



FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

AMERICAN IMMIGRATION COUNCIL

TABLE OF CONTENTS
DECEMBER 31, 2019 AND 2018

	<u>Pages</u>
Independent Auditors' Report	3
Financial Statements	
Statements of Financial Position.....	4
Statements of Activities	5-6
Statements of Functional Expenses.....	7-8
Statements of Cash Flows.....	9
Notes to Financial Statements	10-19

Independent Auditors' Report

To the Board of Directors
American Immigration Council
Washington, D.C.

We have audited the accompanying financial statements of American Immigration Council, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, 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 audits 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 auditors consider 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 American Immigration Council as of December 31, 2019 and 2018, 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.

Councilor, Buchanan & Mitchell, P.C.

Certified Public Accountants

Washington, D.C.
July 28, 2020

AMERICAN IMMIGRATION COUNCIL

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

	2019	2018
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 4,110,987	\$ 3,455,163
Certificates of Deposit	1,578,107	1,570,257
Accounts Receivable	66,743	79,815
Contributions Receivable	838,098	800,608
Due from AILA	168,274	75,032
Prepaid Expenses	65,276	25,019
Total Current Assets	6,827,485	6,005,894
Property and Equipment, at Cost		
Furniture and Equipment	588,009	504,393
Less Accumulated Depreciation	(418,984)	(371,392)
Property and Equipment, Net	169,025	133,001
Other Assets		
Contributions Receivable, Net of Current Portion	-	250,000
Ratner Sculptures	63,750	65,000
Total Other Assets	63,750	315,000
Total Assets	\$ 7,060,260	\$ 6,453,895
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 530,048	\$ 290,192
Accrued Expenses	405,980	362,403
Deferred Revenue	10,995	75,000
Total Current Liabilities	947,023	727,595
Net Assets		
Net Assets Without Donor Restrictions	773,628	1,098,671
Board Designated Net Assets		
Legal Fee Award Fund	112,164	112,164
Board Designated Reserve Fund	1,730,615	1,502,860
Total Board Designated Net Assets	1,842,779	1,615,024
Total Net Assets Without Donor Restrictions	2,616,407	2,713,695
Net Assets With Donor Restrictions	3,496,830	3,012,605
Total Net Assets	6,113,237	5,726,300
Total Liabilities And Net Assets	\$ 7,060,260	\$ 6,453,895

See accompanying Notes to Financial Statements.

AMERICAN IMMIGRATION COUNCIL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 2,260,101	\$ 4,909,850	\$ 7,169,951
Cultural Exchange Program	1,710,395	-	1,710,395
Special Events	502,707	-	502,707
Publication Sales	34,760	-	34,760
Contributed Services	372,844	-	372,844
Other Revenue	22,684	-	22,684
Interest Income	9,356	-	9,356
Legal Fees Recovered	86,513	-	86,513
Net Assets Released from Restrictions			
Satisfaction of Time or Program Accomplishment	4,425,625	(4,425,625)	-
	<u>9,424,985</u>	<u>484,225</u>	<u>9,909,210</u>
Expenses			
Program Services			
Legal Department	1,413,470	-	1,413,470
Policy and Media Department	578,035	-	578,035
Cultural Exchange Program	942,704	-	942,704
Justice Campaign	3,185,993	-	3,185,993
Ad Council Campaign	330,002	-	330,002
Center for Inclusion and Belonging	472,041	-	472,041
Research	474,891	-	474,891
	<u>7,397,136</u>	<u>-</u>	<u>7,397,136</u>
Supporting Services			
Fundraising	1,110,840	-	1,110,840
Management and General	981,569	-	981,569
Leadership	32,728	-	32,728
	<u>2,125,137</u>	<u>-</u>	<u>2,125,137</u>
	<u>9,522,273</u>	<u>-</u>	<u>9,522,273</u>
Change in Net Assets	(97,288)	484,225	386,937
Net Assets, Beginning of Year	<u>2,713,695</u>	<u>3,012,605</u>	<u>5,726,300</u>
Net Assets, End of Year	<u><u>\$ 2,616,407</u></u>	<u><u>\$ 3,496,830</u></u>	<u><u>\$ 6,113,237</u></u>

See accompanying Notes to Financial Statements.

AMERICAN IMMIGRATION COUNCIL

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 2,171,563	\$ 3,270,100	\$ 5,441,663
Cultural Exchange Program	1,721,571	-	1,721,571
Special Events	423,293	-	423,293
Publication Sales	139,666	-	139,666
Contributed Services	122,571	-	122,571
Other Revenue	24,287	-	24,287
Interest Income	3,685	-	3,685
Legal Fees Recovered	-	-	-
Net Assets Released from Restrictions			
Satisfaction of Time or Program Accomplishment	<u>3,149,585</u>	<u>(3,149,585)</u>	<u>-</u>
Total Support and Revenue	<u>7,756,221</u>	<u>120,515</u>	<u>7,876,736</u>
Expenses			
Program Services			
Legal Department	1,310,059	-	1,310,059
Policy Department	621,076	-	621,076
Cultural Exchange Program	954,656	-	954,656
Research	519,357	-	519,357
Justice Campaign	1,801,578	-	1,801,578
Communications	<u>560,510</u>	<u>-</u>	<u>560,510</u>
Total Program Services	<u>5,767,236</u>	<u>-</u>	<u>5,767,236</u>
Supporting Services			
Fundraising	855,878	-	855,878
Management and General Leadership	738,619	-	738,619
Leadership	<u>132,256</u>	<u>-</u>	<u>132,256</u>
Total Supporting Services	<u>1,726,753</u>	<u>-</u>	<u>1,726,753</u>
Total Expenses	<u>7,493,989</u>	<u>-</u>	<u>7,493,989</u>
Change in Net Assets	262,232	120,515	382,747
Net Assets, Beginning of Year	<u>2,451,463</u>	<u>2,892,090</u>	<u>5,343,553</u>
Net Assets, End of Year	<u><u>\$ 2,713,695</u></u>	<u><u>\$ 3,012,605</u></u>	<u><u>\$ 5,726,300</u></u>

See accompanying Notes to Financial Statements.

AMERICAN IMMIGRATION COUNCIL

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services							Supporting Services					Total
	Legal Department	Policy and Media Department	Cultural Exchange Program	Justice Campaign	Ad Council Campaign	Center for Inclusion and Belonging	Research	Total Program Services	Fundraising	Management and General	Leadership	Total Supporting Services	
Salaries and Benefits	\$ 1,075,160	\$ 440,568	\$ 469,881	\$ 1,307,382	\$ -	\$ 264,543	\$ 383,762	\$ 3,941,296	\$ 486,190	\$ 617,517	\$ -	\$ 1,103,707	\$ 5,045,003
Contributed Professional Services	57,300	23,433	38,216	129,156	-	19,339	19,251	286,695	45,032	39,791	1,326	86,149	372,844
Accounting Fees	-	-	-	-	-	-	-	-	-	71,927	-	71,927	71,927
AILA Services and Equipment	23,276	9,538	10,172	28,304	-	5,691	8,308	85,289	10,526	13,375	-	23,901	109,190
Bank Charges	-	-	32,515	-	-	-	-	32,515	23,846	6,135	-	29,981	62,496
Consulting Services	45,082	21,116	19,407	309,892	330,002	15,449	17,024	757,972	138,791	26,845	-	165,636	923,608
Depreciation	-	-	-	-	-	-	-	-	-	75,516	-	75,516	75,516
Equipment Rental	1,174	459	609	2,943	-	274	400	5,859	507	643	-	1,150	7,009
Grants Funded Partnerships	-	-	-	1,097,577	-	67,500	-	1,165,077	-	-	-	-	1,165,077
Hosted Events	45,878	5,232	8,025	19,143	-	8,046	5,770	92,094	311,252	10,281	5,876	327,409	419,503
Insurance	15,421	1,862	259,664	6,070	-	254	370	283,641	469	4,052	5,936	10,457	294,098
Legal Fees	13,101	79	84	3,497	-	707	68	17,536	87	2,579	-	2,666	20,202
Library/Subscription Dues	14,434	1,039	4,534	4,391	-	133	526	25,057	1,436	1,077	-	2,513	27,570
Marketing and Promotion	554	1,221	654	595	-	105	65	3,194	5,771	259	-	6,030	9,224
Miscellaneous Expense	516	-	-	-	-	-	250	766	-	560	-	560	1,326
Moving Expense	2,493	1,022	1,090	3,032	-	610	890	9,137	1,127	1,433	-	2,560	11,697
Occupancy	62,206	25,490	27,186	90,460	-	15,210	22,204	242,756	28,130	35,866	-	63,996	306,752
Outside Personnel	-	77	-	7,725	-	-	-	7,802	-	9,059	-	9,059	16,861
Postage and Shipping	1,301	257	31,370	1,474	-	117	171	34,690	1,153	1,314	192	2,659	37,349
Printing and Publications	30	176	68	56	-	895	6	1,231	159	79	13	251	1,482
Recruitment	-	-	-	-	-	-	-	-	-	21,953	-	21,953	21,953
Stipend/Training	15,417	17,812	6,738	18,747	-	3,770	5,503	67,987	6,971	9,421	1,383	17,775	85,762
Supplies	7,862	1,686	3,062	8,279	-	1,672	1,397	23,958	2,290	5,344	310	7,944	31,902
Taxes and Filing Fees	635	240	256	1,566	-	143	209	3,049	3,538	2,505	-	6,043	9,092
Telephone	1,354	1,138	2,128	12,320	-	392	517	17,849	1,210	1,219	-	2,429	20,278
Travel	21,725	7,452	9,757	100,714	-	27,196	5,574	172,418	24,615	15,590	12,027	52,232	224,650
Website and Online Services	8,551	18,138	17,288	32,670	-	39,995	2,626	119,268	17,740	7,229	5,665	30,634	149,902
Total Expenses	\$ 1,413,470	\$ 578,035	\$ 942,704	\$ 3,185,993	\$ 330,002	\$ 472,041	\$ 474,891	\$ 7,397,136	\$ 1,110,840	\$ 981,569	\$ 32,728	\$ 2,125,137	\$ 9,522,273

See accompanying Notes to Financial Statements.

AMERICAN IMMIGRATION COUNCIL

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services						Supporting Services					Total
	Legal Department	Policy Department	Cultural Exchange Program	Justice Campaign	Communications	Research	Total Program Services	Fundraising	Management and General	Leadership	Total Supporting Services	
Salaries and Benefits	\$ 1,033,058	\$ 419,594	\$ 437,446	\$ 852,688	\$ 360,263	\$ 437,375	\$ 3,540,424	\$ 381,691	\$ 330,440	\$ -	\$ 712,131	\$ 4,252,555
Contributed Professional Services	37,577	8,536	13,121	24,762	7,704	7,138	98,838	11,763	10,152	1,818	23,733	122,571
Accounting Fees	-	-	-	-	-	-	-	-	53,376	-	53,376	53,376
AILA Services and Equipment	17,958	7,191	7,569	16,037	6,059	7,766	62,580	6,639	4,346	-	10,985	73,565
Bank Charges	4	-	38,674	-	-	78	38,756	21,495	18,524	-	40,019	78,775
Conferences and Meetings	403	319	2,147	2,400	1,771	1,005	8,045	944	-	-	944	8,989
Consulting Services	16,595	124,930	23,091	187,679	18,534	15,423	386,252	91,601	217,017	98,553	407,171	793,423
Depreciation	-	-	-	-	-	-	-	-	48,122	-	48,122	48,122
Equipment Rental	1,108	289	645	1,165	244	312	3,763	267	418	-	685	4,448
Grants Funded Partnerships	-	-	-	396,373	85,000	-	481,373	-	-	-	-	481,373
Hosted Events	41,259	8,898	8,185	20,024	9,207	4,162	91,735	255,556	12,032	797	268,385	360,120
Insurance	10,518	4,792	307,017	6,213	-	-	328,540	-	-	-	-	328,540
Legal Fees	12,437	-	-	200	-	-	12,637	-	2,139	4,860	6,999	19,636
Library/Subscription Dues	12,307	1,337	5,347	4,698	1,447	746	25,882	8,227	2,646	472	11,345	37,227
Marketing and Promotion	46	-	2,087	4,387	42	37	6,599	7,671	156	-	7,827	14,426
Miscellaneous Expense	-	-	-	-	-	-	-	-	160	-	160	160
Occupancy	71,173	25,619	26,963	85,593	21,584	27,665	258,597	23,653	15,483	-	39,136	297,733
Outside Personnel	4,030	1,614	10,706	13,231	1,359	1,743	32,683	1,490	975	-	2,465	35,148
Postage and Shipping	924	2	25,195	206	20	3	26,350	1,468	317	-	1,785	28,135
Printing and Publications	81	222	60	155	11	13	542	609	582	-	1,191	1,733
Stipend/Training	4,408	3,801	1,605	3,907	1,665	1,695	17,081	2,057	922	-	2,979	20,060
Supplies	6,249	1,588	5,077	4,706	2,047	2,122	21,789	1,641	1,622	193	3,456	25,245
Taxes and Filing Fees	-	-	3,982	50	-	-	4,032	-	10,190	-	10,190	14,222
Telephone	4,287	2,006	1,979	11,078	1,573	525	21,448	1,865	1,332	2	3,199	24,647
Travel	24,255	6,091	5,095	99,189	31,304	6,962	172,896	15,988	1,918	18,561	36,467	209,363
Website and Online Services	11,382	4,247	28,665	66,837	10,676	4,587	126,394	21,253	5,750	7,000	34,003	160,397
Total Expenses	\$ 1,310,059	\$ 621,076	\$ 954,656	\$ 1,801,578	\$ 560,510	\$ 519,357	\$ 5,767,236	\$ 855,878	\$ 738,619	\$ 132,256	\$ 1,726,753	\$ 7,493,989

See accompanying Notes to Financial Statements.

AMERICAN IMMIGRATION COUNCIL

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 386,937	\$ 382,747
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	47,592	48,122
<u>(Increase) Decrease in Assets</u>		
Contributions Receivable	212,510	446,099
Accounts Receivable	13,072	(79,815)
Other Assets	1,250	750
Prepaid Expenses	(40,257)	34,622
<u>Increase (Decrease) in Liabilities</u>		
Due from/to AILA	(93,242)	(297,786)
Accounts Payable	239,856	76,907
Accrued Expenses	43,577	72,674
Deferred Revenue	(64,005)	49,914
	<u>747,290</u>	<u>734,234</u>
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(83,616)	(55,574)
Redemption (Purchase) of Certificates of Deposit	(7,850)	258,270
	<u>(91,466)</u>	<u>202,696</u>
Net Cash (Used in) Provided by Investing Activities		
	<u>(91,466)</u>	<u>202,696</u>
Net Increase in Cash	655,824	936,930
Cash and Cash Equivalents, Beginning of Year	<u>3,455,163</u>	<u>2,518,233</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 4,110,987</u></u>	<u><u>\$ 3,455,163</u></u>

See accompanying Notes to Financial Statements.

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

American Immigration Council (the Council), a 501(c)(3) nonprofit, is a powerful voice in promoting laws, policies, and attitudes that honor our proud history as a nation of immigrants. Through research and policy analysis, litigation and communications, and international exchange, the Council seeks to shape a twenty-first century vision of the American immigrant experience.

What We Do:

We use the courts to demand a fair judicial process for immigrants and to stand up for their rights. The Council works to achieve justice and fairness for immigrants under the law. The Council is highly respected for its willingness and ability to bring cutting-edge lawsuits that hold the government accountable for unlawful conduct and restrictive interpretations and implementation of the law.

We use the facts to educate the public on the important and enduring contributions that immigrants make to America. The Council is a national leader in challenging the myths and misinformation that too often dominate the political and public debate around immigration. Through research and analysis, the Council promotes the development of fair and rational immigration policies that reflect fundamental American values.

We use cultural exchange to connect American businesses with the global market of ideas and innovation. The Council sponsors interns and trainees for programs that secure the prosperity and cultural richness of a globally engaged society. Our experts provide direct support and training to participants, host communities, and attorneys involved in the Cultural Exchange program.

In all its work, the Council seeks out and promotes the problem-solvers and creative thinkers who can help us shape a more humane and fair approach to immigration—not only as a matter of law and policy, but also as a tool for continuing to protect and nourish the values of tolerance and dignity on which the United States was founded.

Why We Do It:

American Immigration Council, established in 1987, works to strengthen America by honoring our immigrant history and shaping how America thinks about and acts towards immigrants and immigration.

We believe that everyone deserves an opportunity to present their immigration claims in a fair and orderly way.

We hold that our doors must be open to those who come to the United States in search of safety and protection.

We believe that immigrants strengthen America by bringing skills, talents, and new energy to our economy.

We believe in honest debates driven by the facts, not fear.

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Council's Program Areas are:

Litigation and Legal Education

American Immigration Council is a national leader in immigration litigation and is respected for its willingness and ability to bring cutting-edge lawsuits that hold the government accountable. Through our litigation, we stopped, slowed down, or improved some of the most egregious, unlawful immigration policies. The Legal Department's robust docket addresses a range of critical issues, including abusive enforcement, the denial of due process, and the lack of transparency. In addition to affirmative litigation, we file amicus ("friend of the court") briefs and engage in extensive legal education and technical assistance for individual immigration attorneys through practice advisories and webinars.

The Council has also taken a leading role in shedding light on immigration policies and information that are otherwise shielded from the public eye. The Transparency Project, a unique partnership of our legal and research staff, uses the Freedom of Information Act (FOIA) to secure data and documentation from government agencies and takes them to court when they fail to comply. Once we receive data, we analyze and publish reports to share the information publicly.

Policy and Media

The Council's Policy Department provides thought leadership and expert insight on a broad range of immigration issues that are priorities for the Council. The team helps ensure that the Council's rigorous publications and analysis are communicated to the right decision makers and messengers at the right moment to improve immigration policy. The team actively monitors the immigration landscape to identify trends and works in close collaboration with other coalition partners to identify and implement effective advocacy strategies. Through administrative advocacy, the Policy Department shares its analysis of new proposals and developments, by participating in stakeholder engagements with government officials and filing complaints calling for investigations of agency wrongdoing. The team also educates Members of Congress by organizing and participating in briefings, submitting statements for the record, and offering lines of questioning for committee hearings.

The Council's outreach efforts include several signature tools: a daily blog, fact sheets, and special reports. Through Immigration Impact (www.ImmigrationImpact.com), the Council's widely-read daily blog, we provide reliable analysis of the latest immigration news. Blog posts digest the steady pace of immigration developments and challenges throughout the year for a wide-ranging audience of journalists, policymakers, supporters, and the general public. Through the Council's media outreach, staff extensively inform and shape the narrative around immigration.

Research

The research team works to arm advocates, policymakers, and the media with accurate information, context, and sound analysis on a wide range of immigration issues. The creative work undertaken by the research staff and outside collaborators establishes or confirms facts, supports or refutes theories, and develops new arguments. Our research is generally aimed at

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Research (Continued)

advancing the Council's mission to highlight the contributions of immigrants, increase government accountability, and promote fundamental due process rights in all aspects of immigration law. The research team also serves as a conduit between the academic research community and the immigration policy community, seeking to inject knowledge and new voices from academia into the immigration debate that might otherwise remain unknown to policymakers.

Cultural Exchange

The Cultural Exchange program promotes the understanding of temporary immigration and participation in the global economy by sponsoring J-1 visas for international trainees and interns at U.S. businesses of all sizes. Designated by the U.S. Department of State to offer an exchange visitor program, the Cultural Exchange program facilitates emerging professionals to develop career enhancing skills at U.S. companies to use in their home countries. The participating businesses and institutions will, in turn, benefit from exposure to varying cultures in the countries into which they are operating or into which they are expanding. Short term outbound programs periodically offer Americans who are interested in learning about international immigration and human rights issues the opportunity to participate in overseas study tours to gain new perspectives on these vital issues.

Immigration Justice Campaign

To address the lack of justice for immigrants in detention, the Council launched the Immigration Justice Campaign (the Campaign), a joint initiative with the American Immigration Lawyers Association, to increase access to legal counsel for thousands of men, women, and children held in detention centers. Since 2017, the Campaign has built a nationwide volunteer network of attorneys, interpreters, social workers, and other supporters to serve thousands of detained individuals who would otherwise go unrepresented and to advocate for change. In tandem, the Campaign employs innovative tactics and strategies to enable lawyers to vigorously defend immigrants facing removal.

Center for Inclusion and Belonging

Our newly formed Center for Inclusion and Belonging (the Center) is working to change hearts and minds towards those considered the "other" and building bridges across differences. We will invest in the genuine attitude and behavior changes our country desperately needs to heal and move towards a more united future. The Center will launch and build campaigns and interventions that provide all people in America with unifying experiences that reinforce their sense of connection, community, and shared destiny. Our four pillars of work include trainings, campaigns, research, and a community of practice.

The Center also hosts two contests. The annual Fifth Grade Creative Writing Contest invites students across America to share their thoughts and feelings about why they are glad America is a nation of Immigrants. AILA Dreams is a speech contest and professional development opportunity that encourages immigration attorneys to write and speak about immigration in a forward-thinking and hopeful way. The winners attend and present their entry at the Council's annual American Heritage Awards.

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Method of Accounting

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

Contributions

The Council recognizes contributions revenue when an unconditional pledge is made or when cash is received if a pledge was not made. Contributions received are reported as net assets with donor-imposed restrictions or net assets without donor-imposed restrictions, based on donor intent.

In-Kind Contributions

Contributions of donated services that create or enhance non-financial assets, or that require specialized skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The amount of contributed services received from American Immigration Lawyers Association, an affiliated organization, is discussed in Note 4. During the year ended December 31 2018, the Council also received donated office space in Boston, Massachusetts, with a fair market value of \$21,000.

Cash and Cash Equivalents

The Council considers all short-term investments with original maturities of three months or less to be cash equivalents. At times, the demand deposits exceeded federally insured limits. The Council has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk.

Accounts and Contributions Receivable

Accounts receivable are recorded at the amount the Council expects to collect on balances outstanding at the end of the fiscal year. Management closely monitors amounts receivable and charges off any balances that are determined to be uncollectible. As of December 31, 2019 and 2018, the Council's allowance for doubtful accounts was \$-0-. The Council had no bad debt expense for the years ended December 31, 2019 and 2018.

Certificates of Deposit

Certificates of deposit are recorded at cost. The certificates of deposit are held to maturity and not considered a debt or equity security under Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) 820-10, *Fair Value Measurements and Disclosure*.

Deferred Revenue

Deferred revenue represents amounts received in advance of services rendered. Revenue is recognized at the point of time services are provided and earned.

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Furniture and Equipment

Furniture and equipment are stated at cost. Depreciation is calculated on a straight-line basis over a three year or five year estimated useful life. The Council capitalizes property and equipment purchases of \$500 or more.

Ratner Sculptures

The Council has capitalized artwork that consists of Ratner sculptures acquired in 2008. Items acquired are recorded at cost if purchased and at appraised or fair value at date of accession if donated. Gains and losses from this artwork are reported as changes in net assets based on the absence or existence and nature of donor-imposed restrictions. Artwork that has indefinite or extraordinarily long useful lives are not depreciated as long as they have cultural value that is worth preserving and are actually being preserved. For the years ended December 31, 2019 and 2018, Ratner sculptures totaled \$63,750 and \$65,000, respectively.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits and other personnel expenses, occupancy, contributed professional services, insurance, and general operating costs. The basis of the allocations is direct salary costs which have been allocated to program and supporting functions based on documentation of employee time and effort.

Classes of Net Assets

The Council is required to report its financial position and activities according to two classes of net assets. Those categories are assets without donor-imposed restrictions and assets with donor-imposed restrictions.

Net assets without donor restrictions are received without a donor-imposed time and/or program restriction. The funds are available for general operating purposes.

Net assets with donor restrictions are received with donor-imposed time and/or program restrictions. These donor-restricted net assets require that resources be used for specific purposes and/or in a later period or after a specified date. Net assets with donor restrictions become unrestricted when the time restrictions expire, or the funds are used for their restricted purposes and are reported in the accompanying statements of activities as net assets released from restrictions.

Reclassifications

Certain reclassifications may have been made to the December 31, 2018 financial statements to make them comparable with the December 31, 2019 financial statements.

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting for Uncertainty in Income Taxes

The Council is exempt under Section 501(c)(3) of the Internal Revenue Code (the Code) from the payment of taxes on income other than unrelated business income. No provision for income tax is required for the years ended December 31, 2019 or 2018, as the Council had no net unrelated business income.

The Council requires that a tax position be recognized or derecognized based on a “more-likely-than-not” threshold. This applies to positions taken or expected to be taken in a tax return. The Council does not believe its financial statements include, or reflect, any uncertain tax positions. The Council’s IRS Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by taxing authorities generally for three years after filing.

2. ADOPTION OF ACCOUNTING STANDARDS

Adoption of Accounting Standards Update 2016-14

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU made improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB’s improvements to net asset classification requirements and the information presented about a not-for-profit’s liquidity, financial performance, and cash flows. The ASU became effective for fiscal years beginning after December 15, 2017. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied.

Adoption of Accounting Standards Update 2018-08

During the year ended December 31, 2019, the Council adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides additional guidance in (1) evaluating whether transactions should be accounted for as contributions (within the scope of ASC 958) or as exchange (reciprocal) transactions (subject to ASC 606); and (2) distinguishing between conditional and unconditional contributions. Management believes that the adoption of this ASU enhances the comparability of financial information among not-for-profit entities.

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

2. ADOPTION OF ACCOUNTING STANDARDS (CONTINUED)

Adoption of Accounting Standards Update 2018-08 (Continued)

This change in accounting principle was adopted on a modified prospective basis in 2019. As a result, there was no cumulative-effect adjustment to opening net assets with or without donor restrictions as of January 1, 2019. The impact of adoption was not material to the financial statements.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31, 2019 and 2018, are as follows:

	<u>2019</u>	<u>2018</u>
Receivables in Less than One Year	\$ 838,098	\$ 800,608
Receivables in One to Two Years	-	250,000
Total	<u>\$ 838,098</u>	<u>\$ 1,050,608</u>

At December 31, 2019, approximately 51% or \$507,050 represents contributions from four separate donors. At December 31, 2018, approximately 71% or \$750,000 represents contributions from three donors.

4. RELATED PARTY TRANSACTIONS

The Council is related through aligned missions and operations to American Immigration Lawyers Association (AILA), a 501(c)(6) organization. AILA's Executive Director serves as a non-voting member on the Council's Board of Directors. AILA collects contributions for the Council on their dues invoices and remits the funds collected to the Council. AILA is reimbursed by the Council for various operating costs including employee benefits, rent, and office expenses paid by AILA on the Council's behalf. For the years ended December 31, 2019 and 2018, AILA provided grant contributions to the Council in the amounts of \$215,000 and \$260,334, respectively. AILA also provided \$75,000 in programmatic support to the Council during the year ended December 31, 2019. For the years ended December 31, 2019 and 2018, the Council provided grants to AILA in the amount of \$678,760 and \$30,000, respectively. The Council also receives contributed services from AILA for professional services including personnel and employee benefits management, IT, and maintenance services. For the years ended December 31, 2019 and 2018, the amount of contributed services was \$372,844 and \$101,571, respectively.

The amounts due from/to AILA as of December 31, 2019 and 2018, were \$168,274 and \$75,032, respectively.

5. RETIREMENT PLAN

The Council maintains a 401(k) retirement plan (the Plan), that covers eligible employees who have completed three months of service and are twenty-one years of age or older. The Council contributes a discretionary profit-sharing contribution for eligible employees up to the legal limitation established by the Internal Revenue Service. Discretionary contributions vest over a five year period. For the years ended December 31, 2019 and 2018, the Council contributed \$107,043 and \$140,489 to the Plan, respectively.

AMERICAN IMMIGRATION COUNCIL

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

6. OPERATING LEASE

The Council's offices are housed within AILA's building and headquarters, as has been its operating practice since inception. The terms and conditions of the Council's use of office space have been documented in a memo of understanding between both organizations. The cost of rent, utilities, and shared infrastructure is based on the actual annual costs that AILA incurs in financing its purchase and operations of the building. Although there is no actual lease agreement, both parties have agreed to give at least a year's prior notice to effect any changes to this arrangement. Rent expense was \$306,752 and \$297,733 for the years ended December 31, 2019 and 2018, respectively.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2019 and 2018, were available for the following purposes:

	2019	2018
Legal Department	\$ 120,622	\$ 68,325
Ad Council	1,024,800	-
Center for Inclusion and Belonging	130,833	287,871
Justice Campaign	1,268,991	1,626,542
General Support - Time-Restricted	938,384	1,016,667
Williamson Fund	10,700	10,700
Legacy Fund	2,500	2,500
Total	\$ 3,496,830	\$ 3,012,605

For the years ended December 31, 2019 and 2018, net assets released from donor restrictions were as follows:

	2019	2018
Legal Department	\$ 72,703	\$ 36,675
Ad Council	330,200	-
Policy	-	109,683
Center for Inclusion and Belonging	342,038	157,962
Justice Campaign	2,276,551	2,049,433
General Support - Time-Restricted	1,404,133	795,832
Total	\$ 4,425,625	\$ 3,149,585

8. BOARD DESIGNATED FUNDS

The Board of Directors has designated a portion of net assets without donor restrictions for specific purposes.

A reserve fund has been established to pay for unexpected expenses, subject to Board approval. The balance as of December 31, 2019 and 2018, was \$1,730,615 and \$1,502,860, respectively.

During the year ended December 31, 2016, the Board established a legal fee award fund. The purpose of this fund is to reserve some, or all of the revenue generated by legal fees received

AMERICAN IMMIGRATION COUNCIL

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

8. BOARD DESIGNATED FUNDS (CONTINUED)

through litigation so that it can be managed in a deliberate manner for specific activities and/or expenses. The balance of the legal awards fund at December 31, 2019 and 2018, was \$112,164 and \$112,164, respectively.

The board-designated net assets are invested in savings accounts and certificates of deposit. The Board of Directors has not established an investment return for these designated net assets. However, the Board has authorized that all interest earned by the savings account and certificates of deposit accrue to the Council's unrestricted net assets. The investment objectives of the Council are to create financial stability by preservation of capital that earns a reasonable rate of return.

9. LIQUIDITY AND AVAILABILITY OF RESOURCES

Liquidity and Available Resources

The Council's cash flows have seasonable variations due to the timing of grants and contributions. The Council manages its liquidity to meet general expenditures, liabilities, and other obligations as they become due.

Qualitative Analysis

The following represents the Council's financial assets and liquidity resources available for general operating expenditures at December 31, 2019 and 2018:

	2019	2018
<i>Financial Assets</i>		
Cash and Cash Equivalents	\$ 4,110,987	\$ 3,455,163
Certificates of Deposits	1,578,107	1,570,257
Accounts Receivable	66,743	79,815
Contributions Receivable, Current	838,098	800,608
Total Financial Assets and Liquidity Resources		
Available in One Year	6,593,935	5,905,843
Less Amounts Unavailable for General Expenditures within One Year due to Purpose Restrictions by Donor	(3,496,830)	(3,012,605)
Total Financial Assets Available within One Year	\$ 3,097,105	\$ 2,893,238

The Board of Directors allow for board designated funds and legal award funds to be used for operations if necessary.

10. SUBSEQUENT EVENTS

The spread of COVID-19 (coronavirus disease) has had a disruptive impact on the daily life and operations of individuals, businesses, and companies around the world. There is uncertainty about financial and economic impacts in all sectors of the economy. The financial markets have experienced significant volatility, and this may continue for an extended period of time. In light of these circumstances, the Council continues to assess how best to adapt to changed circumstances.

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

10. SUBSEQUENT EVENTS (CONTINUED)

The Council has received a Small Business Administration (SBA) loan under the Paycheck Protection Program (PPP) in the amount of \$745,700. PPP provides cash-flow assistance through 100% federally guaranteed loans to eligible recipients to maintain payroll during the COVID-19 public health emergency and cover certain other expenses. If the Council maintains its workforce and meets certain requirements, up to 100% of the loan may be forgiven by the SBA. No more than 40% of the forgiven amount may be for non-payroll costs. Loans under PPP have an interest rate of 1% and may negotiate to a five-year maturity date, if not forgiven.

The Council has evaluated all subsequent events through July 28, 2020, which was the date the financial statements were available to be issued. No subsequent events requiring disclosure were identified based on this evaluation.