOTA, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

**IMMIGRANT LAW CENTER OF MINNESOTA, INC.
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YEARS ENDED DECEMBER 31, 2013 AND 2012**

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INDEPENDENT AUDITORS' REPORT

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

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, 2013 and 2012, 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.

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, 2013 and 2012, 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.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
March 10, 2014

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 633,505	\$ 537,520
Prepays	27,977	17,320
Accounts Receivable	16,799	6,069
Grants Receivable	116,415	120,757
Pledges Receivable - Current Portion	<u>328,793</u>	<u>341,953</u>
Total Current Assets	1,123,489	1,023,619
PLEDGES RECEIVABLE, NET OF CURRENT PORTION	87,092	-
FURNITURE AND EQUIPMENT, NET	<u>32,499</u>	<u>26,376</u>
Total Assets	<u>\$ 1,243,080</u>	<u>\$ 1,049,995</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 59,356	\$ 7,636
Accrued Vacation and Payroll	34,365	25,135
Deferred Revenue	2,200	2,250
Deferred Rent	7,653	-
Capital Lease Obligation	<u>5,555</u>	<u>10,716</u>
Total Liabilities	109,129	45,737
NET ASSETS		
Unrestricted:		
Equity in Fixed Assets	32,499	26,376
Board Designated Replacement Reserve	30,880	30,880
Board Designated 2014 Initiatives	100,000	-
Board Designated Operating Reserve	<u>393,812</u>	<u>354,766</u>
Total Unrestricted	557,191	412,022
Temporarily Restricted	<u>576,760</u>	<u>592,236</u>
Total Net Assets	<u>1,133,951</u>	<u>1,004,258</u>
Total Liabilities and Net Assets	<u>\$ 1,243,080</u>	<u>\$ 1,049,995</u>

See accompanying Notes to Financial Statements.

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Support:			
Contributions	\$ 157,468	\$ 831,113	\$ 988,581
Donations	563,962	11,665	575,627
Total Support	721,430	842,778	1,564,208
Revenue:			
Government Grants and Contracts	208,000	185,425	393,425
Other Contracts	-	100,268	100,268
Earned Income	15,843	-	15,843
Events/Annual Banquet	58,962	-	58,962
Miscellaneous	1,358	-	1,358
Total Revenue	284,163	285,693	569,856
Net Assets Released from Restrictions	1,143,947	(1,143,947)	-
Total Support and Revenue	2,149,540	(15,476)	2,134,064
EXPENSE			
Program Services:			
Legal Assistance	1,486,009	-	1,486,009
Community Education	191,965	-	191,965
Total Program Services	1,677,974	-	1,677,974
Support Services:			
Management and General	168,867	-	168,867
Fundraising	157,530	-	157,530
Total Support Services	326,397	-	326,397
Total Expense	2,004,371	-	2,004,371
CHANGES IN NET ASSETS	145,169	(15,476)	129,693
Net Assets - Beginning of Year	412,022	592,236	1,004,258
NET ASSETS - END OF YEAR	<u>\$ 557,191</u>	<u>\$ 576,760</u>	<u>\$ 1,133,951</u>

See accompanying Notes to Financial Statements.

2012		
Unrestricted	Temporarily Restricted	Total
\$ 40,370	\$ 931,776	\$ 972,146
638,628	5,120	643,748
<u>678,998</u>	<u>936,896</u>	<u>1,615,894</u>
211,686	154,006	365,692
-	58,222	58,222
15,275	-	15,275
58,139	-	58,139
1,078	-	1,078
<u>286,178</u>	<u>212,228</u>	<u>498,406</u>
911,892	(911,892)	-
1,877,068	237,232	2,114,300
1,408,066	-	1,408,066
105,021	-	105,021
<u>1,513,087</u>	<u>-</u>	<u>1,513,087</u>
99,539	-	99,539
176,212	-	176,212
<u>275,751</u>	<u>-</u>	<u>275,751</u>
1,788,838	-	1,788,838
88,230	237,232	325,462
323,792	355,004	678,796
<u>\$ 412,022</u>	<u>\$ 592,236</u>	<u>\$ 1,004,258</u>

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	19,466	510,564
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	-	19,058	28,012
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	156,541	1,993,204
Depreciation	8,552	923	9,475	703	989	11,167
Total Expense	<u>\$ 1,486,009</u>	<u>\$ 191,965</u>	<u>\$ 1,677,974</u>	<u>\$ 168,867</u>	<u>\$ 157,530</u>	<u>\$ 2,004,371</u>
	<u>74%</u>	<u>10%</u>	<u>84%</u>	<u>8%</u>	<u>8%</u>	<u>100%</u>

See accompanying Notes to Financial Statements.

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED DECEMBER 31, 2012

	Program Services					
	Legal Assistance	Community Education	Total Program Services	Management and General	Fundraising	Total All Services
Personnel:						
Salaries and Taxes	\$ 559,178	\$ 73,201	\$ 632,379	\$ 50,096	\$ 88,215	\$ 770,690
Benefits	113,962	16,820	130,782	12,981	30,511	174,274
Total Personnel	673,140	90,021	763,161	63,077	118,726	944,964
Insurance	1,869	254	2,123	130	303	2,556
Malpractice Insurance	9,372	-	9,372	-	-	9,372
Donated Goods and Services	547,170	-	547,170	550	23,506	571,226
Contracted Services	53,242	1,938	55,180	17,549	1,716	74,445
Office Rent	36,949	4,007	40,956	7,179	4,672	52,807
Equipment, Repairs and Maintenance	4,132	422	4,554	251	527	5,332
Telephone	6,762	1,103	7,865	240	561	8,666
Supplies	8,481	829	9,310	1,763	1,170	12,243
Postage	11,502	47	11,549	359	645	12,553
Printing	2,807	236	3,043	134	425	3,602
Subscriptions and Dues	18,871	2,571	21,442	1,211	1,141	23,794
Staff Travel and Development	16,968	1,745	18,713	1,579	548	20,840
Litigation/Research	109	-	109	-	-	109
Meetings/Outreach	3,070	623	3,693	1,707	387	5,787
Training Presentations	2,346	-	2,346	-	-	2,346
Events	-	-	-	-	20,495	20,495
Miscellaneous	3,646	246	3,892	3,272	200	7,364
Total Expense before Depreciation	1,400,436	104,042	1,504,478	99,001	175,022	1,778,501
Depreciation	7,630	979	8,609	538	1,190	10,337
Total Expense	\$ 1,408,066	\$ 105,021	\$ 1,513,087	\$ 99,539	\$ 176,212	\$ 1,788,838
	79%	6%	85%	5%	10%	100%

See accompanying Notes to Financial Statements.

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 129,693	\$ 325,462
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	11,167	10,337
Change in Current Assets and Liabilities:		
(Increase) Decrease in Assets:		
Prepays	(10,657)	(3,562)
Receivables	(80,320)	(170,085)
Increase (Decrease) in Liabilities:		
Accounts Payable	51,720	1,186
Deferred Revenue	(50)	(2,000)
Accrued Vacation and Payroll	9,230	(720)
Deferred Rent	7,653	-
Net Cash Provided by Operating Activities	<u>118,436</u>	<u>160,618</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Furniture and Fixtures	(17,290)	(1,240)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease	<u>(5,161)</u>	<u>(4,910)</u>
NET INCREASE IN CASH	95,985	154,468
Cash - Beginning of Year	<u>537,520</u>	<u>383,052</u>
CASH - END OF YEAR	<u><u>\$ 633,505</u></u>	<u><u>\$ 537,520</u></u>
SUPPLEMENTAL DISCLOSURES		
Noncash Donated Goods and Services	<u><u>\$ 510,564</u></u>	<u><u>\$ 571,226</u></u>
Interest Paid	<u><u>\$ 419</u></u>	<u><u>\$ 670</u></u>

See accompanying Notes to Financial Statements.

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

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, 2013 AND 2012

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, and works closely with other service organizations and law enforcement to mutually assist these clients;
- 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 **Pro Bono Project** increases services and maximizes community resources by recruiting, training, and supervising volunteer attorneys to provide assistance with naturalization cases. The project also pairs more experienced attorneys with more complex cases like domestic abuse and federal appellate court cases;
- 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;
- the **Rural Immigration Project**, previously the Worthington Immigration Project, expands our provision of legal representation and coordination of education to immigrant individuals and families living in rural Minnesota;
- 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;
- the **Advocacy & Defense Project** allows ILCM to provide systematic education to immigrants, the general public, and policymakers about the human impact of immigration laws and proposals;

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization Purpose (Continued)

Brief Description of Current Programs and Service Statistics (Continued)

- the **Appellate Litigation Project** provides and facilitates high quality representation for immigrants before the U.S. Courts of Appeals and the Board of Immigration Appeals, prioritizing cases with the potential to benefit large numbers of immigrants in Minnesota. In 2013, this project became part of the Center for New Americans at the University of Minnesota. ILCM will continue to be an active partner in this work with the Center;
- 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 **DREAMers Immigration Project** provides legal representation and outreach for immigrants between the ages of 15 and 30 who are now eligible for legal status under Deferred Action for Childhood Arrivals; and
- 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.

During the fiscal year ended December 31, 2013, ILCM worked on 4,586 cases providing brief legal advice and direct representation. Our clients originated in 99 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 247 active pro bono attorneys who donated 3,085 hours toward serving 581 individuals and their families.

ILCM also reached approximately 11,664 persons through law-related education and advocacy presentations and countless others through radio and television appearances during 2013. 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.

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.

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

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 one institution. Balances are insured by the Federal Deposit Insurance Corporation up to certain limits. 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.

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, 2013 and 2012, an allowance was not warranted. The total discount applied to pledges expected to be collected in future years was \$12,908 and \$-0- for the years ended December 31, 2013 and 2012, respectively.

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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 2010 to 2012 are open to examination by federal, local, and state authorities.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 10, 2014, the date the financial statements were available to be issued.

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

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 \$420,635 and \$341,953 as of December 31, 2013 and 2012, respectively.

Unconditional promises to give at December 31, 2013, are expected to be collected in the following manner:

Less Than One Year	\$ 328,793	\$ 341,953
One Year to Five Years	100,000	-
Present Value Discount	(12,908)	-
Total	<u>\$ 415,885</u>	<u>\$ 341,953</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%.

NOTE 3 CONCENTRATIONS

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

In the year ended December 31, 2012, approximately 61% of the Organization's contributions were contributed by three donors and approximately 83% 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, 2013 and 2012:

	2013	2012
Property and Equipment:		
Computer Equipment	\$ 26,633	\$ 24,811
Furniture and Other Equipment	58,530	46,952
Leasehold Improvements	3,890	14,437
Total Property and Equipment	<u>89,053</u>	<u>86,200</u>
Less: Accumulated Depreciation	56,554	59,824
Property and Equipment, Net	<u>\$ 32,499</u>	<u>\$ 26,376</u>

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

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. As of December 31, 2013, the Organization owes \$8,644 to the landlord for remodeling costs to be paid in monthly installments through December 31, 2014. 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>
2014	\$ 70,740
2015	70,740
2016	70,740
2017	72,144
2018	72,144
Total Minimum Lease Payments	<u>\$ 356,508</u>

NOTE 6 CAPITAL LEASE

The Organization leases a copier under a 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, 2013:

<u>Year Ending December 31,</u>	<u>Amount</u>
2014	\$ 5,580
2015	130
Total Minimum Lease Payments	5,710
Less: Amount Representing Interest	(155)
Present Value of Minimum Lease Payments	<u>\$ 5,555</u>

The related asset consists of the following at December 31:

	<u>2013</u>	<u>2012</u>
Equipment	\$ 20,000	\$ 20,000
Accumulated Depreciation	(11,667)	(7,667)
Net Book Value	<u>\$ 8,333</u>	<u>\$ 12,333</u>

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

IMMIGRANT LAW CENTER OF MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 7 NET ASSETS

Temporarily Restricted Net Assets

Temporarily restricted assets consist of the following at December 31, 2013 and 2012:

	2013	2012
Restricted to Purpose	\$ 120,875	\$ 565,466
Restricted to Time and Purpose	455,885	26,770
Total Restricted	<u>\$ 576,760</u>	<u>\$ 592,236</u>

Net Assets Released from Restrictions

The net assets released from restrictions during the years ended December 31, 2013 and 2012 consisted of both donor restricted funds for the Organization's core programs or time restricted funds.

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, 2013 and 2012. 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, 2013 and 2012, respectively.

	2013	2012
Donated Goods	\$ 21,588	\$ 23,506
Donated Services	488,976	547,720
Total	<u>\$ 510,564</u>	<u>\$ 571,226</u>

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 (\$398,562) and a maximum target of six months of operating costs (\$797,124) based on the annual organizational budget.

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NOTE 9 SUMMARY OF BOARD DESIGNATED OPERATING RESERVES (CONTINUED)

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.

Available Unrestricted Net Assets at December 31, 2013 and 2012 are:

	2013	2012
Total Unrestricted Net Assets	\$ 557,191	\$ 412,022
Less: Equity in Fixed Assets	<u>(32,499)</u>	<u>(26,376)</u>
Unrestricted Net Assets Available for Designation	<u>\$ 524,692</u>	<u>\$ 385,646</u>
Board Designated Amounts for:		
Operating Reserve	\$ 393,812	\$ 354,766
2014 Initiatives	100,000	-
Replacement of Fixed Assets	<u>30,880</u>	<u>30,880</u>
Total Designated Funds	<u>\$ 524,692</u>	<u>\$ 385,646</u>