



CAPITAL AREA IMMIGRANTS' RIGHTS COALITION

FINANCIAL STATEMENTS

DECEMBER 31, 2020

CAPITAL AREA IMMIGRANTS' RIGHTS COALITION

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DECEMBER 31, 2020**

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Independent Auditors' Report

Board of Directors
Capital Area Immigrants' Rights Coalition
Washington, D.C.

We have audited the accompanying financial statements of the Capital Area Immigrants' Rights Coalition (CAIR Coalition), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 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 CAIR Coalition as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Directors
Capital Area Immigrants' Rights Coalition

Report on Summarized Comparative Information

We have previously audited CAIR Coalition's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 23, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Councilor, Buchanan & Mitchell, P.C.

Washington, D.C.
July 20, 2021

Certified Public Accountants

CAPITAL AREA IMMIGRANTS' RIGHTS COALITION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 1,297,000	\$ 637,748
Contributions Receivable	370,000	345,976
Accounts Receivable	1,168,484	1,088,843
Prepaid Expenses	128,747	102,716
Other Assets	<u>25,682</u>	<u>8,915</u>
Total Current Assets	2,989,913	2,184,198
Property and Equipment		
Office Equipment	93,150	93,150
Furniture and Fixtures	2,140	2,140
Leasehold Improvements	11,821	11,821
Website	17,875	17,875
Software	<u>8,147</u>	<u>8,147</u>
	133,133	133,133
Less Accumulated Depreciation and Amortization	<u>(103,586)</u>	<u>(72,827)</u>
Net Property and Equipment	29,547	60,306
Deposits	<u>7,951</u>	<u>7,951</u>
Total Assets	<u>\$ 3,027,411</u>	<u>\$ 2,252,455</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 20,160	\$ 73,299
Accrued Payroll and Vacation	394,595	299,219
Refundable Advances	909,060	114,545
Deferred Revenue	33,646	-
Deferred Rent	<u>7,811</u>	<u>9,702</u>
Total Current Liabilities	1,365,272	496,765
Net Assets		
Net Assets Without Donor Restrictions	1,104,926	1,106,671
Net Assets With Donor Restrictions		
Impact Lab	37,500	-
Legal Advocacy in Virginia	2,904	3,024
Detained Children's Program	90,000	-
General Legal Advocacy	386,809	550,995
Time Restricted	<u>40,000</u>	<u>95,000</u>
	<u>557,213</u>	<u>649,019</u>
Total Net Assets	1,662,139	1,755,690
Total Liabilities and Net Assets	<u>\$ 3,027,411</u>	<u>\$ 2,252,455</u>

See accompanying Notes to Financial Statements.

CAPITAL AREA IMMIGRANTS' RIGHTS COALITION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
Revenue				
Grants and Contributions	\$ 1,651,968	\$ 527,341	\$ 2,179,309	\$ 2,325,111
Contract Revenue	4,637,574	-	4,637,574	3,657,827
Donated Services	17,252,417	-	17,252,417	16,561,276
Other Revenue	1,373	-	1,373	1,042
Net Assets Released from Restrictions				
Legal Advocacy in Virginia	120	(120)	-	-
General Legal Advocacy	524,027	(524,027)	-	-
Time Restricted	95,000	(95,000)	-	-
Total Revenue	24,162,479	(91,806)	24,070,673	22,545,256
Expenses				
Program Services				
Legal	23,083,963	-	23,083,963	21,357,755
Outreach and Advocacy	21,857	-	21,857	9,210
Total Program Services	23,105,820	-	23,105,820	21,366,965
Supporting Services				
Fundraising	297,040	-	297,040	301,789
General and Administration	761,364	-	761,364	679,455
Total Supporting Services	1,058,404	-	1,058,404	981,244
Total Expenses	24,164,224	-	24,164,224	22,348,209
Change in Net Assets	(1,745)	(91,806)	(93,551)	197,047
Net Assets, Beginning of Year	1,106,671	649,019	1,755,690	1,558,643
Net Assets, End of Year	\$ 1,104,926	\$ 557,213	\$ 1,662,139	\$ 1,755,690

See accompanying Notes to Financial Statements.

CAPITAL AREA IMMIGRANTS' RIGHTS COALITION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

	<u>Legal</u>	<u>Outreach and Advocacy</u>	<u>Total Program Services</u>	<u>Fundraising</u>	<u>General and Administration</u>	<u>2020 Total</u>	<u>2019 Total</u>
Pro Bono Legal Services	\$ 17,169,818	\$ -	\$ 17,169,818	\$ -	\$ 82,599	\$ 17,252,417	\$ 16,561,276
Salaries	4,433,017	17,235	4,450,252	124,630	265,064	4,839,946	3,686,866
Payroll Taxes	335,570	1,310	336,880	9,472	18,663	365,015	275,484
Fringe Benefits	318,564	1,231	319,795	8,902	19,690	348,387	268,569
Staff Training	735	-	735	242	4,700	5,677	26,383
Travel	54,026	-	54,026	491	1,109	55,626	176,646
Office Expense	23,240	65	23,305	38,717	69,552	131,574	236,659
Rent Expense	330,084	1,287	331,371	9,306	18,601	359,278	349,308
Contractual Services	182,476	420	182,896	103,040	134,728	420,664	396,092
Communication Charges	40,284	156	40,440	1,131	2,260	43,831	44,832
Membership Dues	18,657	-	18,657	-	65,038	83,695	71,061
Equipment Rental and Maintenance	33,589	131	33,720	947	7,170	41,837	41,455
Printing and Publications	164	-	164	-	3,255	3,419	515
Taxes and Insurance	5,694	22	5,716	162	38,134	44,012	34,992
Depreciation and Amortization	-	-	-	-	30,759	30,759	26,580
In-House Litigation	138,045	-	138,045	-	42	138,087	148,055
Miscellaneous	-	-	-	-	-	-	3,436
Total Expenses	\$ 23,083,963	\$ 21,857	\$ 23,105,820	\$ 297,040	\$ 761,364	\$ 24,164,224	\$ 22,348,209

See accompanying Notes to Financial Statements.

CAPITAL AREA IMMIGRANTS' RIGHTS COALITION

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

	2020	2019
Cash Flows from Operating Activities		
Change in Net Assets	\$ (93,551)	\$ 197,047
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	30,759	26,580
<u>(Increase) Decrease in Assets</u>		
Contributions Receivable	(24,024)	(225,473)
Accounts Receivable	(79,641)	(522,381)
Prepaid Expenses	(26,031)	(19,240)
Other Assets	(16,767)	(8,915)
Deposits	-	(4,143)
<u>(Decrease) Increase in Liabilities</u>		
Accounts Payable	(53,139)	24,995
Accrued Payroll and Vacation	95,376	113,628
Refundable Advances	794,515	114,545
Deferred Revenue	33,646	-
Deferred Rent	(1,891)	7,341
	659,252	(296,016)
Cash Flows from Investing Activities		
Purchases of Property and Equipment	-	(57,957)
	-	(57,957)
Net Cash Used in Investing Activities	-	(57,957)
Net Increase (Decrease) in Cash and Cash Equivalents	659,252	(353,973)
Cash and Cash Equivalents, Beginning of Year	637,748	991,721
Cash and Cash Equivalents, End of Year	\$ 1,297,000	\$ 637,748

See accompanying Notes to Financial Statements.

CAPITAL AREA IMMIGRANTS' RIGHTS COALITION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Capital Area Immigrants' Rights Coalition (CAIR Coalition) is a public interest legal organization incorporated on January 11, 1999, in the District of Columbia. CAIR Coalition brings immigrants, attorneys, volunteers, and community leaders together to work for a fair and humane immigration policy. CAIR Coalition provides legal advocacy, education and training services, public policy development, information sharing, and community empowerment programs.

The programs of CAIR Coalition fall into the following three areas:

Legal: CAIR Coalition conducts legal rights presentations at county jails in Virginia and Maryland, providing advice and assistance to individuals detained by the Department of Homeland Security (DHS). When possible, CAIR Coalition secures legal counsel for immigration detainees being held in the Virginia and Maryland detention facilities. CAIR Coalition also provides legal assistance to unaccompanied immigrant children in the custody of the Office of Refugee Resettlement who are being detained at juvenile facilities in Virginia and Maryland. In addition, CAIR Coalition assists detained asylum seekers during their Credible Fear Interviews or Reasonable Fear Interviews and tries to secure legal counsel for their Immigration Court proceedings.

CAIR Coalition holds annual training on asylum law, co-sponsored by the D.C. Bar and the Washington Lawyers' Committee for Civil Rights and Urban Affairs. Additionally, CAIR Coalition sponsors and conducts workshops to train pro bono lawyers, public defenders, and advocates throughout the year, and mentors attorneys who are providing pro bono legal representation. CAIR Coalition also provides "Know Your Rights" trainings for the immigrant community.

Outreach and Advocacy: CAIR Coalition staff and members regularly meet with DHS offices including the Arlington Asylum Office, the Washington District Office of U.S. Citizenship and Immigration Services, the Washington Field Office of Immigration and Customs Enforcement, and the Executive Office for Immigration Review to advocate on behalf of individual clients as well as recommend changes in immigration policies and procedures that will help to ensure the fair treatment of the immigrant populations served by CAIR Coalition members.

Income Taxes

CAIR Coalition is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code). In addition, CAIR Coalition has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

CAIR Coalition 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. CAIR Coalition does not believe its financial statements include, or reflect, any uncertain tax positions.

CAIR Coalition's Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after filing.

CAPITAL AREA IMMIGRANTS' RIGHTS COALITION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when incurred.

Cash and Cash Equivalents

CAIR Coalition considers all highly liquid investments which have an initial maturity of three months or less to be cash equivalents.

Contributions Receivable

Contributions receivable are considered to be fully collectible by management and, accordingly, no allowance for doubtful accounts is considered necessary.

Accounts Receivable

Accounts receivable consists of amounts due for services. Accounts receivable are charged to bad debt expense as they are deemed uncollectible. At December 31, 2020, management believes all accounts receivable are collectible. Therefore, no reserve for bad debt expense has been recorded.

Property and Equipment

Property and equipment is stated at cost, if purchased, or fair market value at date of donation, if contributed. CAIR Coalition capitalizes all expenditures for property and equipment in excess of \$3,500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Grants and Contributions

CAIR Coalition reports unconditional gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions for which the conditions and restrictions are met in the year received are considered unconditional and without donor restrictions for financial statement purposes.

Conditional grants and contributions are reported as refundable advances until the conditions have been substantially met or explicitly waived by the donor. Revenue is recognized on the date the condition is met.

Contract Revenue

Contract revenue includes immigration legal services provided by the CAIR Coalition under fixed-price and time and materials contracts. Fixed-price contracts are recognized ratably over the contract period, as services are provided. Time and materials contracts are recognized over

CAPITAL AREA IMMIGRANTS' RIGHTS COALITION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

Contract Revenue (Continued)

time as incurred, which is representative of the services provided. The transaction price associated with time and materials contracts is based on fixed hourly rates charged to the customer and may vary depending on the actual time expended by the CAIR Coalition and other direct costs, such as travel expenses incurred.

Classification of Net Assets

The financial statements of CAIR Coalition have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which requires CAIR Coalition to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of CAIR Coalition. These net assets may be used at the discretion of CAIR Coalition's management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CAIR Coalition or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Deferred Rent

All rental payments, including fixed rent increases, are recognized on a straight-line basis.

Functional Expense Allocation

Certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, fringe benefits, payroll taxes, and general expenses, which are allocated on the basis of estimates of time and effort by employees. Expenses directly identifiable to specific programs and supporting activities are presented accordingly.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by CAIR Coalition.

Use of Estimates

The preparation of financial statements prepared in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from those estimates.

CAPITAL AREA IMMIGRANTS' RIGHTS COALITION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

Reclassifications

Certain 2019 amounts have been reclassified for comparative purposes.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative totals as of and for the year ended December 31, 2019. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CAIR Coalition's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

CAIR Coalition manages its liquidity to meet general expenditures, liabilities, and other obligations as they come due. To meet unanticipated or seasonal needs, CAIR Coalition has a line of credit with a bank through January 2022 for \$260,000 at the bank's index interest rate plus 2.65%, secured by CAIR Coalition's assets. There was no activity in the line of credit during the year ended December 31, 2020.

The following reflects CAIR Coalition's financial assets as of December 31, 2020, reduced by amounts not available for general operating expenditure within one year:

Financial Assets

Cash and Cash Equivalents	\$ 1,297,000
Contributions Receivable	370,000
Accounts Receivable	1,168,484
Other Assets	25,682
Less Amounts Restricted by Donors for Purpose	<u>(517,213)</u>
Total Financial Assets Available within One Year	2,343,953

Other Liquidity Resources

Available Line of Credit	<u>260,000</u>
Total Financial Assets and Liquidity Resources Available within One Year	<u><u>\$ 2,603,953</u></u>

3. TAX SHELTERED ANNUITY PLAN

CAIR Coalition has a salary reduction plan (the Plan) under Section 403(b) of the Internal Revenue Code. The Plan covers substantially all full-time employees who have completed one year of employment and at least 1,000 hours of service. CAIR Coalition's Board of Directors determines a discretionary employee matching contribution for each plan year. CAIR Coalition's discretionary matching contribution was approximately \$22,000 for the year ended December 31, 2020.

4. DONATED SERVICES

The value of donated services, included as revenue in the financial statements, was for legal services and related expenses.

CAPITAL AREA IMMIGRANTS' RIGHTS COALITION

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

5. CONCENTRATIONS

As of December 31, 2020, 97% of accounts receivable was due from one funding source and 88% of contributions receivable was due from two donors.

One funding source accounted for 90% of the contract revenue for the year ended December 31, 2020.

CAIR Coalition maintains cash balances at financial institutions in the Washington, D.C., metropolitan area. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times during the year, the CAIR Coalition's cash balances exceeded the FDIC insurance amounts. Management believes the risk in these situations to be minimal.

6. OFFICE AND EQUIPMENT LEASES

CAIR Coalition has several non-cancelable lease agreements for office space, expiring at various times through December 2021. CAIR Coalition also has a copier lease agreement that expires in June 2025 and is accounted for as an operating lease.

Total future minimum lease payments under these leases are as follows:

For the Years Ending December 31,

2021	\$ 317,823
2022	1,308
2023	1,308
2024	1,308
2025	654
Total	<u>\$ 322,401</u>

7. CONDITIONAL GRANTS

CAIR Coalition has two conditional grants at December 31, 2020, totaling approximately \$348,000. The conditional amounts have not been recorded as grants and contributions revenue, as the required criteria under generally accepted accounting principles have not been met as of December 31, 2020, and any funds received have been included in refundable advances on the statement of financial position. The barriers which must be met for revenue recognition require CAIR Coalition to incur certain unreimbursed legal and court costs.

In addition, CAIR Coalition received a Small Business Administration (SBA) loan under the Paycheck Protection Program (PPP) in the amount of \$860,700. The 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 CAIR Coalition 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. Management believes the CAIR Coalition will meet the criteria for loan

CAPITAL AREA IMMIGRANTS' RIGHTS COALITION

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

7. CONDITIONAL GRANTS (CONTINUED)

forgiveness. However, at December 31, 2020, CAIR Coalition is accounting for this SBA loan as a conditional contribution since repayment has not yet been waived, and as such, the loan proceeds are included in refundable advances on the statement of financial position.

8. SUBSEQUENT EVENTS

In March 2021, CAIR Coalition entered into an operating lease for new office space in Washington, D.C., anticipated to begin November 2021 and extend through October 2032. Under the terms of the lease, the base rent increases annually based on scheduled increases. In addition, CAIR Coalition will receive eighteen months of partially or fully abated rent and a lease incentive totaling approximately \$750,000. Future minimum lease payments required under the lease total approximately \$5,815,000.

In March 2021, CAIR Coalition signed a lease amendment to extend the term of an existing operating lease for office space in Baltimore, Maryland, through February 2026. Under the terms of the lease, the base rent increases annually based on scheduled increases. Future minimum lease payments required under the lease total approximately \$394,000.

In June 2021, CAIR Coalition was notified that the SBA had waived repayment of its PPP loan of \$860,700.

Subsequent events were evaluated through July 20, 2021, which is the date the financial statements were available to be issued.