



FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

AMERICAN IMMIGRATION COUNCIL

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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, 2020 and 2019, 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, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 2 of the financial statements, American Immigration Council adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. Our opinion is not modified with respect to this matter.

Councilor, Buchanan + Mitchell, P.C.

Certified Public Accountants

Washington, D.C.
September 29, 2021

AMERICAN IMMIGRATION COUNCIL

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 4,199,604	\$ 4,110,987
Certificates of Deposit	1,581,849	1,578,107
Accounts Receivable	-	66,743
Contributions Receivable	495,960	838,098
Due from AILA	368,408	168,274
Prepaid Expenses	<u>66,310</u>	<u>65,276</u>
Total Current Assets	6,712,131	6,827,485
Contributions Receivable, Net of Current Portion	300,000	-
Property and Equipment, at Cost		
Furniture and Equipment	598,416	588,009
Less Accumulated Depreciation	<u>(513,654)</u>	<u>(418,984)</u>
Property and Equipment, Net	84,762	169,025
Ratner Sculptures	<u>63,250</u>	<u>63,750</u>
Total Assets	<u><u>\$ 7,160,143</u></u>	<u><u>\$ 7,060,260</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 393,969	\$ 530,048
Accrued Expenses	337,867	405,980
Deferred Revenue	<u>108,090</u>	<u>10,995</u>
Total Current Liabilities	839,926	947,023
Net Assets		
Net Assets Without Donor Restrictions	431,384	773,628
Board Designated Net Assets		
Legal Fee Award Fund	162,164	112,164
Board Designated Reserve Fund	<u>1,730,615</u>	<u>1,730,615</u>
Total Board Designated Net Assets	<u>1,892,779</u>	<u>1,842,779</u>
Total Net Assets Without Donor Restrictions	2,324,163	2,616,407
Net Assets With Donor Restrictions	<u>3,996,054</u>	<u>3,496,830</u>
Total Net Assets	<u>6,320,217</u>	<u>6,113,237</u>
Total Liabilities And Net Assets	<u><u>\$ 7,160,143</u></u>	<u><u>\$ 7,060,260</u></u>

See accompanying Notes to Financial Statements.

AMERICAN IMMIGRATION COUNCIL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 2,389,448	\$ 6,465,000	\$ 8,854,448
Cultural Exchange Program	574,852	-	574,852
Special Events	265,151	-	265,151
Publication Sales	110,456	-	110,456
Contributed Services	233,185	-	233,185
Other Revenue	6,466	-	6,466
Interest Income	4,900	-	4,900
Legal Fees Recovered	275,283	-	275,283
Net Assets Released from Restrictions			
Satisfaction of Time or Program Accomplishment	5,965,776	(5,965,776)	-
Total Support and Revenue	9,825,517	499,224	10,324,741
Expenses			
Program Services			
Litigation and Legal Education	1,384,248	-	1,384,248
Policy	485,743	-	485,743
Cultural Exchange Program	636,330	-	636,330
Immigration Justice Campaign	2,577,186	-	2,577,186
Ad Council Campaign	942,040	-	942,040
Center for Inclusion and Belonging Communication	1,342,409	-	1,342,409
	425,696	-	425,696
Total Program Services	7,793,652	-	7,793,652
Supporting Services			
Fundraising	730,172	-	730,172
Management and General	1,441,727	-	1,441,727
Total Supporting Services	2,171,899	-	2,171,899
Total Expenses	9,965,551	-	9,965,551
Change in Net Assets	(140,034)	499,224	359,190
Cumulative Effect Adjustment	(152,210)	-	(152,210)
Change in Net Assets and Cumulative Effect Adjustment	(292,244)	499,224	206,980
Net Assets, Beginning of Year	2,616,407	3,496,830	6,113,237
Net Assets, End of Year	\$ 2,324,163	\$ 3,996,054	\$ 6,320,217

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	<u>4,425,625</u>	<u>(4,425,625)</u>	<u>-</u>
Total Support and Revenue	9,424,985	484,225	9,909,210
Expenses			
Program Services			
Litigation and Legal Education	1,413,470	-	1,413,470
Policy	315,892	-	315,892
Cultural Exchange Program	942,704	-	942,704
Immigration Justice Campaign	3,185,993	-	3,185,993
Ad Council Campaign	330,002	-	330,002
Center for Inclusion and Belonging	472,041	-	472,041
Communications	262,143	-	262,143
Research	<u>474,891</u>	<u>-</u>	<u>474,891</u>
Total Program Services	7,397,136	-	7,397,136
Supporting Services			
Fundraising	1,110,840	-	1,110,840
Management and General	<u>1,014,297</u>	<u>-</u>	<u>1,014,297</u>
Total Supporting Services	<u>2,125,137</u>	<u>-</u>	<u>2,125,137</u>
Total Expenses	<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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services							Supporting Services			Total	
	Litigation and Legal Education	Policy	Cultural Exchange Program	Immigration Justice Campaign	Ad Council Campaign	Center for Inclusion and Belonging	Communications	Total Program Services	Fundraising	Management and General		Total Supporting Services
Salaries and Benefits	\$ 1,090,219	\$ 402,171	\$ 370,911	\$ 1,027,770	\$ -	\$ 352,920	\$ 324,180	\$ 3,568,171	\$ 378,393	\$ 763,729	\$ 1,142,122	\$ 4,710,293
Contributed Professional Services	55,048	19,424	18,680	51,748	-	18,179	17,795	180,874	21,489	30,823	52,312	233,186
Accounting Fees	-	-	-	-	-	-	-	-	-	75,021	75,021	75,021
AILA Services and Equipment	20,750	7,322	7,041	19,506	-	6,853	6,708	68,180	8,100	11,618	19,718	87,898
Bank Charges	-	-	11,167	2,603	-	-	-	13,770	18,941	8,570	27,511	41,281
Conferences and Meetings	125	56	670	(475)	-	-	390	766	158	-	158	924
Consulting Services	48,088	10,083	6,310	51,168	942,040	44,406	22,145	1,124,240	78,221	12,761	90,982	1,215,222
Depreciation	-	-	-	-	-	-	-	-	-	94,670	94,670	94,670
Equipment Rental	265	93	90	249	-	87	83	867	103	148	251	1,118
Grants Funded Partnerships	-	-	-	1,240,115	-	875,000	-	2,115,115	-	-	-	2,115,115
Hosted Events	965	552	-	49,698	-	3,078	-	54,293	148,996	3,001	151,997	206,290
Insurance	17,946	5,505	155,154	17,372	-	1,895	1,854	199,726	2,240	31,687	33,927	233,653
Legal Fees	37,150	-	-	100	-	-	-	37,250	-	329,999	329,999	367,249
Library/Subscription Dues	3,969	444	3,920	3,161	-	195	1,385	13,074	1,250	1,304	2,554	15,628
Marketing and Promotion	-	-	73	-	-	563	-	636	-	-	-	636
Miscellaneous Expense	8,748	2,302	259	1,835	-	371	249	13,764	899	530	1,429	15,193
Occupancy	67,417	23,788	22,877	63,369	-	22,264	21,793	221,508	26,318	37,748	64,066	285,574
Outside Personnel	5,963	-	-	-	-	-	-	5,963	-	2,544	2,544	8,507
Postage and Shipping	664	7	9,336	333	-	61	6	10,407	656	336	992	11,399
Printing and Publications	-	38	-	-	-	-	-	38	1,578	18	1,596	1,634
Stipend/Training	13,562	9,268	2,566	7,178	-	2,497	2,445	37,516	2,952	4,234	7,186	44,702
Supplies	2,306	741	628	2,094	-	1,066	554	7,389	1,010	4,569	5,579	12,968
Taxes and Filing Fees	476	168	8,125	475	-	414	154	9,812	186	9,902	10,088	19,900
Telephone	827	398	781	5,405	-	178	174	7,763	386	461	847	8,610
Travel	4,129	1,725	370	10,922	-	4,988	281	22,415	5,690	7,030	12,720	35,135
Website and Online Services	5,631	1,658	17,372	22,560	-	7,394	25,500	80,115	32,606	11,024	43,630	123,745
Total Expenses	\$ 1,384,248	\$ 485,743	\$ 636,330	\$ 2,577,186	\$ 942,040	\$ 1,342,409	\$ 425,696	\$ 7,793,652	\$ 730,172	\$ 1,441,727	\$ 2,171,899	\$ 9,965,551

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	
	Litigation and Legal Education	Policy	Cultural Exchange Program	Immigration Justice Campaign	Ad Council Campaign	Center for Inclusion and Belonging	Communications	Research	Total Program Services	Fundraising	Management and General		Total Supporting Services
Salaries and Benefits	\$ 1,075,160	\$ 249,273	\$ 469,881	\$ 1,307,382	\$ -	\$ 264,543	\$ 191,295	\$ 383,762	\$ 3,941,296	\$ 486,190	\$ 617,517	\$ 1,103,707	\$ 5,045,003
Contributed Professional Services	57,300	13,258	38,216	129,156	-	19,339	10,175	19,251	286,695	45,032	41,117	86,149	372,844
Accounting Fees	-	-	-	-	-	-	-	-	-	-	71,927	71,927	71,927
AILA Services and Equipment	23,276	5,397	10,172	28,304	-	5,691	4,141	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	3,628	19,407	309,892	330,002	15,449	17,488	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	3,403	8,025	19,143	-	8,046	1,829	5,770	92,094	311,252	16,157	327,409	419,503
Insurance	15,421	1,678	259,664	6,070	-	254	184	370	283,641	469	9,988	10,457	294,098
Legal Fees	13,101	45	84	3,497	-	707	34	68	17,536	87	2,579	2,666	20,202
Library/Subscription Dues	14,434	751	4,534	4,391	-	133	288	526	25,057	1,436	1,077	2,513	27,570
Marketing and Promotion	554	13	654	595	-	105	1,208	65	3,194	5,771	259	6,030	9,224
Miscellaneous Expense	516	-	-	-	-	-	-	250	766	-	560	560	1,326
Moving Expense	2,493	578	1,090	3,032	-	610	444	890	9,137	1,127	1,433	2,560	11,697
Occupancy	62,206	14,422	27,186	90,460	-	15,210	11,068	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	145	31,370	1,474	-	117	112	171	34,690	1,153	1,506	2,659	37,349
Printing and Publications	30	99	68	56	-	895	77	6	1,231	159	92	251	1,482
Recruitment	-	-	-	-	-	-	-	-	-	-	21,953	21,953	21,953
Stipend/Training	15,417	15,069	6,738	18,747	-	3,770	2,743	5,503	67,987	6,971	10,804	17,775	85,762
Supplies	7,862	954	3,062	8,279	-	1,672	732	1,397	23,958	2,290	5,654	7,944	31,902
Taxes and Filing Fees	635	136	256	1,566	-	143	104	209	3,049	3,538	2,505	6,043	9,092
Telephone	1,354	-	2,128	12,320	-	392	1,138	517	17,849	1,210	1,219	2,429	20,278
Travel	21,725	6,507	9,757	100,714	-	27,196	945	5,574	172,418	24,615	27,617	52,232	224,650
Website and Online Services	8,551	-	17,288	32,670	-	39,995	18,138	2,626	119,268	17,740	12,894	30,634	149,902
Total Expenses	\$ 1,413,470	\$ 315,892	\$ 942,704	\$ 3,185,993	\$ 330,002	\$ 472,041	\$ 262,143	\$ 474,891	\$ 7,397,136	\$ 1,110,840	\$ 1,014,297	\$ 2,125,137	\$ 9,522,273

See accompanying Notes to Financial Statements.

AMERICAN IMMIGRATION COUNCIL

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash Flows from Operating Activities		
Change in Net Assets	\$ 206,980	\$ 386,937
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	94,670	47,592
<u>(Increase) Decrease in Assets</u>		
Contributions Receivable	42,138	212,510
Accounts Receivable	66,743	13,072
Other Assets	-	1,250
Prepaid Expenses	(1,034)	(40,257)
Ratner Sculptures	500	-
Due from/to AILA	(200,134)	(93,242)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable	(136,079)	239,856
Accrued Expenses	(68,113)	43,577
Deferred Revenue	97,095	(64,005)
	102,766	747,290
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(10,407)	(83,616)
Redemption (Purchase) of Certificates of Deposit	(3,742)	(7,850)
	(14,149)	(91,466)
Net Cash Used in Investing Activities	(14,149)	(91,466)
Net Increase in Cash	88,617	655,824
Cash and Cash Equivalents, Beginning of Year	4,110,987	3,455,163
Cash and Cash Equivalents, End of Year	\$ 4,199,604	\$ 4,110,987

See accompanying Notes to Financial Statements.

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The American Immigration Council (the Council), a 501(c)(3) nonprofit, established on June 26, 1987, is a powerful voice in promoting laws, policies, and attitudes that honor our proud history as a nation of immigrants. The Council works to strengthen America by shaping how America thinks about and acts towards immigrants and by working toward a more fair, just, and inclusive immigration system that opens its doors to those in need of protection and unleashes the energy and skills that immigrants bring. The Council envisions an America that values fairness and justice for immigrants and advances a prosperous future for all.

The Council brings together problem solvers and employs four coordinated approaches to advance change-litigation, research, legislative and administrative advocacy, and communications. With this synergy, the Council works to advance positive public attitudes and create a more welcoming America-one that provides a fair process for immigrants and adopts immigration laws and policies that meet the needs of a 21st century economy.

The Council uses the courts to demand a fair judicial process for immigrants. 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.

The Council uses 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 immigration policies that reflect fundamental American values.

The Council leverages and trains a broad network of pro bono allies to increase access to legal counsel for thousands of detained individuals who would otherwise go unrepresented. The Council connects volunteer attorneys with cases screened by partner legal service providers on the ground. Those volunteers also advocate to replace the punitive detention system with a humane approach that includes universal legal representation and other community-based support for individuals during their immigration cases.

The Council's communications strategy is to change hearts and minds on the issue of immigration. The Council employs audience-centered communication strategies and community engagement to change the way people think about and act toward immigrants and immigration. The Council's work is informed by multiple disciplines and grounded in the values of inclusion.

The Council uses 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. The Council's experts provide direct support and training to participants, host communities, and attorneys involved in the Exchange Visitor Program.

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

The Council's Program Areas are:

Litigation and Legal Education

The 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 litigation, the Council has stopped, slowed, or improved some of the most egregious, unlawful immigration policies. The Council's 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, the Council files amicus ("friend of the court") briefs and engages 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 Council's Transparency Project 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 the Council receives data, it analyzes and publishes reports to share the information publicly.

Policy and Communications

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, the Council provides 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, policy makers, supporters, and the public. Through the Council's media outreach, staff extensively inform and shape the narrative around immigration.

Immigration Justice Campaign

To address the lack of justice for immigrants in detention the Council launched the Immigration Justice 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,

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

The Council's Program Areas (Continued) are:

Immigration Justice Campaign (Continued)

interpreters, social workers, and other supporters to serve thousands of detained individuals who would otherwise go unrepresented and to advocate for the end of immigration detention.

Center for Inclusion and Belonging

The Council's Center for Inclusion and Belonging is working to change hearts and minds towards those considered the "other" and building bridges across differences. The Council 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. The Council's 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.

Cultural Exchange

The Council's 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.

AD Council Campaign

The Council launched the Center for Inclusion and Belonging (CIB) in 2019 as a new initiative to activate its mission of changing hearts and minds towards those considered the "other" and building bridges across differences by investing in attitude and behavior changes to heal and move our country forward towards a more unified future. To this end, the Council is partnering with the Ad Council to launch a national communications campaign around immigrant inclusion and has entered into a three-year agreement.

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

The Council's Program Areas (Continued) are:

Research

The Research team works to arm advocates, policy makers, 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 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 policy makers.

Method of Accounting

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

Contributions

The Council recognizes contribution 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. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Cultural Exchange Program

The Council recognizes 80% of revenue related to the Cultural Exchange Program when the exchange application review process is complete. The remaining 20% is recognized when the program is completed, approximately 10 months. Deferred revenue represents amounts received in advance of services rendered.

Special Events, Publication Sales, and Legal Fees Recovered

Revenue from special events, publication sales, and legal fees recovered are recognized at a point in time, when the event is held, the publication sold, or legal fees awarded.

Contributed Services

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.

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

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 may exceed 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 and contributions receivable are recorded at the amount the Council expects to collect. Management closely monitors accounts and contributions receivable and charges off any balances that are determined to be uncollectible. As of December 31, 2020 and 2019, management believes all amounts are fully collectible therefore, there is no allowance for doubtful accounts.

Certificates of Deposit

Certificates of deposit are recorded at cost.

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.

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 net assets without donor-imposed restrictions and net assets with donor-imposed restrictions.

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

Classes of Net Assets (Continued)

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, 2019 financial statements to make them comparable with the December 31, 2020 financial statements.

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, 2020 or 2019, 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 Codification Topic 606

During the year ended December 31, 2020, the Council adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. Management believes that the adoption of this standard provides better consistency and comparability across non-profit and for-profit entities. The standard requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaces most existing revenue recognition

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

2. ADOPTION OF ACCOUNTING STANDARDS (CONTINUED)

Adoption of Accounting Standards Codification Topic 606 (Continued)

guidance in U.S. GAAP. This change in accounting principle was adopted using the modified retrospective method as of January 1, 2020. The major effect of the adoption on the financial statements was that revenue from the Cultural Exchange Program was previously recognized once the applicant was accepted into the program. After adoption, revenue is recognized over time with approximately 80% recognized once the exchange application review process is complete. The program lasts approximately ten months and the remaining 20% is recognized at the end of the program. The initial application of the new standard was applied to all contracts open as of January 1, 2020. For the year ended December 31, 2020, the effect of adopting the new accounting principle was an increase in Cultural Exchange Program revenue of approximately \$44,210 and an increase in deferred revenue of approximately \$108,000. The cumulative effect of the adoption was recognized as a decrease to net assets without donor restrictions of \$152,210 on January 1, 2020.

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. 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. CONCENTRATIONS OF CREDIT RISK

The Council maintains cash deposits with various financial institutions that may, from time to time, exceed insurable limits. Management believes that the risk of any loss is minimal.

For the year ended December 31, 2020, approximately 28% of contributions revenue was from one donor supporting the launch of the Center for Inclusion and Belonging's narrative change work. As of December 31, 2020, of the \$795,960 in contributions receivable one donor represented approximately 57%. As of December 31, 2019, approximately 38% of contributions receivable was due from two 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 and as fiduciary executive director to the Council. AILA collects contributions for the Council on their dues invoices and remits the

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

4. RELATED PARTY TRANSACTIONS (CONTINUED)

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, 2020 and 2019, AILA provided grant contributions to the Council of approximately \$140,000 and \$215,000, respectively. AILA also provided \$75,000 in programmatic support to the Council during the years ended December 31, 2020 and 2019. For the years ended December 31, 2020 and 2019, under an MOU services agreement, the Council made payments to AILA in the amount of \$632,141 and \$678,760, respectively. The Council also received contributed services from AILA for professional services including personnel and employee benefits management, IT, and maintenance services. For the years ended December 31, 2020 and 2019, the amount of contributed services was \$233,185 and \$372,844, 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 may make discretionary matching and nonelective contributions. Discretionary contributions vest over a period as outlined in the plan document. For the years ended December 31, 2020 and 2019, the Council contributed approximately \$103,000 and \$107,000 to the Plan, respectively.

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 approximately \$286,000 and \$307,000 for the years ended December 31, 2020 and 2019, respectively.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2020 and 2019, were available for the following purposes:

	<u>2020</u>	<u>2019</u>
Legal Department	\$ 250,000	\$ 120,622
Ad Council	182,760	1,024,800
Center for Inclusion and Belonging	1,452,361	130,833
Justice Campaign	1,229,441	1,268,991
Border Rights and Mapping	24,750	-
General Support - Time-Restricted	843,542	938,384
Williamson Fund	10,700	10,700
Legacy Fund	2,500	2,500
Total	<u>\$ 3,996,054</u>	<u>\$ 3,496,830</u>

AMERICAN IMMIGRATION COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

7. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

For the years ended December 31, 2020 and 2019, net assets released from donor restrictions were as follows:

	<u>2020</u>	<u>2019</u>
Legal Department	\$ 89,771	\$ 72,703
Ad Council	942,040	330,200
Center for Inclusion and Belonging	1,383,473	342,038
Justice Campaign	2,167,562	2,276,551
General Support - Time-Restricted	1,382,930	1,404,133
Total	<u>\$ 5,965,776</u>	<u>\$ 4,425,625</u>

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, 2020 and 2019, was \$1,730,615 and \$1,502,860, respectively.

The Board has a legal fee award fund. The purpose of this fund is to reserve some, or all of the revenue generated by legal fees received 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, 2020 and 2019 was \$162,164 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 seasonal 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.

AMERICAN IMMIGRATION COUNCIL

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

9. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

Liquidity and Available Resources (Continued)

The following represents the Council's financial assets and liquidity resources available for general operating expenditures at December 31, 2020 and 2019:

	2020	2019
<i>Financial Assets</i>		
Cash and Cash Equivalents	\$ 4,199,604	\$ 4,110,987
Certificates of Deposits	1,581,849	1,578,107
Accounts Receivable	-	66,743
Due from AILA	368,408	168,274
Contributions Receivable, Current	495,960	838,098
Total Financial Assets and Liquidity Resources		
Available in One Year	6,645,821	6,762,209
Less Amounts Unavailable for General Expenditures		
within One Year due to Purpose Restrictions by Donor	(3,696,054)	(3,496,830)
Total Financial Assets Available within One Year	\$ 2,949,767	\$ 3,265,379

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

10. PAYCHECK PROTECTION PROGRAM

The Council received a Small Business Administration (SBA) loan under the Paycheck Protection Program (PPP) in the amount of \$1,010,700, of which \$265,000 was returned. 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 25% 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 expects forgiveness of the entire amount and, accordingly, has recognized the loan as an unconditional contribution in 2020.

11. CONTINGENCIES

The spread of COVID-19 (coronavirus disease) has had a disruptive impact on the daily life and operations of individuals, businesses, and nonprofit organizations 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. The Council's revenue was negatively impacted by the closing of the J-1 Visa Program by the Department of State in mid-March of 2020 until its partial reopening at the end of March 2021 and the continued limitations on travel. In light of these circumstances, management continues to assess how best to adapt to changed circumstances.

AMERICAN IMMIGRATION COUNCIL

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

12. SUBSEQUENT EVENTS

The Council has evaluated all subsequent events through September 29, 2021, which was the date the financial statements were available to be issued. No subsequent events requiring disclosure were identified based on this evaluation.

In February of 2021, the Council received a second loan under the Paycheck Protection Program in the amount of \$988,897. The terms of the second loan are similar to the first loan.